

August 23, 1985

Ms. Dorothy Jean VanZant Sanders
4117 Free Field
Fort Worth, TX 752

Re: Lease Proposal
NE/4 Section 4
T-17-S, R-37-E
Lea County, New Mexico
Grisso #1 Well

Dear Ms. Sanders:

Our records indicate that you own an interest in the above referenced tract. TXO Production Corp. is interested in leasing your interest in this tract for no bonus consideration, 6 month primary term and 1/4 royalty interest.

As an alternative to leasing your interest, you may want to participate in the drilling of this well. Enclosed is an Authority for Expenditure (AFE) for the Grisso #1 well. Should you decide to participate in the drilling of this well, please sign and return one (1) copy of the AFE to the attention of the undersigned at the letterhead address.

Thank you for your consideration of this proposal and should you have any questions or wish to discuss this matter further, please do not hesitate to call me collect at (915) 682-7992. I look forward to hearing from you in the near future.

Very truly yours,

Jeff Bourgeois
Landman

JB/bv
Enclosure

TXO PRODUCTION CORP.
Case No. 8719
10/9/85 Examiner Hearing
Exhibit No. 2

August 30, 1985

E. B. White, Jr.
P. O. Box 2052
Midland, TX 79702

Re: Well Proposal
Grisso #1 Well
Section 4
T-17-S, R-37-E
Lea County, New Mexico

Dear Mr. White:

Pursuant to our recent telephone conversation, this letter shall serve as notice of TXO Production Corp.'s intention to drill the Grisso #1 well at a location 2310' FNL & 660' FEL Section 4, T-17-S, R-37-E, Lea County, New Mexico. Enclosed please find two copies of our Authority for Expenditure (AFE) for the drilling of this well.

At this time, TXO seeks your election to join in the well. Should you elect to participate in the well, please sign one copy of the AFE having Nancy L. White do likewise and return it to the attention of the undersigned at the letterhead address.

Should you have any questions or want to discuss this matter further, please do not hesitate to contact me at the letterhead address or call 682-7992. Thank you for your cooperation in this matter.

Very truly yours,

Jeff Bourgeois
Landman

JB/dp

September 3, 1985

Two States Oil Company
1910 Empire Life Building
Dallas, Texas 75201

Re: Lease Proposal
NE/4 Section 4
T-17-S, R-37-E
Lea County, New Mexico

Gentlemen:

A recent check of the county records has shown that Two States Oil Company owns a mineral interest in the referenced acreage that is currently leased. The records also indicate that the Lease on this acreage is due to expire on September 10, 1985. We at TXO feel that the land may be productive of oil or gas and would like to lease this interest so that we may develop further our prospect in this area. We are extending the following offer: \$75.00 per net acre bonus consideration, a 1/5 royalty and a two (2) year primary term.

If you find these terms acceptable or would like to discuss the matter further, please contact me by writing to me at the above address or by calling me collect at (915) 682-7992.

Thank you for your time and consideration, and I look forward to hearing from you soon.

Very truly yours,

Jeff Bourgeois
Landman

JB/dp

September 3, 1985

Johnson Properties, Ltd.
414 South Main Street
Roswell, NM 88201

Re: Lease Proposal
NE/4 Section 4
T-17-S, R-37-E
Lea County, New Mexico

Gentlemen:

A recent check of the county records has shown that Johnson Properties, Ltd. owns a mineral interest in the referenced acreage that is currently leased. The records also indicate that the Lease on this acreage is due to expire on September 10, 1985. We at TXO feel that the land may be productive of oil or gas and would like to lease this interest so that we may develop further our prospect in this area. We are extending the following offer: \$75.00 per net acre bonus consideration, a 1/5 royalty and a two (2) year primary term.

If you find these terms acceptable or would like to discuss the matter further, please contact me by writing to me at the above address or by calling me collect at (915) 682-7992.

Thank you for your time and consideration, and I look forward to hearing from you soon.

Very truly yours,

Jeff Bourgeois
Landman

JB/dp

September 3, 1985

Mr. Pat Alston Ward
P. O. Box 1595
Lovington, NM 88260

Re: Lease Proposal
NE/4 Section 4
T-17-S, R-37-E
Lea County, New Mexico

Joe Nobles
620 W. Illinois
Suite 725
-19701

Dear Mr. Ward:

A recent check of the county records has shown that you own a mineral interest in the referenced acreage that is currently leased. The records also indicate that the Lease on this acreage is due to expire on September 13, 1985. We at TXO feel that the land may be productive of oil or gas and would like to lease this interest so that we may develop further our prospect in this area. We are extending the following offer: \$75.00 per net acre bonus consideration, a 1/5 royalty and a two (2) year primary term.

If you find these terms acceptable or would like to discuss the matter further, please contact me by writing to me at the above address or by calling me collect at (915) 682-7992.

Thank you for your time and consideration, and I look forward to hearing from you soon.

Very truly yours,

Jeff Bourgeois
Landman

JB/dp

6901 N. Robinson
Oklahoma City, OK
73116

August 23, 1985

Mr. Harry J. Schafer
~~1119 Concord Bldg.~~
~~Oklahoma City, OK 73102~~

Re: Lease Proposal
NE/4 Section 4
T-17-S, R-37-E
Lea County, New Mexico
Grisso #1 Well
Harry J. Schafer, Trustee of
Mr. W. D. Grisso

Dear Mr. Schafer:

Our records indicate that you own an interest in the above referenced tract. TXO Production Corp. is interested in leasing your interest in this tract for no bonus consideration, 6 month primary term and 1/4 royalty interest.

As an alternative to leasing your interest, you may want to participate in the drilling of this well. Enclosed is an Authority for Expenditure (AFE) for the Grisso #1 well. Should you decide to participate in the drilling of this well, please sign and return one (1) copy of the AFE to the attention of the undersigned at the letterhead address.

Thank you for your consideration of this proposal and should you have any questions or wish to discuss this matter further, please do not hesitate to call me collect at (915) 682-7992. I look forward to hearing from you in the near future.

Very truly yours,

Jeff Bourgeois
Landman

JB/bv
Enclosure

AFE should say:

Harry J. Schafer, Jr.
Trustee for the Mary E. Grisso Trust No. 1

FROM:

Jeff Bourgeois
TXO Production Corp.
900 Wilco Bldg.
Midland, TX 79701

Customer Number, if any:

TO:

Mr. Harry J. Schafer
1119 Concord Bldg.
Oklahoma City, OK 73102

★ U.S.G.P.O. 1984 — 446-389 Label 11B (1-84)

EXPRESS MAIL
NEXT DAY SERVICE®**POST OFFICE
TO ADDRESSEE**

54793834

SERVICE GUARANTEE:
Domestic mailings under this service made at designated U.S. facilities on or before a specified deposit time will be accepted for express shipment to a designated USPS delivery area. For Express Mail Service for next-day delivery to an address, agent on or before the time specified by the USPS at mail. USPS will refund upon application to originating office, postage for any shipments mailed under this service and meeting the service standard except for those delayed by strike work stoppage. See USPS Notice 43 for details.

INSURANCE COVERAGE:
See Sections 294 and 295 of the Domestic Mail Manual for exclusions of coverage.

(1) **Document Reconstruction Insurance:** Non-negotiable documents are insured against loss, damage, or theft up to \$50,000 per piece, subject to a limit of \$500,000 per occurrence.

(2) **Merchandise Insurance:** Merchandise is insured against damage, or theft up to a maximum of \$500.

• Signature is required upon delivery.
• Claims for delay, loss, damage or theft must be made within 60 days. Claim forms may be obtained at the post office at mail.
• This receipt must be presented when a claim is filed.

EXPRESS MAIL SERVICE1
1075

August 30, 1985

Mr. Harry J. Schafer
6901 N. Robinson
Oklahoma City, Oklahoma 73116

Re: Lease Proposal
NE/4 Section 4
T-17-S, R-37-E
Lea County, New Mexico
Grisso #1 Well
Harry J. Schafer, Trustee
for the Mary E. Grisso
Trust No. 1

Dear Mr. Schafer:

Our records indicate that you own an interest in the above referenced tract. TXO Production Corp. is interested in leasing your interest in this tract for no bonus consideration, 6 month primary term and 1/4 royalty interest.

As an alternative to leasing your interest, you may want to participate in the drilling of this well. Enclosed is an Authority for Expenditure (AFE) for the Grisso #1 well. Should you decide to participate in the drilling of this well, please sign and return one (1) copy of the AFE to the attention of the undersigned at the letterhead address.

Thank you for your consideration of this proposal and should you have any questions or wish to discuss this matter further, please do not hesitate to call me collect at (915) 682-7992. I look forward to hearing from you in the near future.

Very truly yours,

Jeff Bourgeois
Landman

JB/dp
Enclosure

FROM:

Jeff Bourgeois
TXO Production Corp.
900 Wilco Building
Midland, Texas 79701

Customer Number, if any:

TO:

Mr. Harry J. Schafer
6901 N. Robinson
Oklahoma City, Oklahoma 73116

★ U.S.G.P.O. 1984 — 448-389 Label 11B (1-84)

EXPRESS MAIL
NEXT DAY SERVICE®**POST OFFICE
TO ADDRESSEE**

3 54820828

SERVICE GUARANTEE:

Domestic mailings under this service made at designated US facilities on or before a specified deposit time will be accepted for express shipment to a designated USPS delivery area. Next-day Express Mail Service for next-day delivery to an addressee agent on or before the time specified by the USPS at mail. USPS will refund upon application to the originating office postage for any shipments mailed under this service and meeting the service standard except for those delayed by strike work stoppage. See USPS Notice 43 for details.

INSURANCE COVERAGE:

See Sections 294 and 295 of the Domestic Mail Manual exclusions of coverage.

(1) Document Reconstruction Insurance: Non-negotiable documents are insured against loss, damage, or theft up to \$30,000 per piece, subject to a limit of \$500,000 per occurrence.
(2) Merchandise Insurance: Merchandise is insured against loss, damage, or theft up to a maximum of \$500.

• Signature is required upon delivery.
• Claims for delay, loss, damage or theft must be made within 60 days. Claim forms may be obtained at the post office or mail.
• This receipt must be presented when a claim is filed.

EXPRESS MAIL SERVICE

Promoter 200...

79702
83085 1530

1
1075

AUTHORITY FOR EXPENDITURE
DRILLING WELLDate 8/22/85Co. Cd. A

District West Texas Well Name Grisso Well No. 1
Well Location 2310' ENL & 660' FEL Section 4, T-17-S, R-37-E Depth 11,500'
Field Casey-Strawn Pool County Lea State NM
Prepared By: Deen Wood Submitted By: _____ Dallas _____ District _____

CAT. NO.	NATURE OF EXPENDITURE	QUANTITY	ESTIMATED COST		
			CASH	MAT. L ON HAND	TOTAL
DRILLING 400' 13 3/8" 48# H-40 ST&C					
01	Casing 4800' 8 5/8" 2200' 24# K-55 ST&C		71 500		71 500
02	Casinghead		9 000		9 000
03	Location, Road & Dirt Work & damages		15 000		15 000
04	Drilling - Footage/Turnkey				
05	Drilling - Daywork 39 days @ \$4500		175 500		175 500
06	Drilling - Rig Support MI & MORT		20 000		20 000
07	Bits 10 @ \$3750		37 500		37 500
08	Supervision 41 days @ \$250		10 250		10 250
09	Overhead				
10	Mud & Chemicals & water		35 000		35 000
11	Cementing Services & Supplies		35 000		35 000
12	Testing & Logging & mud logger		25 000		25 000
13	Rentals		15 000		15 000
14	Other IDC out liners, csg crew, etc.		20 000		20 000
15	Other Equipment		3 000		3 000
TOTAL DRILLING			471 750		471 750
COMPLETION 10,000' 17# N-80 LT&C					
17	Casing 11,150' 5 1/2"-1500' 20# N-80 LT&C		135 000		135 000
18	Tubing 11,500' 2 7/8" 6.5# N-80 EUE		69 000		69 000
19	Wellhead		12 000		12 000
20	Subsurface Equipment		4 000		4 000
21	Supervision 7 days @ \$250		1 750		1 750
22	Mud & Chemicals & KCL water		5 000		5 000
23	Testing, Logging & Perforating		11 000		11 000
24	Stimulation		15 000		15 000
25	Overhead				
26	Rentals		5 000		5 000
27	Service Rig 7 days @ \$1600		11 200		11 200
28	Cementing Services & Supplies		15 000		15 000
29	Other IDC				
TOTAL COMPLETION			283 950		283 950
PRODUCTION EQUIPMENT					
32	Pumping Unit				
33	Engine & Motor				
34	Rods				
35	Flow Lines		5 000		5 000
36	Meters		2 000		2 000
37	Installation		5 000		5 000
38	Storage		15 000		15 000
39	Separation & Treating		12 000		12 000
40	Other Equipment		3 000		3 000
TOTAL PRODUCTION EQUIPMENT			42 000		42 000
TOTALS			797 700		797 700

W/ OWNER NAME

BILLING INT
(7 decimals)DATE
APPROVED

APPROVED: (this space for approval only)

Harry J. Schafer, Jr.,
Trustee for the Mary E.
Grisso Trust No. 1

Harry J. Schafer, Jr., Trustee
for the Mary E. Grisso Trust No. 1
Date: _____

August 23, 1985

Mr. Billy Gilbert
2812 Cimmaron
Midland, Texas 79701

Re: Farmout Request
NE/4 Section 4
T-17-S, R-37-E
Lea County, New Mexico
Grisso #1 Well

Dear Mr. Gilbert:

Our records indicate that you own a leasehold interest in the above referenced tract. TXO Production Corp. is interested in a farmout of your interest in said lands based on the following proposal:

1. Within 120 days from the execution of a mutually acceptable Farmout Agreement, TXO will commence the drilling of the Grisso #1 Well at a location of 2310' FNL & 660' FEL Section 4, T-17-S, R-37-E, Lea County, New Mexico.
2. By the drilling of this well, TXO will earn a 75% net revenue interest lease in the proration unit for said well down to a depth of 100' below the deepest depth drilled.
3. If all of the farmout acreage is not allocated to the initial productive well, TXO would have the option to continuously develop the acreage with the passing of no more than 120 days between the completion of one well and the commencement of the next well.

As an alternative to farming out your interest, you may want to participate in the drilling of this well. Enclosed is an Authority for Expenditure (AFE) for the Grisso #1 Well. Should you decide to participate in the drilling of this well, please sign and return one copy of the AFE to the attention of the undersigned at the letterhead address.

Thank you for your consideration of this proposal and I look forward to hearing from you in the near future.

Very truly yours,

Jeff Bourgeois
Landman

JB/dp

P 547 387 278

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

★ U.S.G.P.O. 1983-403-517

Sent to Billy Gilbert	
Street and No. 2812 Cimmaron	
P.O., State and ZIP Code Midland, TX 79701	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	

S Form 3800, Feb. 1982

PM

PS Form 3811, July 1983 447-945

1# 055130

DOMESTIC RETURN RECEIPT

<p>SENDER: Complete items 1, 2, 3 and 4.</p> <p>Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.</p> <p>FEE NOT PAID</p>	
<p>1. <input checked="" type="checkbox"/> Show to whom, date and address of delivery.</p>	
<p>2. <input type="checkbox"/> Restricted Delivery.</p>	
<p>3. Article Addressed to: Billy Gilbert 2812 Cimmaron Midland, Tx 79701</p>	
<p>4. Type of Service:</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail</p>	<p>Article Number P 547 387 278</p>
<p>Always obtain signature of addressee or agent and DATE DELIVERED.</p>	
<p>5. Signature - Addressee <i>Billy Gilbert</i></p>	
<p>6. Signature - Agent <i>X</i></p>	
<p>7. Date of Delivery</p>	
<p>8. Addressee's Address (ONLY if requested and fee paid)</p>	

AUTHORITY FOR EXPENDITURE
DRILLING WELL

Date 8/23/85

Co. Cd.

District West Texas Well Name Grisso Well No# 1
Well Location 2310' FNL & 660' FEL Section 4, T-17-S, R-37-E Depth 11,500'
Field Casey-Strawn Pool County Lea State NM
Prepared By: Deen Wood DW Submitted By: _____ Dallas _____ District _____

CAT. NO.	NATURE OF EXPENDITURE	QUANTITY	ESTIMATED COST		
			CASH	MAT.L ON HAND	TOTAL
DRILLING 400' 13 3/8" 48# H-40 ST&C					
01	Casing 4800' 8 5/8" 2200' 24# K-55 ST&C		71 500		71 500
02	Casinghead		9 000		9 000
03	Location, Road & Dirt Work & damages		15 000		15 000
04	Drilling - Footage/Turnkey				
05	Drilling - Daywork 39 days @ \$4500		175 500		175 500
06	Drilling - Rig Support MI & MORT		20 000		20 000
07	Bits 10 @ \$3750		37 500		37 500
08	Supervision 41 days @ \$250		10 250		10 250
09	Overhead				
10	Mud & Chemicals & water		35 000		35 000
11	Cementing Services & Supplies		35 000		35 000
12	Testing & Logging & mud logger		25 000		25 000
13	Rentals		15 000		15 000
14	Other IDC out liners, csg crew, etc.		20 000		20 000
15	Other Equipment		3 000		3 000
TOTAL DRILLING			471 750		471 750
COMPLETION 10,000' 17# N-80 LT&C					
17	Casing 11,150' 5 1/2"-1500' 20# N-80 LT&C		135 000		135 000
18	Tubing 11,500' 2 7/8" 6.5# N-80 EUE		69 000		69 000
19	Wellhead		12 000		12 000
20	Subsurface Equipment		4 000		4 000
21	Supervision 7 days @ \$250		1 750		1 750
22	Mud & Chemicals & KCL water		5 000		5 000
23	Testing, Logging & Perforating		11 000		11 000
24	Stimulation		15 000		15 000
25	Overhead				
26	Rentals		5 000		5 000
27	Service Rig 7 days @ \$1600		11 200		11 200
28	Cementing Services & Supplies		15 000		15 000
29	Other IDC				
TOTAL COMPLETION			283 950		283 950
PRODUCTION EQUIPMENT					
32	Pumping Unit				
33	Engine & Motor				
34	Rods				
35	Flow Lines		5 000		5 000
36	Meters		2 000		2 000
37	Installation		5 000		5 000
38	Storage		15 000		15 000
39	Separation & Treating		12 000		12 000
40	Other Equipment		3 000		3 000
TOTAL PRODUCTION EQUIPMENT			42 000		42 000
TOTALS			797 700		797 700

WI OWNER NAME

BILLING INT
(7 decimals)DATE
APPROVED

APPROVED: (this space for approval only)

Billy Gilbert

Billy Gilbert

Date: _____

Link

()

TXO PRODUCTION CORP.

900 WILCO BUILDING
MIDLAND, TEXAS 79701

September 4, 1985

Mobil Producing Texas and New Mexico, Inc.
P. O. Box 633
Midland, Texas 79702

Attention: Mr. Mandel Selber

Re: Farmout Request
NE/4 Section 4
T-17-S, R-37-E
Lea County, New Mexico
Grisso #1 Well

Gentlemen:

Our records indicate that Mobil Producing owns a leasehold interest in the above referenced tract. TXO Production Corp. is interested in a farmout of Mobil Producing's interest in said lands based on the following proposal:

1. Within 120 days from the execution of a mutually acceptable Farmout Agreement, TXO will commence the drilling of the Grisso #1 Well at a location of 2310' FNL & 660' FEL Section 4, T-17-S, R-37-E, Lea County, New Mexico.
2. By the drilling of this well, TXO will earn a 75% net revenue interest lease in the proration unit for said well down to a depth of 100' below the deepest depth drilled.
3. If all of the farmout acreage is not allocated to the initial productive well, TXO would have the option to continuously develop the acreage with the passing of no more than 120 days between the completion of one well and the commencement of the next well.

As an alternative to farming out said interest, Mobil Producing may want to participate in the drilling of this well. Enclosed is an Authority for Expenditure (AFE) for the Grisso #1 Well. Should Mobil Producing decide to participate in the drilling of this well, please sign and return one copy of the AFE to the attention of the undersigned at the letterhead address.

Thank you for your consideration of this proposal and I look forward to hearing from you in the near future.

Very truly yours,

Jeff Bourgeois
Landman

JB/dp

P 547 246 413

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

PS Form 3800, Feb. 1982

★ U.S.G.P.O. 1983-403-517

Mobil Producing TX & NM, Inc.	
P. O. Box 633	
Midland, Texas 79702	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	
September 4, 1985	

PS Form 3811, July 1983 447-845

SENDER: Complete items 1, 2, 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

1. ☐ Show to whom, date and address of delivery.

2. ☐ Restricted Delivery.

3. Article Addressed to:
Mobil Producing TX & NM, Inc.
P. O. Box 633
Midland, Texas 79702

4. Type of Service:

<input type="checkbox"/> Registered	<input type="checkbox"/> Insured
<input checked="" type="checkbox"/> Certified	<input type="checkbox"/> COD
<input type="checkbox"/> Express Mail	

Article Number
P 547 246 413

Always obtain signature of addressee or agent and
DATE DELIVERED.

5. Signature - Addressee
X

6. Signature - Agent
Robert L. ...

7. Date of Delivery

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

DOMESTIC RETURN RECEIPT

Farmout Request

SEP 5 1985

MIK AND. TX

US

AUTHORITY FOR EXPENDITURE
DRILLING WELL

Date 8/23/85

A 1
Co. Co.

District West Texas Well Name Grisso Well No: #1
Well Location 2310' FNL & 660' FEL Section 4, T-17-S, R-37-E Depth 11,500'
Field Midway-Strawn Pool County Lea State NM
Prepared By: Deen Wood Submitted By: _____ Dallas _____ District _____

CAT. NO.	NATURE OF EXPENDITURE	QUANTITY	ESTIMATED COST		
			CASH	MAT'L ON HAND	TOTAL
DRILLING 400' 13 3/8" 48# H-40 ST&C					
01	Casing 4800' 8 5/8" 2200' 24# K-55 ST&C		71 500		71 500
02	Casinghead		9 000		9 000
03	Location, Road & Dirt Work & damages		15 000		15 000
04	Drilling - Footage/Turnkey				
05	Drilling - Daywork 39 days @ \$4500		175 500		175 500
06	Drilling - Rig Support MI & MORT		20 000		20 000
07	Bits 10 @ \$3750		37 500		37 500
08	Supervision 41 days @ \$250		10 250		10 250
09	Overhead				
10	Mud & Chemicals & water		35 000		35 000
11	Cementing Services & Supplies		35 000		35 000
12	Testing & Logging & mud logger		25 000		25 000
13	Rentals		15 000		15 000
14	Other IDC out liners, csg crew, etc.		20 000		20 000
15	Other Equipment		3 000		3 000
TOTAL DRILLING			471 750		471 750
COMPLETION 10,000' 17# N-80 LT&C					
17	Casing 11,150' 5 1/2"-1500' 20# N-80 LT&C		135 000		135 000
18	Tubing 11,500' 2 7/8" 6.5# N-80 EUE		69 000		69 000
19	Wellhead		12 000		12 000
20	Subsurface Equipment		4 000		4 000
21	Supervision 7 days @ \$250		1 750		1 750
22	Mud & Chemicals & KCL water		5 000		5 000
23	Testing, Logging & Perforating		11 000		11 000
24	Stimulation		15 000		15 000
25	Overhead				
26	Rentals		5 000		5 000
27	Service Rig 7 days @ \$1600		11 200		11 200
28	Cementing Services & Supplies		15 000		15 000
29	Other IDC				
TOTAL COMPLETION			283 950		283 950
PRODUCTION EQUIPMENT					
32	Pumping Unit				
33	Engine & Motor				
34	Rods				
35	Flow Lines		5 000		5 000
36	Meters		2 000		2 000
37	Installation		5 000		5 000
38	Storage		15 000		15 000
39	Separation & Treating		12 000		12 000
40	Other Equipment		3 000		3 000
TOTAL PRODUCTION EQUIPMENT			42 000		42 000
TOTALS			797 700		797 700

W/ OWNER NAME

BILLING INT
(7 decimals)DATE
APPROVED

APPROVED: (this space for approval only)

Mobil Producing Texas and
New Mexico, Inc.

By: _____

Title: _____

August 23, 1985

Cleroy, Inc.
Lanroy, Inc.
P. O. Box 3405
Tulsa, Oklahoma 74101

Re: Lease Proposal
NE/4 Section 4
T-17-S, R-37-E
Lea County, New Mexico
Grisso #1 Well

Gentlemen:

Our records indicate that you own an interest in the above referenced tract. TXO Production Corp. is interested in leasing your interest in this tract for no bonus consideration, 6 month primary term and 1/4 royalty interest.

As an alternative to leasing your interest, you may want to participate in the drilling of this well. Enclosed is an Authority for Expenditure (AFE) for the Grisso #1 Well. Should you decide to participate in the drilling of this well, please sign and return one copy of the AFE to the attention of the undersigned at the letterhead address.

Thank you for your consideration of this proposal and should you have any questions or wish to discuss this matter further, please do not hesitate to call me collect at (915) 682-7992. I look forward to hearing from you in the near future.

Very truly yours,

Jeff Bourgeois
Landman

JB/dp
Enclosure

FROM:

Jeff Bourgeois
TXO Production Corp.
900 Wilco Bldg.
Midland, TX 79701

Customer Number, if any:

TO:

Cleroy, Inc.
Lanroy, Inc.
P. O. Box 3405
Tulsa, OK 74101

★ U.S.G.P.O. 1984 — 440-389 Label 11B (1-84)

EXPRESS MAIL
NEXT DAY SERVICE®**POST OFFICE
TO ADDRESSEE**

54798831

MD

79702

82385 1534

SERVICE GUARANTEE:

Domestic mailings under this service made at designated USPS facilities on or before a specified deposit time will be accepted for express shipment to a designated USPS delivery area by using Express Mail Service for next day delivery to an addressee or agent on or before the time specified by the USPS at mailing. USPS will refund upon application to originating office the postage for any shipments mailed under this service and not meeting the service standard except for those delayed by strike or work stoppage. See USPS Notice 43 for details.

INSURANCE COVERAGE:

See Sections 294 and 295 of the Domestic Mail Manual for exclusions of coverage.
(1) **Document Insurance:** Non-registered documents are insured against loss, damage, or theft up to \$50,000 per piece, subject to a limit of \$500,000 per occurrence.
(2) **Merchandise Insurance:** Merchandise is insured against loss, damage, or theft up to a maximum of \$500.

- Signature is required upon delivery.
- Claims for delay, loss, damage or theft must be made within 60 days. Claim forms may be obtained at the post office or mailing.
- This receipt must be presented when a claim is filed.

EXPRESS MAIL SERVICE1
1075

AUTHORITY FOR EXPENDITURE
DRILLING WELL

Date 8/23/85

A 1
Co. Cd.

District West Texas Well Name Grisso Well No: 1
Well Location 2310' FNL & 660' FEL Section 4, T-17-S, R-37-E Depth 11,500'
Field Casey-Strawn Pool County Lea State NM
Prepared By: Deen Wood Submitted By: Dallas District

CAT. NO.	NATURE OF EXPENDITURE	QUANTITY	ESTIMATED COST		
			CASH	MAT'L ON HAND	TOTAL
DRILLING 400' 13 3/8" 48# H-40 ST&C					
01	Casing 4800' 8 5/8" 2200' 24# K-55 ST&C		71 500		71 500
02	Casinghead		9 000		9 000
03	Location, Road & Dirt Work & damages		15 000		15 000
04	Drilling - Footage/Turnkey				
05	Drilling - Daywork 39 days @ \$4500		175 500		175 500
06	Drilling - Rig Support MI & MORT		20 000		20 000
07	Bits 10 @ \$3750		37 500		37 500
08	Supervision 41 days @ \$250		10 250		10 250
09	Overhead				
10	Mud & Chemicals & water		35 000		35 000
11	Cementing Services & Supplies		35 000		35 000
12	Testing & Logging & mud logger		25 000		25 000
13	Rentals		15 000		15 000
14	Other IDC out liners, csg crew, etc.		20 000		20 000
15	Other Equipment		3 000		3 000
TOTAL DRILLING			471 750		471 750
COMPLETION 10,000' 17# N-80 LT&C					
17	Casing 11,150' 5 1/2"-1500' 20# N-80 LT&C		135 000		135 000
18	Tubing 11,500' 2 7/8" 6.5# N-80 EUE		69 000		69 000
19	Wellhead		12 000		12 000
20	Subsurface Equipment		4 000		4 000
21	Supervision 7 days @ \$250		1 750		1 750
22	Mud & Chemicals & KCL water		5 000		5 000
23	Testing, Logging & Perforating		11 000		11 000
24	Stimulation		15 000		15 000
25	Overhead				
26	Rentals		5 000		5 000
27	Service Rig 7 days @ \$1600		11 200		11 200
28	Cementing Services & Supplies		15 000		15 000
29	Other IDC				
TOTAL COMPLETION			283 950		283 950
PRODUCTION EQUIPMENT					
32	Pumping Unit				
33	Engine & Motor				
34	Rods				
35	Flow Lines		5 000		5 000
36	Meters		2 000		2 000
37	Installation		5 000		5 000
38	Storage		15 000		15 000
39	Separation & Treating		12 000		12 000
40	Other Equipment		3 000		3 000
TOTAL PRODUCTION EQUIPMENT			42 000		42 000
TOTALS			797 700		797 700

WI OWNER NAME

BILLING INT
(7 decimals)DATE
APPROVEDAPPROVED: (this space for approval only)
Cleroy, Inc.Cleroy, Inc.
Lanroy, Inc.By: _____
Title: _____
Date: _____
Lanroy, Inc.
By: _____
Title: _____
Date: _____

August 23, 1985

Mr. & Mrs. J. R. McGinley, Jr.
P. O. Box 3405
Tulsa, Oklahoma 74101

Re: Lease Proposal
NE/4 Section 4
T-17-S, R-37-E
Lea County, New Mexico
Grisso #1 Well

Dear Mr. & Mrs. McGinley:

Our records indicate that you own an interest in the above referenced tract. TXO Production Corp. is interested in leasing your interest in this tract for no bonus consideration, 6 month primary term and 1/4 royalty interest.

As an alternative to leasing your interest, you may want to participate in the drilling of this well. Enclosed is an Authority for Expenditure (AFE) for the Grisso #1 Well. Should you decide to participate in the drilling of this well, please sign and return one copy of the AFE to the attention of the undersigned at the letterhead address.

Thank you for your consideration of this proposal and should you have any questions or wish to discuss this matter further, please do not hesitate to call me collect at (915) 682-7992. I look forward to hearing from you in the near future.

Very truly yours,

Jeff Bourgeois
Landman

JB/dp
Enclosure

FROM:

Jeff Bourgeois
TXO Production Corp.
900 Wilco Bldg.
Midland, TX 79701

Customer Number, if any:

TO:

Mr. & Mrs. J. R. McGinley, Jr.
P. O. Box 3405
Tulsa, OK 74101

EXPRESS MAIL
NEXT DAY SERVICE®

**POST OFFICE
TO ADDRESSEE**



54798832

SERVICE GUARANTEE:

Domestic mailings under this service made at designated U.S. facilities on or before a specified deposit time will be accepted for express shipment to a designated USPS delivery area. Express Mail Service for next day delivery to an addressee agent on or before the time specified by the USPS at mail. USPS will refund upon application to originating office, postage for any shipments mailed under this service and meeting the service standard except for those delayed by strike work stoppage. See USPS Notice 43 for details.

INSURANCE COVERAGE:

See Sections 224 and 225 of the Domestic Mail Manual exclusions of coverage.
(1) Document Reconstruction Insurance: Non-vegetal documents are insured against loss, damage, or theft up to \$50,000 per piece, subject to a limit of \$500,000 per occurrence.
(2) Merchandise Insurance: Merchandise is insured against loss, damage, or theft up to a maximum of \$500.

- Signature is required upon delivery.
- Claims for delay, loss, damage or theft must be made within 60 days. Claim forms may be obtained at the post office or mail.
- This receipt must be presented when a claim is filed.

EXPRESS MAIL SERVICE

1075

AUTHORITY FOR EXPENDITURE
DRILLING WELL

Date 8/23/85

A
Co. C3.

District West Texas Well Name Grisso Well No# 1
Well Location 2310' FNL & 660' FEL Section 4, T-17-S, R-37-E Depth 11,500'
Field Casev-Strawn Pool County Lea State NM
Prepared By: Deen Wood Submitted By: _____ Dallas _____ District _____

CAT. NO.	NATURE OF EXPENDITURE	QUANTITY	ESTIMATED COST		
			CASH	MAT. L ON HAND	TOTAL
	DRILLING 400' 13 3/8" 48# H-40 ST&C				
01	Casing 4800' 8 5/8" 2200' 24# K-55 ST&C		71 500		71 500
02	Casinghead		9 000		9 000
03	Location, Road & Dirt Work & damages		15 000		15 000
04	Drilling - Footage/Turnkey				
05	Drilling - Daywork 39 days @ \$4500		175 500		175 500
06	Drilling - Rig Support MI & MORT		20 000		20 000
07	Bits 10 @ \$3750		37 500		37 500
08	Supervision 41 days @ \$250		10 250		10 250
09	Overhead				
10	Mud & Chemicals & water		35 000		35 000
11	Cementing Services & Supplies		35 000		35 000
12	Testing & Logging & mud logger		25 000		25 000
13	Rentals		15 000		15 000
14	Other IDC out liners, csg crew, etc.		20 000		20 000
15	Other Equipment		3 000		3 000
	TOTAL DRILLING		471 750		471 750
	COMPLETION 10,000' 17# N-80 LT&C				
17	Casing 11,150' 5 1/2"-1500' 20# N-80 LT&C		135 000		135 000
18	Tubing 11,500' 2 7/8" 6.5# N-80 EUE		69 000		69 000
19	Wellhead		12 000		12 000
20	Subsurface Equipment		4 000		4 000
21	Supervision 7 days @ \$250		1 750		1 750
22	Mud & Chemicals & KCL water		5 000		5 000
23	Testing, Logging & Perforating		11 000		11 000
24	Stimulation		15 000		15 000
25	Overhead				
26	Rentals		5 000		5 000
27	Service Rig 7 days @ \$1600		11 200		11 200
28	Cementing Services & Supplies		15 000		15 000
29	Other IDC				
	TOTAL COMPLETION		283 950		283 950
	PRODUCTION EQUIPMENT				
32	Pumping Unit				
33	Engine & Motor				
34	Rods				
35	Flow Lines		5 000		5 000
36	Meters		2 000		2 000
37	Installation		5 000		5 000
38	Storage		15 000		15 000
39	Separation & Treating		12 000		12 000
40	Other Equipment		3 000		3 000
	TOTAL PRODUCTION EQUIPMENT		42 000		42 000
	TOTALS		797 700		797 700

W/ OWNER NAME

BILLING INT
(7 decimals)DATE
APPROVED

APPROVED: (this space for approval only)

Mr. and Mrs. J. R. McGinley, Jr.

J. R. McGinley, Jr.

Date: _____

August 23, 1985

Shell Exploration and Production
P. O. Box 576
Houston, Texas 77001

Re: Farmout Request
NE/4 Section 4
T-17-S, R-37-E
Lea County, New Mexico
Grisso #1 Well

Gentlemen:

Our records indicate that Shell owns a leasehold interest in the above referenced tract. TXO Production Corp. is interested in a farmout of Shell's interest in said lands based on the following proposal:

1. Within 120 days from the execution of a mutually acceptable Farmout Agreement, TXO will commence the drilling of the Grisso #1 Well at a location of 2310' FNL & 660' FEL Section 4, T-17-S, R-37-E, Lea County, New Mexico.
2. By the drilling of this well, TXO will earn a 75% net revenue interest lease in the proration unit for said well down to a depth of 100' below the deepest depth drilled.
3. If all of the farmout acreage is not allocated to the initial productive well, TXO would have the option to continuously develop the acreage with the passing of no more than 120 days between the completion of one well and the commencement of the next well.

As an alternative to farming out said interest, Shell may want to participate in the drilling of this well. Enclosed is an Authority for Expenditure (AFE) for the Grisso #1 Well. Should Shell decide to participate in the drilling of this well, please sign and return one copy of the AFE to the attention of the undersigned at the letterhead address.

Thank you for your consideration of this proposal and I look forward to hearing from you in the near future.

Very truly yours,

Jeff Bourgeois
Landman

JB/dp

FROM:

Jeff Bourgeois
TXO Production Corp.
900 Wilco Bldg.
Midland, TX 79701

Customer Number, if any:

TO:

Shell Expl. & Prod.
P. O. Box 576
Houston, TX 77001

★ U.S.G.P.O. 1984 — 440-389 Label 11B (1-84)

EXPRESS MAIL
NEXT DAY SERVICE®**POST OFFICE
TO ADDRESSEE**

54798833

SERVICE GUARANTEE:

Domestic mailings under this service made at designated USPS facilities on or before a specified deposit time will be accepted for express shipment to a designated USPS delivery area having Express Mail Service for next day delivery to an addressee agent on or before the time specified by the USPS at mailing. USPS will refund upon application to originating office, the postage for any shipments mailed under this service and not meeting the service standard except for those delayed by strike work stoppage. See USPS Notice 43 for details.

INSURANCE COVERAGE:

See Sections 294 and 295 of the Domestic Mail Manual for exclusions of coverage.

(1) Document Insurance: Non-registered documents are insured against loss, damage, or rifling up to \$50.000 per piece, subject to a limit of \$500.000 per occurrence.
(2) Merchandise Insurance: Merchandise is insured against loss, damage, or rifling up to a maximum of \$500.

- Signature is required upon delivery.
- Claims for delay, loss, damage or rifling must be made within 60 days. Claim forms may be obtained at the post office of mailing.
- This receipt must be presented when a claim is filed.

EXPRESS MAIL SERVICE

1075

AUTHORITY FOR EXPENDITURE

DRILLING WELL

Date 8/23/85

A 1
Co. Cd.

District West Texas Well Name Grisso Well No: 1
Well Location 2310' FNL & 660' FEL Section 4, T-17-S, R-37-E Depth 11,500'
Field Casey-Strawn Pool County Lea State NM
Prepared By: Deen Wood Submitted By: _____ Dallas _____ District _____

CAT. NO.	NATURE OF EXPENDITURE	QUANTITY	ESTIMATED COST		
			CASH	MAT. L ON HAND	TOTAL
DRILLING 400' 13 3/8" 48# H-40 ST&C					
01	Casing 4800' 8 5/8" 2200' 24# K-55 ST&C		71	500	71 500
02	Casinghead		9	000	9 000
03	Location, Road & Dirt Work & damages		15	000	15 000
04	Drilling - Footage/Turnkey				
05	Drilling - Daywork 39 days @ \$4500		175	500	175 500
06	Drilling - Rig Support MI & MORT		20	000	20 000
07	Bits 10 @ \$3750		37	500	37 500
08	Supervision 41 days @ \$250		10	250	10 250
09	Overhead				
10	Mud & Chemicals & water		35	000	35 000
11	Cementing Services & Supplies		35	000	35 000
12	Testing & Logging & mud logger		25	000	25 000
13	Rentals		15	000	15 000
14	Other IDC out liners, csg crew, etc.		20	000	20 000
15	Other Equipment		3	000	3 000
TOTAL DRILLING			471	750	471 750
COMPLETION 10,000' 17# N-80 LT&C					
17	Casing 11,150' 5 1/2"-1500' 20# N-80 LT&C		135	000	135 000
18	Tubing 11,500' 2 7/8" 6.5# N-80 EUE		69	000	69 000
19	Wellhead		12	000	12 000
20	Subsurface Equipment		4	000	4 000
21	Supervision 7 days @ \$250		1	750	1 750
22	Mud & Chemicals & KCL water		5	000	5 000
23	Testing, Logging & Perforating		11	000	11 000
24	Stimulation		15	000	15 000
25	Overhead				
26	Rentals		5	000	5 000
27	Service Rig 7 days @ \$1600		11	200	11 200
28	Cementing Services & Supplies		15	000	15 000
29	Other IDC				
TOTAL COMPLETION			283	950	283 950
PRODUCTION EQUIPMENT					
32	Pumping Unit				
33	Engine & Motor				
34	Rods				
35	Flow Lines		5	000	5 000
36	Meters		2	000	2 000
37	Installation		5	000	5 000
38	Storage		15	000	15 000
39	Separation & Treating		12	000	12 000
40	Other Equipment		3	000	3 000
TOTAL PRODUCTION EQUIPMENT			42	000	42 000
TOTALS			797	700	797 700

W/ OWNER NAME _____ BILLING INT (7 decimals) _____ DATE APPROVED _____ APPROVED: (this space for approval only)
Shell Exploration & Production
By: _____
Title: _____
Date: _____

August 23, 1985

Texaco, Inc.
P. O. Box 3109
Midland, Texas 79702

Attention: Mr. E. H. Watkins
Manager Land & Leasing

Re: Farmout Request
NE/4 Section 4
T-17-S, R-37-E
Lea County, New Mexico
Grisso #1 Well

Gentlemen:

Our records indicate that Texaco owns a leasehold interest in the above referenced tract. TXO Production Corp. is interested in a farmout of Texaco's interest in said lands based on the following proposal:

1. Within 120 days from the execution of a mutually acceptable Farmout Agreement, TXO will commence the drilling of the Grisso #1 Well at a location of 2310' FNL & 660' FEL Section 4, T-17-S, R-37-E, Lea County, New Mexico.
2. By the drilling of this well, TXO will earn a 75% net revenue interest lease in the proration unit for said well down to a depth of 100' below the deepest depth drilled.
3. If all of the farmout acreage is not allocated to the initial productive well, TXO would have the option to continuously develop the acreage with the passing of no more than 120 days between the completion of one well and the commencement of the next well.

As an alternative to farming out said interest, Texaco may want to participate in the drilling of this well. Enclosed is an Authority for Expenditure (AFE) for the Grisso #1 Well. Should Texaco decide to participate in the drilling of this well, please sign and return one copy of the AFE to the attention of the undersigned at the letterhead address.

Thank you for your consideration of this proposal and I look forward to hearing from you in the near future.

Very truly yours,

Jeff Bourgeois
Landman

JB/dp

P 547 387 281

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

★ U.S.G.P.O. 1983-403-517

S Form 3800, Feb. 1982

Sent to Texaco, Inc.	
Street and No. P. O. Box 3109	
P.O., State and ZIP Code Midland, TX 79702	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	

PS Form 3811, July 1983 447-945

17-05510

DOMESTIC RETURN RECEIPT

SENDER: Complete items 1, 2, 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

- ☒ Show to whom, date and address of delivery.
- ☐ Restricted Delivery.
- Article Addressed to:

**Texaco, Inc.
P. O. Box 3109
Midland, TX 79702
Attn: Mr. E. H. Watkins**

4. Type of Service:	Article Number
<input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail	P 547 387 281

Always obtain signature of addressee or agent and **DATE DELIVERED.**

- Signature - Addressee
X
- Signature - Agent
X L B Porter
- Date of Delivery
AUG 25 1985
- Addressee's Address (ONLY if requested and fee paid)

AUTHORITY FOR EXPENDITURE
DRILLING WELL

Date 8/23/85

A 1
Co. C3.

District West Texas Well Name Grisso Well No# 1
Well Location 2310' FNL & 660' FEL Section 4, T-17-S, R-37-E Depth 11,500'
Field Casey-Strawn Pool County Lea State NM
Prepared By: Deen Wood Submitted By: _____ Dallas _____ District _____

CAT. NO.	NATURE OF EXPENDITURE	QUANTITY	ESTIMATED COST		
			CASH	MAT. L ON HAND	TOTAL
DRILLING 400' 13 3/8" 48# H-40 ST&C					
01	Casing 4800' 8 5/8" 2200' 24# K-55 ST&C 2600' 32# K-55 ST&C		71 500		71 500
02	Casinghead		9 000		9 000
03	Location, Road & Dirt Work & damages		15 000		15 000
04	Drilling - Footage/Turnkey				
05	Drilling - Daywork 39 days @ \$4500		175 500		175 500
06	Drilling - Rig Support MI & MORT		20 000		20 000
07	Bits 10 @ \$3750		37 500		37 500
08	Supervision 41 days @ \$250		10 250		10 250
09	Overhead				
10	Mud & Chemicals & water		35 000		35 000
11	Cementing Services & Supplies		35 000		35 000
12	Testing & Logging & mud logger		25 000		25 000
13	Rentals		15 000		15 000
14	Other IDC out liners, csg crew, etc.		20 000		20 000
15	Other Equipment		3 000		3 000
TOTAL DRILLING			471 750		471 750
COMPLETION 10,000' 17# N-80 LT&C					
17	Casing 11,150' 5 1/2"-1500' 20# N-80 LT&C		135 000		135 000
18	Tubing 11,500' 2 7/8" 6.5# N-80 EUE		69 000		69 000
19	Wellhead		12 000		12 000
20	Subsurface Equipment		4 000		4 000
21	Supervision 7 days @ \$250		1 750		1 750
22	Mud & Chemicals & KCL water		5 000		5 000
23	Testing, Logging & Perforating		11 000		11 000
24	Stimulation		15 000		15 000
25	Overhead				
26	Rentals		5 000		5 000
27	Service Rig 7 days @ \$1600		11 200		11 200
28	Cementing Services & Supplies		15 000		15 000
29	Other IDC				
TOTAL COMPLETION			283 950		283 950
PRODUCTION EQUIPMENT					
32	Pumping Unit				
33	Engine & Motor				
34	Rods				
35	Flow Lines		5 000		5 000
36	Meters		2 000		2 000
37	Installation		5 000		5 000
38	Storage		15 000		15 000
39	Separation & Treating		12 000		12 000
40	Other Equipment		3 000		3 000
TOTAL PRODUCTION EQUIPMENT			42 000		42 000
TOTALS			797 700		797 700

W/ OWNER NAME	BILLING INT (7 decimals)	DATE APPROVED	APPROVED: (this space for approval only)
Texaco, Inc.			Texaco, Inc.
			By: _____
			Title: _____
			Date: _____

August 23, 1985

Pennzoil
P. O. Box 1328
Midland, Texas 79702

Attention: Mr. K. B. Medlock
District Landman

Re: Farmout Request
NE/4 Section 4
T-17-S, R-37-E
Lea County, New Mexico
Grisso #1 Well

Gentlemen:

Our records indicate that Pennzoil owns a leasehold interest in the above referenced tract. TXO Production Corp. is interested in a farmout of Pennzoil's interest in said lands based on the following proposal:

1. Within 120 days from the execution of a mutually acceptable Farmout Agreement, TXO will commence the drilling of the Grisso #1 Well at a location of 2310' FNL & 660' FEL Section 4, T-17-S, R-37-E, Lea County, New Mexico.
2. By the drilling of this well, TXO will earn a 75% net revenue interest lease in the proration unit for said well down to a depth of 100' below the deepest depth drilled.
3. If all of the farmout acreage is not allocated to the initial productive well, TXO would have the option to continuously develop the acreage with the passing of no more than 120 days between the completion of one well and the commencement of the next well.

As an alternative to farming out said interest, Pennzoil may want to participate in the drilling of this well. Enclosed is an Authority for Expenditure (AFE) for the Grisso #1 Well. Should Pennzoil decide to participate in the drilling of this well, please sign and return one copy of the AFE to the attention of the undersigned at the letterhead address.

Thank you for your consideration of this proposal and I look forward to hearing from you in the near future.

Very truly yours,

Jeff Bourgeois
Landman

JB/dp

P 547 387 279

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

* U.S.G.P.O. 1983-403-517

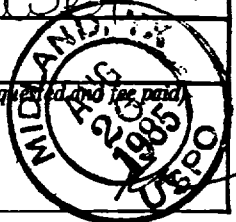
S Form 3800, Feb. 1982

Sent to Pennzoil	
Street and No. P. O. Box 1828	
P.O., State and ZIP Code Midland, TX 79702	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	

PS Form 3811, July 1983 447-845

<p>SENDER: Complete items 1, 2, 3 and 4.</p> <p>Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. <u>The return receipt fee will provide you the name of the person delivered to and the date of delivery.</u> For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.</p>	
<p>1. <input checked="" type="checkbox"/> Show to whom, date and address of delivery.</p>	
<p>2. <input type="checkbox"/> Restricted Delivery. <i>Fee not paid for service</i></p>	
<p>3. Article Addressed to:</p> <p>Pennzoil P. O. Box 1828 Midland, TX 79702 Attn: Mr. K. B. Medlock</p>	
<p>4. Type of Service:</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail</p>	<p>Article Number</p> <p>P 547 387 279</p>
<p>Always obtain signature of addressee or agent and DATE DELIVERED.</p>	
<p>5. Signature - Addressee</p> <p>X</p>	
<p>6. Signature - Agent</p> <p>X <i>Walter B. ...</i></p>	
<p>7. Date of Delivery</p>	
<p>8. Addressee's Address (ONLY if requested and fee paid)</p>	

DOMESTIC RETURN RECEIPT



Grisso #1

AUTHORITY FOR EXPENDITURE
DRILLING WELL

Date 8/23/85

A 1
Co. Cd.

District West Texas Well Name Grisso Well No: 1
Well Location 2310' FNL & 660' FEL Section 4, T-17-S, R-37-E Depth 11,500'
Field Casey-Strawn Pool County Lea State NM
Prepared By: Deen Wood DW Submitted By: _____ Dallas _____ District _____

CAT. NO.	NATURE OF EXPENDITURE	QUANTITY	ESTIMATED COST		
			CASH	MAT. L ON HAND	TOTAL
	DRILLING 400' 13 3/8" 48# H-40 ST&C				
01	Casing 4800' 8 5/8" 2200' 24# K-55 ST&C		71 500		71 500
02	Casinghead		9 000		9 000
03	Location, Road & Dirt Work & damages		15 000		15 000
04	Drilling - Footage/Turnkey				
05	Drilling - Daywork 39 days @ \$4500		175 500		175 500
06	Drilling - Rig Support MI & MORT		20 000		20 000
07	Bits 10 @ \$3750		37 500		37 500
08	Supervision 41 days @ \$250		10 250		10 250
09	Overhead				
10	Mud & Chemicals & water		35 000		35 000
11	Cementing Services & Supplies		35 000		35 000
12	Testing & Logging & mud logger		25 000		25 000
13	Rentals		15 000		15 000
14	Other IDC out liners, csg crew, etc.		20 000		20 000
15	Other Equipment		3 000		3 000
	TOTAL DRILLING		471 750		471 750
	COMPLETION 10,000' 17# N-80 LT&C				
17	Casing 11,150' 5 1/2"-1500' 20# N-80 LT&C		135 000		135 000
18	Tubing 11,500' 2 7/8" 6.5# N-80 EUE		69 000		69 000
19	Wellhead		12 000		12 000
20	Subsurface Equipment		4 000		4 000
21	Supervision 7 days @ \$250		1 750		1 750
22	Mud & Chemicals & KCL water		5 000		5 000
23	Testing, Logging & Perforating		11 000		11 000
24	Stimulation		15 000		15 000
25	Overhead				
26	Rentals		5 000		5 000
27	Service Rig 7 days @ \$1600		11 200		11 200
28	Cementing Services & Supplies		15 000		15 000
29	Other IDC				
	TOTAL COMPLETION		283 950		283 950
	PRODUCTION EQUIPMENT				
32	Pumping Unit				
33	Engine & Motor				
34	Rods				
35	Flow Lines		5 000		5 000
36	Meters		2 000		2 000
37	Installation		5 000		5 000
38	Storage		15 000		15 000
39	Separation & Treating		12 000		12 000
40	Other Equipment		3 000		3 000
	TOTAL PRODUCTION EQUIPMENT		42 000		42 000
	TOTALS		797 700		797 700

W/ OWNER NAME

BILLING INT
(7 decimals)DATE
APPROVEDAPPROVED: (this space for approval only)
PENNZOIL

Pennzoil

By: _____

Title: _____

Date: _____

August 30, 1985

Sohio Petroleum Company
Two Lincoln Centre
5420 LBJ Freeway,
Suite 1000, LB 03
Dallas, Texas 75240

Attention: Mr. Don Leonhart

Re: Well Proposal
Grisso #1 Well
Section 4
T-17-S, R-37-E
Lea County, New Mexico

Gentlemen:

Prusuant to our recent telephone conversation, this letter shall serve as notice of TXO Production Corp.'s intention to drill the Grisso #1 well at a location 2310' FNL & 660' FEL Section 4, T-17-S, R-37-E, Lea County, New Mexico. Enclosed please find two copies of our Authority for Expenditure (AFE) for the drilling of this well.

At this time, TXO seeks your election to join in the well. Should you elect to participate in the well, please sign one copy of the AFE and return it to the attention of the undersigned at the letterhead address.

Should you have any questions or want to discuss this matter further, please do not hesitate to contact me at the letterhead address or call (915) 682-7992. Thank you for your cooperation in this matter.

Very truly yours,

Jeff Bourgeois
Landman

JB/dp

FROM:

Jeff Bourgeois
TXO Production Corp.
900 Wilco Building
Midland, Texas 79701

Customer Number, if any:

TO:

Sohio Petroleum Company
Two Lincoln Centre
5420 LBJ Freeway,
Suite 1000, LB 03
Dallas, Texas 75240

U.S.G.P. Attention: Label 11-44 Don Leonhart

EXPRESS MAIL
NEXT DAY SERVICE®**POST OFFICE
TO ADDRESSEE**

54820984

MD

79702

8-30-85 1530

✓

1

1075

SERVICE GUARANTEE:

Domestic mailings under this service made at designated USPS facilities on or before a specified decept time will be accepted for express shipment to a designated USPS delivery area having Express Mail Service for next day delivery to an addressee agent on or before the time specified by the USPS at mailing. USPS will refund upon application to originating office, the postage for any shipments mailed under this service and not meeting the service standard except for those delayed by strike work stoppage. See USPS Notice 43 for details.

INSURANCE COVERAGE:

See Sections 294 and 295 of the Domestic Mail Manual for exclusions of coverage.

- (1) Document Insurance: Non-negotiable documents are insured against loss, damage, or rifling up to \$50,000 per piece, subject to a limit of \$500,000 per occurrence.
- (2) Merchandise Insurance: Merchandise is insured against loss, damage, or rifling up to a maximum of \$500.

- Signature is required upon delivery.
- Claims for delay, loss, damage or rifling must be made within 60 days. Claim forms may be obtained at the post office of mailing.
- This receipt must be presented when a claim is filed.

EXPRESS MAIL SERVICE

Customer Receipt

AUTHORITY FOR EXPENDITURE
DRILLING WELL

Date 8/23/85

A 1
Co. Cd.

District West Texas Well Name Grisso Well No: 1
Well Location 2310' FNL & 660' FEL Section 4, T-17-S, R-37-E Depth 11,500'
Field Midway-Strawn Pool County Lea State NM
Prepared By: Deen Wood Submitted By: Dallas District

CAT. NO.	NATURE OF EXPENDITURE	QUANTITY	ESTIMATED COST		
			CASH	MAT.L ON HAND	TOTAL
DRILLING 400' 13 3/8" 48# H-40 ST&C					
01	Casing 4800' 8 5/8" 2200' 24# K-55 ST&C		71 500		71 500
02	Casinghead		9 000		9 000
03	Location, Road & Dirt Work & damages		15 000		15 000
04	Drilling - Footage/Turnkey				
05	Drilling - Daywork 39 days @ \$4500		175 500		175 500
06	Drilling - Rig Support MI & MORT		20 000		20 000
07	Bits 10 @ \$3750		37 500		37 500
08	Supervision 41 days @ \$250		10 250		10 250
09	Overhead				
10	Mud & Chemicals & water		35 000		35 000
11	Cementing Services & Supplies		35 000		35 000
12	Testing & Logging & mud logger		25 000		25 000
13	Rentals		15 000		15 000
14	Other IDC out liners, csg crew, etc.		20 000		20 000
15	Other Equipment		3 000		3 000
TOTAL DRILLING			471 750		471 750
COMPLETION 10,000' 17# N-80 LT&C					
17	Casing 11,150' 5 1/2"-1500' 20# N-80 LT&C		135 000		135 000
18	Tubing 11,500' 2 7/8" 6.5# N-80 EUE		69 000		69 000
19	Wellhead		12 000		12 000
20	Subsurface Equipment		4 000		4 000
21	Supervision 7 days @ \$250		1 750		1 750
22	Mud & Chemicals & KCL water		5 000		5 000
23	Testing, Logging & Perforating		11 000		11 000
24	Stimulation		15 000		15 000
25	Overhead				
26	Rentals		5 000		5 000
27	Service Rig 7 days @ \$1600		11 200		11 200
28	Cementing Services & Supplies		15 000		15 000
29	Other IDC				
TOTAL COMPLETION			283 950		283 950
PRODUCTION EQUIPMENT					
32	Pumping Unit				
33	Engine & Motor				
34	Rods				
35	Flow Lines		5 000		5 000
36	Meters		2 000		2 000
37	Installation		5 000		5 000
38	Storage		15 000		15 000
39	Separation & Treating		12 000		12 000
40	Other Equipment		3 000		3 000
TOTAL PRODUCTION EQUIPMENT			42 000		42 000
TOTALS			797 700		797 700

W/ OWNER NAME

BILLING INT
(7 decimals)DATE
APPROVED

APPROVED: (this space for approval only)

Sohio Petroleum Company

.0625000

By: _____

Title: _____

Link

TXO PRODUCTION CORP.

900 WILCO BUILDING
MIDLAND, TEXAS 79701

September 4, 1985

Atlantic Richfield Company
P. O. Box 1610
Midland, Texas 79702

Attention: Mr. Mike Snyder

Re: Farmout Request
NE/4 Section 4
T-17-S, R-37-E
Lea County, New Mexico
Grisso #1 Well

Gentlemen:

Our records indicate that Atlantic Richfield Company owns a leasehold interest in the above referenced tract. TXO Production Corp. is interested in a farmout of Atlantic Richfield Company's interest in said lands based on the following proposal:

1. Within 120 days from the execution of a mutually acceptable Farmout Agreement, TXO will commence the drilling of the Grisso #1 Well at a location of 2310' FNL & 660' FEL Section 4, T-17-S, R-37-E, Lea County, New Mexico.
2. By the drilling of this well, TXO will earn a 75% net revenue interest lease in the proration unit for said well down to a depth of 100' below the deepest depth drilled.
3. If all of the farmout acreage is not allocated to the initial productive well, TXO would have the option to continuously develop the acreage with the passing of no more than 120 days between the completion of one well and the commencement of the next well.

As an alternative to farming out said interest, Atlantic Richfield Company may want to participate in the drilling of this well. Enclosed is an Authority for Expenditure (AFE) for the Grisso #1 Well. Should Atlantic Richfield Company decide to participate in the drilling of this well, please sign and return one copy of the AFE to the attention of the undersigned at the letterhead address.

Thank you for your consideration of this proposal and I look forward to hearing from you in the near future.

Very truly yours,

Jeff Bourgeois
Landman

JB/dp

P 547 246 415

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

★ U.S.G.P.O. 1983-403-517

PS Form 3800, Feb. 1982

Sent to Atlantic Richfield Company	
Street and No. P. O. Box 1610	
P.O., State and ZIP Code Midland, Texas 79702	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$

Postmark or Date

September 4, 1985

PS Form 3811, July 1983 447-845

DOMESTIC RETURN RECEIPT

<p>SENDER: Complete items 1, 2, 3 and 4.</p> <p>Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.</p>	
<p>1. <input type="checkbox"/> Show to whom, date and address of delivery.</p> <p>2. <input type="checkbox"/> Restricted Delivery.</p>	
<p>3. Article Addressed to:</p> <p>Atlantic Richfield Company P. O. Box 1610 Midland, Texas 79702</p>	
<p>4. Type of Service:</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail</p>	<p>Article Number</p> <p>547 246 415</p>
<p>Always obtain signature of addressee or agent and DATE DELIVERED.</p>	
<p>5. Signature - Addressee</p> <p>X</p>	
<p>6. Signature - Agent</p> <p>X <i>Eric J. Parks</i></p>	
<p>7. Date of Delivery</p> <p>SEP 6 1985</p>	
<p>8. Addressee's Address (ONLY if requested and fee paid)</p>	

Farmout Request

AUTHORITY FOR EXPENDITURE
DRILLING WELL

Date 8/23/85

Co. Cd.

District West Texas Well Name Grisso Well No# 1
Well Location 2310' ENL & 660' FEL Section 4, T-17-S, R-37-E Depth 11,500'
Field Midway-Strawn Pool County Lea State NM
Prepared By: Deen Wood Submitted By: Dallas District

CAT. NO.	NATURE OF EXPENDITURE	QUANTITY	ESTIMATED COST		
			CASH	MAT. L ON HAND	TOTAL
DRILLING 400' 13 3/8" 48# H-40 ST&C					
01	Casing 4800' 8 5/8" 2200' 24# K-55 ST&C		71 500		71 500
02	Casinghead		9 000		9 000
03	Location, Road & Dirt Work & damages		15 000		15 000
04	Drilling - Footage/Turnkey				
05	Drilling - Daywork 39 days @ \$4500		175 500		175 500
06	Drilling - Rig Support MI & MORT		20 000		20 000
07	Bits 10 @ \$3750		37 500		37 500
08	Supervision 41 days @ \$250		10 250		10 250
09	Overhead				
10	Mud & Chemicals & water		35 000		35 000
11	Cementing Services & Supplies		35 000		35 000
12	Testing & Logging & mud logger		25 000		25 000
13	Rentals		15 000		15 000
14	Other IDC out liners, csg crew, etc.		20 000		20 000
15	Other Equipment		3 000		3 000
TOTAL DRILLING			471 750		471 750
COMPLETION 10,000' 17# N-80 LT&C					
17	Casing 11,150' 5 1/2"-1500' 20# N-80 LT&C		135 000		135 000
18	Tubing 11,500' 2 7/8" 6.5# N-80 EUE		69 000		69 000
19	Wellhead		12 000		12 000
20	Subsurface Equipment		4 000		4 000
21	Supervision 7 days @ \$250		1 750		1 750
22	Mud & Chemicals & KCL water		5 000		5 000
23	Testing, Logging & Perforating		11 000		11 000
24	Stimulation		15 000		15 000
25	Overhead				
26	Rentals		5 000		5 000
27	Service Rig 7 days @ \$1600		11 200		11 200
28	Cementing Services & Supplies		15 000		15 000
29	Other IDC				
TOTAL COMPLETION			283 950		283 950
PRODUCTION EQUIPMENT					
32	Pumping Unit				
33	Engine & Motor				
34	Rods				
35	Flow Lines		5 000		5 000
36	Meters		2 000		2 000
37	Installation		5 000		5 000
38	Storage		15 000		15 000
39	Separation & Treating		12 000		12 000
40	Other Equipment		3 000		3 000
TOTAL PRODUCTION EQUIPMENT			42 000		42 000
TOTALS			797 700		797 700

W/ OWNER NAME

BILLING INT
(7 decimals)DATE
APPROVED

APPROVED: (this space for approval only)

Atlantic Richfield Company

By: _____

Title: _____

August 23, 1985

Black Bear Oil & Gas Corp.
Energy Square, Suite 404
505 N. Big Spring
Midland, TX 79701

Re: Farmout Request
NE/4 Section 4
T-17-S, R-37-E
Lea County, New Mexico
Grisso #1 Well

Gentlemen:

Our records indicate that Black Bear Oil & Gas Corp. owns a leasehold interest in the above referenced tract. TXO Production Corp. is interested in a farmout of Texaco's interest in said lands based on the following proposal:

1. Within 120 days from the execution of a mutually acceptable Farmout Agreement, TXO will commence the drilling of the Grisso #1 Well at a location of 2310' FNL & 660' FEL Section 4, T-17-S, R-37-E, Lea County, New Mexico.
2. By the drilling of this well, TXO will earn a 75% net revenue interest lease in the proration unit for said well down to a depth of 100' below the deepest depth drilled.
3. If all of the farmout acreage is not allocated to the initial productive well, TXO would have the option to continuously develop the acreage with the passing of no more than 120 days between the completion of one well and the commencement of the next well.

As an alternative to farming out said interest, Black Bear may want to participate in the drilling of this well. Enclosed is an Authority for Expenditure (AFE) for the Grisso #1 Well. Should Black Bear decide to participate in the drilling of this well, please sign and return one copy of the AFE to the attention of the undersigned at the letterhead address.

Thank you for your consideration of this proposal and I look forward to hearing from you in the near future.

Very truly yours,

Jeff Bourgeois
Landman

JB/dp

P 547 387 291

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

U.S.G.P.O. 1983-403-517

S Form 3800, Feb. 1982

Sent to Black Bear Oil & Gas Corp.	
Street and No. Energy Square, Suite 404	
P.O. State and ZIP Code Midland, TX 79701	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	

PS Form 3811, July 1983 447345

SENDER: Complete items 1, 2, 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

- ☒ Show to whom, date and address of delivery
- ☐ Restricted Delivery.

3. Article Addressed to:

Black Bear Oil & Gas Corp.
Energy Square, Suite 404
505 N. Big Spring
Midland, TX 79701

4. Type of Service:

- ☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail

Article Number

P 547 387 291

Always obtain signature of addressee or agent and
DATE DELIVERED.

5. Signature - Addressee

X

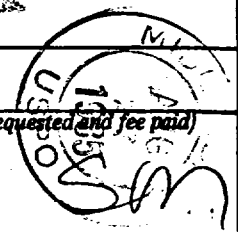
6. Signature - Agent

X

7. Date of Delivery

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

DOMESTIC RETURN RECEIPT



AUTHORITY FOR EXPENDITURE
DRILLING WELL

Date 8/23/85

A 1
Co. Co.

District West Texas Well Name Grisso Well No. #1
Well Location 2310' FNL & 660' FEL Section 4, T-17-S, R-37-E Depth 11,500'
Field Casev-Strawn Pool County Lea State NM
Prepared By: Deen Wood Submitted By: _____ Dallas _____ District _____

CAT. NO.	NATURE OF EXPENDITURE	QUANTITY	ESTIMATED COST		
			CASH	MAT. L ON HAND	TOTAL
	DRILLING 400' 13 3/8" 48# H-40 ST&C				
01	Casing 4800' 8 5/8" -2200' 24# K-55 ST&C		71 500		71 500
02	Casinghead		9 000		9 000
03	Location, Road & Dirt Work & damages		15 000		15 000
04	Drilling - Footage/Turnkey				
05	Drilling - Daywork 39 days @ \$4500		175 500		175 500
06	Drilling - Rig Support MI & MORT		20 000		20 000
07	Bits 10 @ \$3750		37 500		37 500
08	Supervision 41 days @ \$250		10 250		10 250
09	Overhead				
10	Mud & Chemicals & water		35 000		35 000
11	Cementing Services & Supplies		35 000		35 000
12	Testing & Logging & mud logger		25 000		25 000
13	Rentals		15 000		15 000
14	Other IDC out liners, csg crew, etc.		20 000		20 000
15	Other Equipment		3 000		3 000
	TOTAL DRILLING		471 750		471 750
	COMPLETION 10,000' 17# N-80 LT&C				
17	Casing 11,150' 5 1/2" -1500' 20# N-80 LT&C		135 000		135 000
18	Tubing 11,500' 2 7/8" 6.5# N-80 EUE		69 000		69 000
19	Wellhead		12 000		12 000
20	Subsurface Equipment		4 000		4 000
21	Supervision 7 days @ \$250		1 750		1 750
22	Mud & Chemicals & KCL water		5 000		5 000
23	Testing, Logging & Perforating		11 000		11 000
24	Stimulation		15 000		15 000
25	Overhead				
26	Rentals		5 000		5 000
27	Service Rig 7 days @ \$1600		11 200		11 200
28	Cementing Services & Supplies		15 000		15 000
29	Other IDC				
	TOTAL COMPLETION		283 950		283 950
	PRODUCTION EQUIPMENT				
32	Pumping Unit				
33	Engine & Motor				
34	Rods				
35	Flow Lines		5 000		5 000
36	Meters		2 000		2 000
37	Installation		5 000		5 000
38	Storage		15 000		15 000
39	Separation & Treating		12 000		12 000
40	Other Equipment		3 000		3 000
	TOTAL PRODUCTION EQUIPMENT		42 000		42 000
	TOTALS		797 700		797 700

W/ OWNER NAME
Black Bear Oil & Gas Corp.BILLING INT
(7 decimals)DATE
APPROVEDAPPROVED: (this space for approval only)
Black Bear Oil & Gas Corp.

By: _____

Title: _____

Date: _____

Kink

TXO PRODUCTION CORP.
900 WILCO BUILDING
MIDLAND, TEXAS 79701
915/682-7992

September 4, 1985

Mr. Harry A. Miller, III
Ben White Animal Hospital
2403 Ben White Blvd.
Austin, Texas 78741

Re: Lease Proposal
NE/4 Section 4
T-17-S, R-37-E
Lea County, New Mexico
Grisso #1 Well

Dear Mr. Miller:

Our records indicate that you own an interest in the above referenced tract. TXO Production Corp. is interested in leasing your interest in this tract for no bonus consideration, 6 month primary term and 1/4 royalty interest.

As an alternative to leasing your interest, you may want to participate in the drilling of this well. Enclosed is an Authority for Expenditure (AFE) for the Grisso #1 well. Should you decide to participate in the drilling of this well, please sign and return one (1) copy of the AFE to the attention of the undersigned at the letterhead address.

Thank you for your consideration of this proposal and should you have any questions or wish to discuss this matter further, please do not hesitate to call me collect at (915) 682-7992. I look forward to hearing from you in the near future.

Very truly yours,

Jeff Bourgeois
Landman

JB/dp
Enclosure

P 547 246 418

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

PS Form 3800, Feb. 1982

Sent to Harry A. Miller, III	
Street and No. Ben White Animal Hospital	
P.O., State and ZIP Code 2403 Ben White Blvd. Austin, TX 78741	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date September 4, 1985	

PS Form 3811, July 1983 447-845

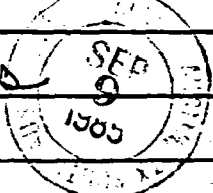
● SENDER: Complete items 1, 2, 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

- ☐ Show to whom, date and address of delivery.
- ☐ Restricted Delivery.
- Article Addressed to:
Harry A. Miller, III
Ben White Animal Hospital
2403 Ben White Blvd.
Austin, TX 78741

4. Type of Service:	Article Number
<input checked="" type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail	<input type="checkbox"/> Insured <input type="checkbox"/> COD P 547 246 418

Always obtain signature of addressee or agent and
DATE DELIVERED.

5. Signature - Addressee X <i>[Signature]</i>	
6. Signature - Agent X	
7. Date of Delivery 9/9/85	
8. Addressee's Address (ONLY if requested and fee paid)	

DOMESTIC RETURN RECEIPT

Lease Proposal

AUTHORITY FOR EXPENDITURE
DRILLING WELL

Date 8/23/85

A 1
Co. Cd.

District West Texas Well Name Grisso Well No: 1
Well Location 2310' FNL & 660' FEL Section 4, T-17-S, R-37-E Depth 11,500'
Field Midway-Strawn Pool County Lea State NM
Prepared By: Deen Wood Submitted By: _____ Dallas _____ District _____

CAT. NO.	NATURE OF EXPENDITURE	QUANTITY	ESTIMATED COST		
			CASH	MAT'L ON HAND	TOTAL
DRILLING 400' 13 3/8" 48# H-40 ST&C					
01	Casing 4800' 8 5/8" 2200' 24# K-55 ST&C		71 500		71 500
02	Casinghead		9 000		9 000
03	Location, Road & Dirt Work & damages		15 000		15 000
04	Drilling - Footage/Turnkey				
05	Drilling - Daywork 39 days @ \$4500		175 500		175 500
06	Drilling - Rig Support MI & MORT		20 000		20 000
07	Bits 10 @ \$3750		37 500		37 500
08	Supervision 41 days @ \$250		10 250		10 250
09	Overhead				
10	Mud & Chemicals & water		35 000		35 000
11	Cementing Services & Supplies		35 000		35 000
12	Testing & Logging & mud logger		25 000		25 000
13	Rentals		15 000		15 000
14	Other IDC out liners, csg crew, etc.		20 000		20 000
15	Other Equipment		3 000		3 000
TOTAL DRILLING			471 750		471 750
COMPLETION 10,000' 17# N-80 LT&C					
17	Casing 11,150' 5 1/2"-1500' 20# N-80 LT&C		135 000		135 000
18	Tubing 11,500' 2 7/8" 6.5# N-80 EUE		69 000		69 000
19	Wellhead		12 000		12 000
20	Subsurface Equipment		4 000		4 000
21	Supervision 7 days @ \$250		1 750		1 750
22	Mud & Chemicals & KCL water		5 000		5 000
23	Testing, Logging & Perforating		11 000		11 000
24	Stimulation		15 000		15 000
25	Overhead				
26	Rentals		5 000		5 000
27	Service Rig 7 days @ \$1600		11 200		11 200
28	Cementing Services & Supplies		15 000		15 000
29	Other DC				
TOTAL COMPLETION			283 950		283 950
PRODUCTION EQUIPMENT					
32	Pumping Unit				
33	Engine & Motor				
34	Rods				
35	Flow Lines		5 000		5 000
36	Meters		2 000		2 000
37	Installation		5 000		5 000
38	Storage		15 000		15 000
39	Separation & Treating		12 000		12 000
40	Other Equipment		3 000		3 000
TOTAL PRODUCTION EQUIPMENT			42 000		42 000
TOTALS			797 700		797 700

W/ OWNER NAME

BILLING INT
(7 decimals)DATE
APPROVED

APPROVED: (this space for approval only)

Harry A. Miller, III

TXO PRODUCTION CORP.
900 WILCO BUILDING
MIDLAND, TEXAS 79701
915/682-7992

September 4, 1985

Mr. Harry A. Miller, Jr.
600 First National Bank Tower
Midland, Texas 79701

Re: Lease Proposal
NE/4 Section 4
T-17-S, R-37-E
Lea County, New Mexico
Grisso #1 Well

Dear Mr. Miller:

Our records indicate that you own an interest in the above referenced tract. TXO Production Corp. is interested in leasing your interest in this tract for no bonus consideration, 6 month primary term and 1/4 royalty interest.

As an alternative to leasing your interest, you may want to participate in the drilling of this well. Enclosed is an Authority for Expenditure (AFE) for the Grisso #1 well. Should you decide to participate in the drilling of this well, please sign and return one (1) copy of the AFE to the attention of the undersigned at the letterhead address.

Thank you for your consideration of this proposal and should you have any questions or wish to discuss this matter further, please do not hesitate to call me collect at (915) 682-7992. I look forward to hearing from you in the near future.

Very truly yours,

Jeff Bourgeois
Landman

JB/dp
Enclosure

P 547 246 417

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

★ U.S.G.P.O. 1983-403-517

PS Form 3800, Feb. 1982

Sent to Harry A. Miller, Jr.	
Street and No. 600 First National Bank Tower	
P.O., State and ZIP Code Midland, TX 79701	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	
September 4, 1985	

PS Form 3811, July 1983 447-945

DOMESTIC RETURN RECEIPT

<p>● SENDER: Complete items 1, 2, 3 and 4.</p> <p>Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.</p>	
<p>1. <input type="checkbox"/> Show to whom, date and address of delivery.</p> <p>2. <input type="checkbox"/> Restricted Delivery.</p>	
<p>3. Article Addressed to:</p> <p>Harry A. Miller, Jr. 600 First National Bank Tower Midland, Texas 79701</p>	
<p>4. Type of Service:</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail</p>	<p>Article Number</p> <p>P 547 246 417</p>
<p>Always obtain signature of addressee or agent and DATE DELIVERED.</p>	
<p>5. Signature - Addressee</p> <p>X</p>	
<p>6. Signature - Agent</p> <p>X <i>Waukoba</i></p>	
<p>7. Date of Delivery</p> <p>SEP 6 1985</p>	
<p>8. Addressee's Address (ONLY if requested and fee paid)</p> <p>+</p>	

Lease Proposal

AUTHORITY FOR EXPENDITURE
DRILLING WELL

Date 8/23/85

Co. Cd.

District West Texas Well Name Grisso Well No# 1
Well Location 2310' ENL & 660' FEL Section 4, T-17-S, R-37-E Depth 11,500'
Field Midway-Strawn Pool County Lea State NM
Prepared By: Deen Wood Submitted By: _____ Dallas _____ District _____

CAT. NO.	NATURE OF EXPENDITURE	QUANTITY	ESTIMATED COST		
			CASH	MAT. L ON HAND	TOTAL
	DRILLING 400' 13 3/8" 48# H-40 ST&C				
01	Casing 4800' 8 5/8" 2200' 24# K-55 ST&C		71 500		71 500
02	Casinghead		9 000		9 000
03	Location, Road & Dirt Work & damages		15 000		15 000
04	Drilling - Footage/Turnkey				
05	Drilling - Daywork 39 days @ \$4500		175 500		175 500
06	Drilling - Rig Support MI & MORT		20 000		20 000
07	Bits 10 @ \$3750		37 500		37 500
08	Supervision 41 days @ \$250		10 250		10 250
09	Overhead				
10	Mud & Chemicals & water		35 000		35 000
11	Cementing Services & Supplies		35 000		35 000
12	Testing & Logging & mud logger		25 000		25 000
13	Rentals		15 000		15 000
14	Other IDC out liners, csg crew, etc.		20 000		20 000
15	Other Equipment		3 000		3 000
	TOTAL DRILLING		471 750		471 750
	COMPLETION 10,000' 17# N-80 LT&C				
17	Casing 11,150' 5 1/4" 1500' 20# N-80 LT&C		135 000		135 000
18	Tubing 11,500' 2 7/8" 6.5# N-80 EUE		69 000		69 000
19	Wellhead		12 000		12 000
20	Subsurface Equipment		4 000		4 000
21	Supervision 7 days @ \$250		1 750		1 750
22	Mud & Chemicals & KCL water		5 000		5 000
23	Testing, Logging & Perforating		11 000		11 000
24	Stimulation		15 000		15 000
25	Overhead				
26	Rentals		5 000		5 000
27	Service Rig 7 days @ \$1600		11 200		11 200
28	Cementing Services & Supplies		15 000		15 000
29	Other IDC				
	TOTAL COMPLETION		283 950		283 950
	PRODUCTION EQUIPMENT				
32	Pumping Unit				
33	Engine & Motor				
34	Rods				
35	Flow Lines		5 000		5 000
36	Meters		2 000		2 000
37	Installation		5 000		5 000
38	Storage		15 000		15 000
39	Separation & Treating		12 000		12 000
40	Other Equipment		3 000		3 000
	TOTAL PRODUCTION EQUIPMENT		42 000		42 000
	TOTALS		797 700		797 700

W/ OWNER NAME

BILLING INT
(7 decimals)DATE
APPROVED

APPROVED: (this space for approval only)

Harry A. Miller, Jr.

21

TXO PRODUCTION CORP.
900 WILCO BUILDING
MIDLAND, TEXAS 79701
915/682-7992

September 4, 1985

Ms. Margaret A. Carrico
406 Farley Trail
Austin, Texas 78746

Re: Lease Proposal
NE/4 Section 4
T-17-S, R-37-E
Lea County, New Mexico
Grisso #1 Well

Dear Ms. Carrico:

Our records indicate that you own an interest in the above referenced tract. TXO Production Corp. is interested in leasing your interest in this tract for no bonus consideration, 6 month primary term and 1/4 royalty interest.

As an alternative to leasing your interest, you may want to participate in the drilling of this well. Enclosed is an Authority for Expenditure (AFE) for the Grisso #1 well. Should you decide to participate in the drilling of this well, please sign and return one (1) copy of the AFE to the attention of the undersigned at the letterhead address.

Thank you for your consideration of this proposal and should you have any questions or wish to discuss this matter further, please do not hesitate to call me collect at (915) 682-7992. I look forward to hearing from you in the near future.

Very truly yours,

Jeff Bourgeois
Landman

JB/dp
Enclosure

P 547 246 416

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

★ U.S.G.P.O. 1983-403-517

PS Form 3800, Feb. 1982

Sent to Margaret A. Carrico	
Street and No. 406 Farley Trail	
P.O., State and ZIP Code Austin, TX 78746	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$

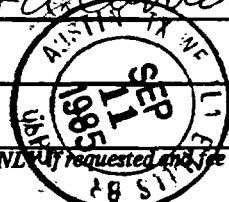
Postmark or Date

September 4, 1985

PS Form 3811, July 1983 447-845

DOMESTIC RETURN RECEIPT

<p>SENDER: Complete items 1, 2, 3 and 4.</p> <p>Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. <u>The return receipt fee will provide you the name of the person delivered to and the date of delivery.</u> For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.</p>	
<p>1. <input type="checkbox"/> Show to whom, date and address of delivery.</p> <p>2. <input type="checkbox"/> Restricted Delivery.</p>	
<p>3. Article Addressed to: Margaret A. Carrico 406 Farley Trail Austin, TX 78746</p>	
<p>4. Type of Service:</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail</p>	<p>Article Number P 547 246 416</p>
<p>Always obtain signature of addressee or agent and DATE DELIVERED.</p>	
<p>5. Signature - Addressee X <i>Margaret A. Carrico</i></p>	
<p>6. Signature - Agent X</p>	
<p>7. Date of Delivery</p>	
<p>8. Addressee's Address (ONLY if requested and fee paid)</p>	



LEASE PROPOSAL

AUTHORITY FOR EXPENDITURE
DRILLING WELL

Date 8/23/85

Co. Cd.

District West Texas Well Name Grisso Well No# 1
Well Location 2310' FNL & 660' FEL Section 4, T-17-S, R-37-E Depth 11,500'
Field Midway-Strawn Pool County Lea State NM
Prepared By: Deen Wood Submitted By: _____ Dallas _____ District _____

CAT. NO.	NATURE OF EXPENDITURE	QUANTITY	ESTIMATED COST		
			CASH	MAT. L ON HAND	TOTAL
	DRILLING 400' 13 3/8" 48# H-40 ST&C				
01	Casing 4,800' 8 5/8" 2200' 24# K-55 ST&C		71 500		71 500
02	Casinghead		9 000		9 000
03	Location, Road & Dirt Work & damages		15 000		15 000
04	Drilling - Footage/Turnkey				
05	Drilling - Daywork 39 days @ \$4500		175 500		175 500
06	Drilling - Rig Support MI & MORT		20 000		20 000
07	Bits 10 @ \$3750		37 500		37 500
08	Supervision 41 days @ \$250		10 250		10 250
09	Overhead				
10	Mud & Chemicals & water		35 000		35 000
11	Cementing Services & Supplies		35 000		35 000
12	Testing & Logging & mud logger		25 000		25 000
13	Rentals		15 000		15 000
14	Other IDC out liners, csg crew, etc.		20 000		20 000
15	Other Equipment		3 000		3 000
	TOTAL DRILLING		471 750		471 750
	COMPLETION 10,000' 17# N-80 LT&C				
17	Casing 11,150' 5 1/2" 1500' 20# N-80 LT&C		135 000		135 000
18	Tubing 11,500' 2 7/8" 6.5# N-80 EUE		69 000		69 000
19	Wellhead		12 000		12 000
20	Subsurface Equipment		4 000		4 000
21	Supervision 7 days @ \$250		1 750		1 750
22	Mud & Chemicals & KCL water		5 000		5 000
23	Testing, Logging & Perforating		11 000		11 000
24	Stimulation		15 000		15 000
25	Overhead				
26	Rentals		5 000		5 000
27	Service Rig 7 days @ \$1600		11 200		11 200
28	Cementing Services & Supplies		15 000		15 000
29	Other IDC				
	TOTAL COMPLETION		283 950		283 950
	PRODUCTION EQUIPMENT				
32	Pumping Unit				
33	Engine & Motor				
34	Rods				
35	Flow Lines		5 000		5 000
36	Meters		2 000		2 000
37	Installation		5 000		5 000
38	Storage		15 000		15 000
39	Separation & Treating		12 000		12 000
40	Other Equipment		3 000		3 000
	TOTAL PRODUCTION EQUIPMENT		42 000		42 000
	TOTALS		797 700		797 700

W/ OWNER NAME

BILLING INT
(7 decimals)DATE
APPROVED

APPROVED: (this space for approval only)

Margaret A. Carrico

August 23, 1985

Mr. Bill Seltzer
507 Petroleum Building
Midland, Texas 79701

Re: Farmout Request
NE/4 Section 4
T-17-S, R-37-E
Lea County, New Mexico
Grisso #1 Well

Dear Mr. Seltzer:

Our records indicate that you own a leasehold interest in the above referenced tract. TXO Production Corp. is interested in a farmout of your interest in said lands based on the following proposal:

1. Within 120 days from the execution of a mutually acceptable Farmout Agreement, TXO will commence the drilling of the Grisso #1 Well at a location of 2310' FNL & 660' FEL Section 4, T-17-S, R-37-E, Lea County, New Mexico.
2. By the drilling of this well, TXO will earn a 75% net revenue interest lease in the proration unit for said well down to a depth of 100' below the deepest depth drilled.
3. If all of the farmout acreage is not allocated to the initial productive well, TXO would have the option to continuously develop the acreage with the passing of no more than 120 days between the completion of one well and the commencement of the next well.

As an alternative to farming out your interest, you may want to participate in the drilling of this well. Enclosed is an Authority for Expenditure (AFE) for the Grisso #1 Well. Should you decide to participate in the drilling of this well, please sign and return one copy of the AFE to the attention of the undersigned at the letterhead address.

Thank you for your consideration of this proposal and I look forward to hearing from you in the near future.

Very truly yours,

Jeff Bourgeois
Landman

JB/dp

P 547 387 283

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

★ U.S.G.P.O. 1983-403-517

Sent to	Bill Seltzer
Street and No.	507 Petroleum Bldg.
P.O., State and ZIP Code	Midland, TX 79701
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	

S Form 3800, Feb. 1982

PS Form 3811, July 1983 447-8-85

SENDER: Complete items 1, 2, 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

- ☒ Show to whom, date and address of delivery.
- ☐ Restricted Delivery.

3. Article Addressed to:

Mr. Bill Seltzer
507 Petroleum Bldg.
Midland, TX 79701

4. Type of Service:	Article Number
<input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail	P 547 387, 283

Always obtain signature of addressee or agent and **DATE DELIVERED.**

5. Signature - Addressee
Kim Proctor

6. Signature - Agent
X

7. Date of Delivery
AUG 27 1985

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

DOMESTIC RETURN RECEIPT

USPO

AUTHORITY FOR EXPENDITURE
DRILLING WELL

Date 8/23/85

A 1
Co. Cd.

District West Texas Well Name Grisso Well No# 1
Well Location 2310' FNL & 660' FEL Section 4, T-17-S, R-37-E Depth 11,500'
Field Casey-Strawn Pool County Lea State NM
Prepared By: Deen Wood NW Submitted By: _____ Dallas _____ District _____

CAT. NO.	NATURE OF EXPENDITURE	QUANTITY	ESTIMATED COST		
			CASH	MAT. L ON HAND	TOTAL
DRILLING 400' 13 3/8" 48# H-40 ST&C					
01	Casing 4800' 8 5/8" 2200' 24# K-55 ST&C		71 500		71 500
02	Casinghead		9 000		9 000
03	Location, Road & Dirt Work & damages		15 000		15 000
04	Drilling - Footage/Turnkey				
05	Drilling - Daywork 39 days @ \$4500		175 500		175 500
06	Drilling - Rig Support MI & MORT		20 000		20 000
07	Bits 10 @ \$3750		37 500		37 500
08	Supervision 41 days @ \$250		10 250		10 250
09	Overhead				
10	Mud & Chemicals & water		35 000		35 000
11	Cementing Services & Supplies		35 000		35 000
12	Testing & Logging & mud logger		25 000		25 000
13	Rentals		15 000		15 000
14	Other IDC out liners, csg crew, etc.		20 000		20 000
15	Other Equipment		3 000		3 000
TOTAL DRILLING			471 750		471 750
COMPLETION 10,000' 17# N-80 LT&C					
17	Casing 11,150' 5 1/2"-1500' 20# N-80 LT&C		135 000		135 000
18	Tubing 11,500' 2 7/8" 6.5# N-80 EUE		69 000		69 000
19	Wellhead		12 000		12 000
20	Subsurface Equipment		4 000		4 000
21	Supervision 7 days @ \$250		1 750		1 750
22	Mud & Chemicals & KCL water		5 000		5 000
23	Testing, Logging & Perforating		11 000		11 000
24	Stimulation		15 000		15 000
25	Overhead				
26	Rentals		5 000		5 000
27	Service Rig 7 days @ \$1600		11 200		11 200
28	Cementing Services & Supplies		15 000		15 000
29	Other IDC				
TOTAL COMPLETION			283 950		283 950
PRODUCTION EQUIPMENT					
32	Pumping Unit				
33	Engine & Motor				
34	Rods				
35	Flow Lines		5 000		5 000
36	Meters		2 000		2 000
37	Installation		5 000		5 000
38	Storage		15 000		15 000
39	Separation & Treating		12 000		12 000
40	Other Equipment		3 000		3 000
TOTAL PRODUCTION EQUIPMENT			42 000		42 000
TOTALS			797 700		797 700

WI OWNER NAME

BILLING INT
(7 decimals)DATE
APPROVED

APPROVED: (this space for approval only)

Bill Seltzer

Bill Seltzer

Date: _____

August 23, 1985

Mr. W. C. Kimball
2513 Neely
Midland, Texas 79701

Re: Farmout Request
NE/4 Section 4
T-17-S, R-37-E
Lea County, New Mexico
Grisso #1 Well

Dear Mr. Kimball:

Our records indicate that you own a leasehold interest in the above referenced tract. TXO Production Corp. is interested in a farmout of your interest in said lands based on the following proposal:

1. Within 120 days from the execution of a mutually acceptable Farmout Agreement, TXO will commence the drilling of the Grisso #1 Well at a location of 2310' FNL & 660' FEL Section 4, T-17-S, R-37-E, Lea County, New Mexico.
2. By the drilling of this well, TXO will earn a 75% net revenue interest lease in the proration unit for said well down to a depth of 100' below the deepest depth drilled.
3. If all of the farmout acreage is not allocated to the initial productive well, TXO would have the option to continuously develop the acreage with the passing of no more than 120 days between the completion of one well and the commencement of the next well.

As an alternative to farming out your interest, you may want to participate in the drilling of this well. Enclosed is an Authority for Expenditure (AFE) for the Grisso #1 Well. Should you decide to participate in the drilling of this well, please sign and return one copy of the AFE to the attention of the undersigned at the letterhead address.

Thank you for your consideration of this proposal and I look forward to hearing from you in the near future.

Very truly yours,

Jeff Bourgeois
Landman

JB/dp

P 547 387 282

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

★ U.S.G.P.O. 1983-403-517

PS Form 3800, Feb. 1982

Sent to Mr. W. C. Kimball	
Street and No. 2513 Neely	
P.O., State and ZIP Code Midland, TX 79701	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	

PS Form 3811, July 1983 447-845

1# 055130

DOMESTIC RETURN RECEIPT

<p>SENDER: Complete items 1, 2, 3 and 4.</p> <p>Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.</p>	
<p>1. <input checked="" type="checkbox"/> Show to whom, date and address of delivery.</p> <p>2. <input type="checkbox"/> Restricted Delivery.</p>	
<p>3. Article Addressed to:</p> <p>Mr. W. C. Kimball 2513 Neely Midland, TX 79701</p>	
<p>4. Type of Service:</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail</p>	<p>Article Number</p> <p>P 547 387 282</p>
<p>Always obtain signature of addressee or agent and DATE DELIVERED.</p>	
<p>5. Signature - Addressee</p> <p>X</p>	
<p>6. Signature - Agent</p> <p>X <i>W. C. Kimball</i></p>	
<p>7. Date of Delivery</p> <p>AUG 24 1983 TX</p>	
<p>8. Addressee's Address (ONLY if requested and fee paid)</p>	

AUTHORITY FOR EXPENDITURE
DRILLING WELL

Date 8/23/85

A
Co. Cd.

District West Texas Well Name Grisso Well No: 1
Well Location 2310' FNL & 660' FEL Section 4, T-17-S, R-37-E Depth 11,500'
Field Casey-Strawn Pool County Lea State NM
Prepared By: Deen Wood Submitted By: Dallas District

CAT. NO.	NATURE OF EXPENDITURE	QUANTITY	ESTIMATED COST		
			CASH	MAT. L ON HAND	TOTAL
	DRILLING 400' 13 3/8" 48# H-40 ST&C				
01	Casing 4800' 8 5/8" 2200' 24# K-55 ST&C		71 500		71 500
02	Casinghead		9 000		9 000
03	Location, Road & Dirt Work & damages		15 000		15 000
04	Drilling - Footage/Turnkey				
05	Drilling - Daywork 39 days @ \$4500		175 500		175 500
06	Drilling - Rig Support MI & MORT		20 000		20 000
07	Bits 10 @ \$3750		37 500		37 500
08	Supervision 41 days @ \$250		10 250		10 250
09	Overhead				
10	Mud & Chemicals & water		35 000		35 000
11	Cementing Services & Supplies		35 000		35 000
12	Testing & Logging & mud logger		25 000		25 000
13	Rentals		15 000		15 000
14	Other IDC out liners, csg crew, etc.		20 000		20 000
15	Other Equipment		3 000		3 000
	TOTAL DRILLING		471 750		471 750
	COMPLETION 10,000' 17# N-80 LT&C				
17	Casing 11,150' 5 1/2"-1500' 20# N-80 LT&C		135 000		135 000
18	Tubing 11,500' 2 7/8" 6.5# N-80 EUE		69 000		69 000
19	Wellhead		12 000		12 000
20	Subsurface Equipment		4 000		4 000
21	Supervision 7 days @ \$250		1 750		1 750
22	Mud & Chemicals & KCL water		5 000		5 000
23	Testing, Logging & Perforating		11 000		11 000
24	Stimulation		15 000		15 000
25	Overhead				
26	Rentals		5 000		5 000
27	Service Rig 7 days @ \$1600		11 200		11 200
28	Cementing Services & Supplies		15 000		15 000
29	Other IDC				
	TOTAL COMPLETION		283 950		283 950
	PRODUCTION EQUIPMENT				
32	Pumping Unit				
33	Engine & Motor				
34	Rods				
35	Flow Lines		5 000		5 000
36	Meters		2 000		2 000
37	Installation		5 000		5 000
38	Storage		15 000		15 000
39	Separation & Treating		12 000		12 000
40	Other Equipment		3 000		3 000
	TOTAL PRODUCTION EQUIPMENT		42 000		42 000
	TOTALS		797 700		797 700

W/ OWNER NAME

BILLING INT
(7 decimals)DATE
APPROVED

APPROVED: (this space for approval only)

W. C. Kimball

W. C. Kimball

Date:

September 10, 1985

Mr. Max W. Coll, II
P. O. Box EE
Santa Fe, NM 87502

Re: Well Proposal
Grisso #1 Well
Section 4
T-17-S, R-37-E
Lea County, New Mexico

Dear Mr. Coll:

Pursuant to our recent telephone conversation, this letter shall serve as notice of TXO Production Corp.'s intention to drill the Grisso #1 well at a location 2310' FNL & 660' FEL Section 4, T-17-S, R-37-E, Lea County, New Mexico. Enclosed please find two copies of our Authority for Expenditure (AFE) for the drilling of this well.

At this time, TXO seeks your election to join in the well. Should you elect to participate in the well, please sign one copy of the AFE and return it to the attention of the undersigned at the letterhead address.

Should you have any questions or want to discuss this matter further, please do not hesitate to contact me at the letterhead address or call (915) 682-7992. Thank you for your cooperation in this matter.

Very truly yours,

Jeff Bourgeois
Landman

JB/dp
Enclosure

AUTHORITY FOR EXPENDITURE
DRILLING WELL

Date 8/23/85

A 1
Co. Cd.

District West Texas Well Name Grisso Well No# 1
Well Location 2310' FNL & 660' FEL Section 4, T-17-S, R-37-E Depth 11,500'
Field Midway-Strawn Pool County Lea State NM
Prepared By: Deen Wood Submitted By: _____ Dallas _____ District _____

CAT. NO.	NATURE OF EXPENDITURE	QUANTITY	ESTIMATED COST		
			CASH	MAT. L ON HAND	TOTAL
DRILLING 400' 13 3/8" 48# HL-40 ST&C					
01	Casing 4800' 8 5/8" 2200' 24# K-55 ST&C		71 500		71 500
02	Casinghead		9 000		9 000
03	Location, Road & Dirt Work & damages		15 000		15 000
04	Drilling - Footage/Turnkey				
05	Drilling - Daywork 39 days @ \$4500		175 500		175 500
06	Drilling - Rig Support MI & MORT		20 000		20 000
07	Bits 10 @ \$3750		37 500		37 500
08	Supervision 41 days @ \$250		10 250		10 250
09	Overhead				
10	Mud & Chemicals & water		35 000		35 000
11	Cementing Services & Supplies		35 000		35 000
12	Testing & Logging & mud logger		25 000		25 000
13	Rentals		15 000		15 000
14	Other IDC out liners, csg crew, etc.		20 000		20 000
15	Other Equipment		3 000		3 000
TOTAL DRILLING			471 750		471 750
COMPLETION 10,000' 17# N-80 LT&C					
17	Casing 11,150' 5 1/2"-1500' 20# N-80 LT&C		135 000		135 000
18	Tubing 11,500' 2 7/8" 6.5# N-80 EUE		69 000		69 000
19	Wellhead		12 000		12 000
20	Subsurface Equipment		4 000		4 000
21	Supervision 7 days @ \$250		1 750		1 750
22	Mud & Chemicals & KCL water		5 000		5 000
23	Testing, Logging & Perforating		11 000		11 000
24	Stimulation		15 000		15 000
25	Overhead				
26	Rentals		5 000		5 000
27	Service Rig 7 days @ \$1600		11 200		11 200
28	Cementing Services & Supplies		15 000		15 000
29	Other IDC				
TOTAL COMPLETION			283 950		283 950
PRODUCTION EQUIPMENT					
32	Pumping Unit				
33	Engine & Motor				
34	Rods				
35	Flow Lines		5 000		5 000
36	Meters		2 000		2 000
37	Installation		5 000		5 000
38	Storage		15 000		15 000
39	Separation & Treating		12 000		12 000
40	Other Equipment		3 000		3 000
TOTAL PRODUCTION EQUIPMENT			42 000		42 000
TOTALS			797 700		797 700

W/ OWNER NAME

BILLING INT
(7 decimals)DATE
APPROVED

APPROVED: (this space for approval only)

Max W. Coll, II

.0078125

September 10, 1985

Mr. Charles H. Coll
P. O. Box 1818
Roswell, NM 88201

Re: Well Proposal
Grisso #1 Well
Section 4
T-17-S, R-37-E
Lea County, New Mexico

Dear Mr. Coll:

This letter shall serve as notice of TXO Production Corp.'s intention to drill the Grisso #1 well at a location 2310' FNL & 660' FEL Section 4, T-17-S, R-37-E, Lea County, New Mexico. Enclosed please find two copies of our Authority for Expenditure (AFE) for the drilling of this well.

At this time, TXO seeks your election to join in the well. Should you elect to participate in the well, please sign one copy of the AFE and return it to the attention of the undersigned at the letterhead address.

Should you have any questions or want to discuss this matter further, please do not hesitate to contact me at the letterhead address or call (915) 682-7992. Thank you for your cooperation in this matter.

Very truly yours,

Jeff Bourgeois
Landman

JB/dp
Enclosure

AUTHORITY FOR EXPENDITURE
DRILLING WELL

Date 8/22/05

A 1
Co. C3.

District West Texas Well Name Grisco Well No. 1
Well Location 2210' ENL & 660' FEL Section 4, T-17-S, R-37-E Depth 11,500'
Field Midway-Strawn Pool County Lea State NM
Prepared By: Deen Wood Submitted By: Dallas District

CAT. NO.	NATURE OF EXPENDITURE	QUANTITY	ESTIMATED COST		
			CASH	MAT. ON HAND	TOTAL
	DRILLING 400' 13 3/8" 48# HL-40 ST&C				
01	Casing 4800' 8 5/8" 2200' 24# K-55 ST&C		71 500		71 500
02	Casinghead		9 000		9 000
03	Location, Road & Dirt Work & damages		15 000		15 000
04	Drilling - Footage/Turnkey				
05	Drilling - Daywork 39 days @ \$4500		175 500		175 500
06	Drilling - Rig Support MI & MORT		20 000		20 000
07	Bits 10 @ \$3750		37 500		37 500
08	Supervision 41 days @ \$250		10 250		10 250
09	Overhead				
10	Mud & Chemicals & water		35 000		35 000
11	Cementing Services & Supplies		35 000		35 000
12	Testing & Logging & mud logger		25 000		25 000
13	Rentals		15 000		15 000
14	Other IDC out liners, csg crew, etc.		20 000		20 000
15	Other Equipment		3 000		3 000
	TOTAL DRILLING		471 750		471 750
	COMPLETION 10,000' 17# N-80 LT&C				
17	Casing 11,150' 5 1/2" 1500' 20# N-80 LT&C		135 000		135 000
18	Tubing 11,500' 2 7/8" 6.5# N-80 EUE		69 000		69 000
19	Wellhead		12 000		12 000
20	Subsurface Equipment		4 000		4 000
21	Supervision 7 days @ \$250		1 750		1 750
22	Mud & Chemicals & KCL water		5 000		5 000
23	Testing, Logging & Perforating		11 000		11 000
24	Stimulation		15 000		15 000
25	Overhead				
26	Rentals		5 000		5 000
27	Service Rig 7 days @ \$1600		11 200		11 200
28	Cementing Services & Supplies		15 000		15 000
29	Other IDC				
	TOTAL COMPLETION		283 950		283 950
	PRODUCTION EQUIPMENT				
32	Pumping Unit				
33	Engine & Motor				
34	Rods				
35	Flow Lines		5 000		5 000
36	Meters		2 000		2 000
37	Installation		5 000		5 000
38	Storage		15 000		15 000
39	Separation & Treating		12 000		12 000
40	Other Equipment		3 000		3 000
	TOTAL PRODUCTION EQUIPMENT		42 000		42 000
	TOTALS		797 700		797 700

W/ OWNER NAME

BILLING INT
(7 decimals)

DATE
APPROVED

APPROVED: (this space for approval only)

September 10, 1985

Mr. Jon F. Coll
P. O. Box 1818
Roswell, NM 88201

Re: Well Proposal
Grisso #1 Well
Section 4
T-17-S, R-37-E
Lea County, New Mexico

Dear Mr. Coll:

This letter shall serve as notice of TXO Production Corp.'s intention to drill the Grisso #1 well at a location 2310' FNL & 660' FEL Section 4, T-17-S, R-37-E, Lea County, New Mexico. Enclosed please find two copies of our Authority for Expenditure (AFE) for the drilling of this well.

At this time, TXO seeks your election to join in the well. Should you elect to participate in the well, please sign one copy of the AFE and return it to the attention of the undersigned at the letterhead address.

Should you have any questions or want to discuss this matter further, please do not hesitate to contact me at the letterhead address or call (915) 682-7992. Thank you for your cooperation in this matter.

Very truly yours,

Jeff Bourgeois
Landman

JB/dp
Enclosure

AUTHORITY FOR EXPENDITURE
DRILLING WELL

Date 8/22/85

Co. Co.

District West Texas Well Name Grisso Well No. 1
Well Location 2310' ENL & 660' FEL Section 4, T-17-S, R-37-E Depth 11,500'
Field Midway-Strawn Pool County Lea State NM
Prepared By: Deen Wood NJ Submitted By: _____ Dallas _____ District _____

CAT. NO.	NATURE OF EXPENDITURE	QUANTITY	ESTIMATED COST		
			CASH	MAT. ON HAND	TOTAL
	DRILLING 400' 13 3/8" 48# H-40 ST&C				
01	Casing 4800' 8 5/8" 2200' 24# K-55 ST&C		71 500		71 500
02	Casinghead		9 000		9 000
03	Location, Road & Dirt Work & damages		15 000		15 000
04	Drilling - Footage/Turnkey				
05	Drilling - Daywork 39 days @ \$4500		175 500		175 500
06	Drilling - Rig Support MI & MORT		20 000		20 000
07	Bits 10 @ \$3750		37 500		37 500
08	Supervision 41 days @ \$250		10 250		10 250
09	Overhead				
10	Mud & Chemicals & water		35 000		35 000
11	Cementing Services & Supplies		35 000		35 000
12	Testing & Logging & mud logger		25 000		25 000
13	Rentals		15 000		15 000
14	Other IDC out liners, csg crew, etc.		20 000		20 000
15	Other Equipment		3 000		3 000
	TOTAL DRILLING		471 750		471 750
	COMPLETION 10,000' 17# N-80 LT&C				
17	Casing 11,150' 5 1/2" 1500' 20# N-80 LT&C		135 000		135 000
18	Tubing 11,500' 2 7/8" 6.5# N-80 EUE		69 000		69 000
19	Wellhead		12 000		12 000
20	Subsurface Equipment		4 000		4 000
21	Supervision 7 days @ \$250		1 750		1 750
22	Mud & Chemicals & KCL water		5 000		5 000
23	Testing, Logging & Perforating		11 000		11 000
24	Stimulation		15 000		15 000
25	Overhead				
26	Rentals		5 000		5 000
27	Service Rig 7 days @ \$1600		11 200		11 200
28	Cementing Services & Supplies		15 000		15 000
29	Other IDC				
	TOTAL COMPLETION		283 950		283 950
	PRODUCTION EQUIPMENT				
32	Pumping Unit				
33	Engine & Motor				
34	Rods				
35	Flow Lines		5 000		5 000
36	Meters		2 000		2 000
37	Installation		5 000		5 000
38	Storage		15 000		15 000
39	Separation & Treating		12 000		12 000
40	Other Equipment		3 000		3 000
	TOTAL PRODUCTION EQUIPMENT		42 000		42 000
	TOTALS		797 700		797 700

W/ OWNER NAME

BILLING INT
(7 decimals)DATE
APPROVED

APPROVED: (this space for approval only)

September 10, 1985

Mr. James N. Coll
P. O. Box 1818
Roswell, NM 88201

Re: Well Proposal
Grisso #1 Well
Section 4
T-17-S, R-37-E
Lea County, New Mexico

Dear Mr. Coll:

This letter shall serve as notice of TXO Production Corp.'s intention to drill the Grisso #1 well at a location 2310' FNL & 660' FEL Section 4, T-17-S, R-37-E, Lea County, New Mexico. Enclosed please find two copies of our Authority for Expenditure (AFE) for the drilling of this well.

At this time, TXO seeks your election to join in the well. Should you elect to participate in the well, please sign one copy of the AFE and return it to the attention of the undersigned at the letterhead address.

Should you have any questions or want to discuss this matter further, please do not hesitate to contact me at the letterhead address or call (915) 682-7992. Thank you for your cooperation in this matter.

Very truly yours,

Jeff Bourgeois
Landman

JB/dp
Enclosure

AUTHORITY FOR EXPENDITURE
DRILLING WELL

Date 8/22/85

Co. C4

District West Texas Well Name Grizzo Well No. 1
Well Location 2310' ENL & 660' FEL Section 4, T-17-S, R-37-E Depth 11,500'
Field Midway-Strawn Pool County Lea State NM
Prepared By: Deen Wood Submitted By: _____ Dallas _____ District _____

CAT. NO.	NATURE OF EXPENDITURE	QUANTITY	ESTIMATED COST		
			CASH	MAT. ON HAND	TOTAL
	DRILLING 400' 13 3/8" 48# HL-40 ST&C				
01	Casing 4800' 8 5/8" - 2200' 24# K-55 ST&C		71,500		71,500
02	Casinghead		9,000		9,000
03	Location, Road & Dirt Work & damages		15,000		15,000
04	Drilling - Footage/Turnkey				
05	Drilling - Daywork 39 days @ \$4500		175,500		175,500
06	Drilling - Rig Support MI & MORT		20,000		20,000
07	Bits 10 @ \$3750		37,500		37,500
08	Supervision 41 days @ \$250		10,250		10,250
09	Overhead				
10	Mud & Chemicals & water		35,000		35,000
11	Cementing Services & Supplies		35,000		35,000
12	Testing & Logging & mud logger		25,000		25,000
13	Rentals		15,000		15,000
14	Other IDC out liners, csg crew, etc.		20,000		20,000
15	Other Equipment		3,000		3,000
	TOTAL DRILLING		471,750		471,750
	COMPLETION 10,000' 17# N-80 LT&C				
17	Casing 11,150' 5 1/2" - 1500' 20# N-80 LT&C		135,000		135,000
18	Tubing 11,500' 2 7/8" 6.5# N-80 EUE		69,000		69,000
19	Wellhead		12,000		12,000
20	Subsurface Equipment		4,000		4,000
21	Supervision 7 days @ \$250		1,750		1,750
22	Mud & Chemicals & KCL water		5,000		5,000
23	Testing, Logging & Perforating		11,000		11,000
24	Stimulation		15,000		15,000
25	Overhead				
26	Rentals		5,000		5,000
27	Service Rig 7 days @ \$1600		11,200		11,200
28	Cementing Services & Supplies		15,000		15,000
29	Other IDC				
	TOTAL COMPLETION		283,950		283,950
	PRODUCTION EQUIPMENT				
32	Pumping Unit				
33	Engine & Motor				
34	Rods				
35	Flow Lines		5,000		5,000
36	Meters		2,000		2,000
37	Installation		5,000		5,000
38	Storage		15,000		15,000
39	Separation & Treating		12,000		12,000
40	Other Equipment		3,000		3,000
	TOTAL PRODUCTION EQUIPMENT		42,000		42,000
	TOTALS		797,700		797,700

W/ OWNER NAME

BILLING INT
(7 decimals)DATE
APPROVED

APPROVED: (this space for approval only)