

MADE A PART OF NEW MEXICO FORM C-102
ALLIED STATE NO. 1
CHAVES COUNTY, NEW MEXICO

Operator of Communitized Area: Pennzoil Company

DESCRIPTION OF LEASES COMMITTED

Tract No. I

Lessor:	State of New Mexico
Lessee of Record:	Norman L. Stevens, Jr.
Serial No. of Lease:	L-404
Date of Lease:	November 21, 1967
Description of Lands Committed:	NW/4 NW/4 Section 33, T-10-S, R-26-E Chaves County, New Mexico
Number of Acres:	40
Working Interest and Percentage:	See page 2
O.R.R.I. and Percentage:	Read & Stevens, Inc. - - - - - 5% Also see page 2

Tract No. II

Lessor:	State of New Mexico
Lessee of Record:	E. L. Latham, JR.
Serial No. of Lease:	L-4041
Date of Lease:	January 20, 1970
Description of Lands Committed:	E/2 NW/4 Section 33, T-9-S, R-26-E Chaves County, New Mexico
Number of Acres:	80
Working Interest and Percentage:	See page 2
O.R.R.I. and Percentage:	E. L. Latham, Jr. et ux Evelyn M. - - 1/6 C. E. Mumford et ux Jean E. - - - - 1/6 W. G. McPheron et ux Mary Nan - - - - 1/6 Cecil L. Brown et ux Courtney S. - - 1/6 V. J. Callaway et ux Bonnie - - - - 1/6 W. R. Ericksen et ux Wanda - - - - 1/6

In the proportions shown 5% O.R.R.I. - Also see page 2.

Tract III

Lessor:	State of New Mexico
Lessee of Record:	Marathon Oil Company
Serial No. of Lease:	L-316
Date of Lease:	October 17, 1967
Description of Lands Committed:	N/2 NE/4, SE/4 NE/4, Section 33, T-9-S, R-26-E, Chaves County, New Mexico
Number of Acres:	120
Working Interest and Percentage:	See page 2
O.R.R.I. and Percentage:	See page 2

Tract IV

Lessor:	State of New Mexico
Lessee of Record:	Allied Chemical Corporation
Serial No. of Lease:	K-3764
Date of Lease:	December 17, 1963
Description of Lands Committed:	SW/4 NW/4, NW/4, NE/4 Section 33, T-9-S, R-26-E, Chaves County, New Mexico
Number of Acres:	80
Working Interest and Percentage:	See page 2
O.R.R.I. and Percentage:	See page 2

Working Interest and Percentage of all Tracts

Percentage cost burden and ownership of equipment and working interest production in initial test well during payout.

Reading and Bates	0
Marathon Oil Company	0
Allied Chemical Corporation	0
Southland Royalty Company	4.166%
Pennzoil Company	95.834%
	<u>100.000%</u>

Percentage cost burden and ownership of equipment and working interest production in initial test well after payout, and all other wells except initial test well, assuming all parties elect to convert override to working interest.

Reading and Bates	10.8344%
Marathon Oil Company	10.5600%
Allied Chemical Corporation	3.3332%
Southland Royalty Company	4.1660%
Pennzoil Company	71.1064%

O.R.R.I. and Percentage in all Tracts

Ownership of 1/16 of 8/8 O.R. on oil well or 1/8 of 8/8 O.R. on gas well during payout of initial test well.

Reading and Bates	27.086%
Marathon Oil Company	26.400%
Allied Chemical Corporation	8.332%

State of New Mexico Leases on all Tracts Royalty 12.5%