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DISTRICT I 1685 N. Prench Dr., Hobbs, MM 86940

DISTRICT II 811 South First, Artesia, NM 66210 DISTRICT III

1000 Etc Braxos Ed., Axtoc. NM 57410 DISTRICT IV 2040 South Pacheco, Santa Fe, NM 57505

State of New Mexico

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION P.O. Box 2088 Santa Fe, New Mexico 87504-2088

□ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Name	
		UNNESIGNATED LOST	
Property Code	Pr	operty Name	Well Number
Property Cade 27485	LUCY "ALC	4	
OGRID No.	Ор	erator Name	Elevation
025575	YATES PETR	DLEUM CORPORATION	3488

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Fect from the	North/South line	Feet from the	East/West line	County
G	34	215	31E		1980	NORTH	2080	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint a	r Infili Co	neolidation	Code Or	der No.				
4D									

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and beligt.
1980-	Clifta R. May Signature CLIFTON R. MHY
V- 3860	REGULATORY AGENT
8 2080' N.32*26'12.8" W.103*45'50.0"	THE SEPTEMBER 24, 2001 Date SURVEYOR CERTIFICATION
	I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervison, and that the same is true and correct to the best of my bellaf.
	9/19/2001 Date Surveyed Signature A Spal of Professional Surveyer
	Contigues No. Horschel L. Jones RLS 3640



Yates Petroleum Corporation

Typical 3.000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



Typical 3,000 psi choke manifold assembly with at least these minimun features



AGREEMENT

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This Agreement is entered into effective June 16, 2000 by Mississippi Potash, Inc. ("MPI"), whose address is P.O. Box 101, Carlsbad, New Mexico 88221, Pogo Producing Company ("Pogo"), whose address is P.O. Box 10340, Midland, Texas 79702, and Yates Petroleum Corporation ("Yates"), whose address is 105 South Fourth Street, Artesia, New Mexico 88210.

WHEREAS:

1. MPI is the lessee of State of New Mexico Potash Mining Lease M-4510, dated May 2, 1988, which covers, among other lands, the NE¼, N½SE¼, and SE¼SE¼ of Section 34 and All of Section 35, and State of New Mexico Potash Mining Lease MP-29 covering the W½ of said Section 34, all in Township 21 South, Range 31 East, N.M.P.M., Eddy County, New Mexico;

2. Pogo is a lessee and the operator of State of New Mexico Oil and Gas Lease V-3604, covering All of Section 35, Township 21 South, Range 31 East, N.M.P.M., Eddy County, New Mexico ("Section 35");

3. Yates is a lessee and the operator of State of New Mexico Oil and Gas Leases V-3850 and V-4100, collectively covering all of Section 34 (except the SW¼SE¼), Township 21 South, Range 31 East, N.M.P.M., Eddy County, New Mexico ("Section 34");

4. Sections 34 and 35 are within the oil-potash area of southeast New Mexico as defined in New Mexico Oil Conservation Division ("OCD") Order No. R-111-P;

5. Pogo has filed with the OCD Applications for Permits to Drill ("APD") sixteen oil wells in Section 35, which MPI has objected to by letters dated in March 1998;

6. Pogo has applied to the OCD in Case No. 12406 for approval of four of the APD's described in paragraph 5 above, and that case is scheduled for hearing at 8:15 a.m. on June 19, 2000 at the OCD's offices in Santa Fe, New Mexico; and

7. MPI, Pogo, and Yates desire to settle their differences with respect to potash operations and oil development in Sections 34 and 35. MPI shall have the right to a corridor for mining, or drifts or tunnels, through Sections 34 and 35, and Pogo and Yates shall be allowed to drill oil wells in Sections 34 and 35.

NOW, THEREFORE, IT IS AGREED THAT:

A. MPI shall have a 1320 foot wide corridor through Sections 34 and 35, as platted on Exhibit A and described by legal subdivisions on Exhibit B;

B. Yates shall be allowed to drill oil wells in Section 34 and Pogo shall be allowed to drill oil wells in Section 35 at locations in their discretion so long as the wellbores are not within the corridor described in paragraph A above, and in Exhibits A and B, and Yates and Pogo agree not to file applications for permit to drill oil wells at locations within the corridor;

C. MPI hereby waives objection to any oil wells located in Sections 34 and 35 on oil and gas leases now owned by Yates or Pogo which comply with paragraph B above. For purposes of this Agreement, "oil well" shall mean a well drilled to a depth no deeper than 200 feet below the base of the Delaware formation. This waiver of objection by MPI shall satisfy any requirements set forth in Order No. R-111-P, and well operators shall not be required to obtain further waivers of objection from MPI with respect to oil wells in Sections 34 and 35, so long as the well locations comply with paragraph B above. In the event that the OCD requires a separate waiver for any specific location that complies with paragraph B above, MPI shall execute any such waiver consistent with the terms of this Agreement;

D. The prohibition of well locations described in paragraphs A and B above does not apply to well pads, surface facilities, gathering lines, pipelines and other facilities and equipment (except the well) that are on or near the surface;

E. Upon execution of this Agreement by all parties, Pogo shall dismiss OCD Case No. 12406;

F. This Agreement is executed by the duly authorized representatives of MPI, Pogo, and Yates, and is binding on their respective successors and assigns.

G. This Agreement is being executed in three multiple counterparts so each party may retain an original executed Agreement. Each counterpart shall be deemed an original for all purposes. The signatures of the authorized representative of each party may appear on separate signature pages and the signature pages may be reassembled to form a complete original counterpart.

Pogo Producing Company

VA. Cooper

Title: <u>Senior Vice President</u>

Mississippi Potash, Inc.

Name: Timothy A. Dawson

Title: Vice President & Treasurer

Yates Petroleum Corporation

Name: Randy G. Patterson

Title Attorney-in=Fact

F land/jl/forms/settlement agreement

Agreement Page 2

STATE OF TEXAS

This instrument was acknowledged before me on this <u>2</u> day of <u>June</u>, 2000, by Jerry A. Cooper, Senior Vice President of Pogo Producing Company, a Delaware corporation, on behalf of said corporation.

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My Commission Expires: ________、
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STATE OF TEXAS

STATE OF NEW MEXICO

COUNTY OF EDDY

This instrument was acknowledged before me on this 3 day ofJuly, 2000, byRandy G. PattersonAttorney-In-FactofYatesPetroleumNew Mexicocorporation.

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My Commission Expires: 3/1/02

NOTARY PUBLIC IN AND FOR THE STATE OF NEW MEXICO

STATE OF	MISSISSIPPI	ξ
COUNTY OF	YAZOO	ξ ξ

This instrument was acknowledged before me on this 25th
July25th
day of
Timothy A. DawsonJuly, 2000, byTimothy A. DawsonVice President & TreasurerofMississippia Mississippicorporation

My Commission Expires:

My Commission Expires July 14, 2001

NOTARY PUBLIC IN AND FOR STATE OF Mississippi



EXHIBIT "A"

EXHIBIT B

Legal Description of Corridor

The following described lands located in Eddy County, New Mexico:

Township 21 South,	Range 31 East, N.M.P.M.
Section 34:	W%NE%NE%
	E%NW%NE%
	W%SE%NE%
	E%SW%NE%
	SE%SE%NE%
	NE4NW4SE4
	N%NE%SE%
Section 35:	SKSW1/NW1/
	SWYSEYNWY
	NKNWKSWK
	SE1/NW1/SW1/
	W%NE%SW%
	E%SW%SW%
	W%SE%SW%

For all depths from the surface down to the base of the Salado formation which is located at a subsurface depth of 2461 feet in the CNLD log (compensated neutron litho density log) of the Mary "AIV" State Well No. 5, located 660 feet FNL and 330 feet FEL of Section 36, T21S, R31E, N.M.P.M.