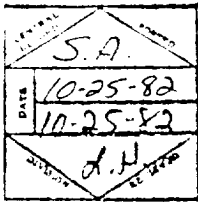


FORM 72 - ORIGINAL COPY

LEASE NO. LH-1905



APPLICATION NO. LH-1905

OIL AND GAS LEASE

THIS AGREEMENT, dated this the 1ST day of NOVEMBER, A.D., 1982, made and entered into by and between the state of New Mexico, acting by and through the undersigned, its commissioner of public lands, thereunto duly authorized, party of the first part and hereinafter called the "Lessor", and

CITIES SERVICE COMPANY

P. O. BOX 300 TULSA, OKLAHOMA 74102

party of the second part, hereinafter called the "Lessee", whether one or more,

WITNESSETH:

WHEREAS, the said lessee has filed in the office of the commissioner of public lands an application for an oil and gas lease covering the lands hereinafter described and has tendered therewith the required first payment being not less than the amount required by law and by the rules and regulations of the New Mexico State Land Office; and

WHEREAS, all of the requirements of law relative to said application and tender have been duly complied with and said application has been approved and allowed by the commissioner of public lands;

THEREFORE, for and in consideration of the premises as well as the sum of SIXTY FOUR THOUSAND ?
AND NO/100----- (\$ 64,000.00) Dollars,
the same being the amount of the tender above mentioned, paid in cash, and evidenced by official receipt

no. _____ and of the further sum of \$ 10.00 filing fee, and of the covenants and agreements hereinafter contained on the part of the lessee to be paid, kept and performed, the said lessor has granted and demised, leased and let, and by these presents does grant, demise, lease and let unto the said lessee, exclusively, for the sole and only purpose of exploration, development and production of oil or gas, or both thereon and therefrom with the right to own all oil and gas so produced and saved therefrom and not reserved as royalty by the lessor under the terms of this lease, together with rights-of-way, easements and servitudes for pipelines, telephones and telegraph lines, tanks, power houses, stations, gasoline plants, and fixtures for producing, treating and caring for such products, and housing and boarding employees, and any and all rights and privileges necessary, incident to or convenient for the economical operation of said land, for oil and gas, with right for such purposes to the free use of oil, gas, casing-head gas, or water from said lands, but not from lessor's water wells, and with the rights of removing either during or after the term hereof, all and any improvements placed or erected on the premises by the lessee, including the right to pull all casing, subject, however, to the conditions hereinafter

set out, the following described land situated in the county of EDDY, state of New Mexico, and more particularly described as follows:

Line	SUBDIVISION	Sec.	Twp.	Rge.	Acres	Institution
1	LOTS 1(40.08),2(39.80),3(39.49),4(39.12), N $\frac{1}{2}$,N $\frac{1}{2}$ S $\frac{1}{2}$ (ALL)	36	23S	23E	638.49	C.S.
2						
3						
4						
5						
6						
7						
8						
9						
10						

1-327X6-3017191/3017191

Should Lessor desire to exercise its rights to take in-kind its royalty share of oil, gas or associated substances or purchase all or any part of the oil, gas or associated substances produced from the lands covered by this lease, the lessee hereby irrevocably consents to the Lessors exercising its right. Such consent is a consent to the termination of any supplier/purchaser relationship between the lessor and the lessee deemed to exist under federal regulations. Lessee further agrees that it will require any purchasers of oil, gas or associated substances to likewise waive any such rights.

Reserving to the Lessor a continuing option to purchase at any time and from time to time, at the market price prevailing in the area on the date of purchase, all or any part of the minerals (oil and gas) that will be produced from the lands covered by this lease.

Reserving to the Lessor the right to execute leases for geothermal resource development and operation thereon; the right to sell or dispose of the geothermal resources of such lands; and the right to grant rights of way and easements