

LEASE ANALYSIS

NE/4 Sec 12

PROSPECT: SotolCOUNTY/STATE: Eddy County, New MexicoLEASE NAME: BHP-Dabros BB&S # _____

WELL NAME: _____ BB&S # _____

TYPE LEASE & NUMBER: Federal (Simo) No. NM-30070

DESCRIPTION: E $\frac{1}{2}$ Section 12; N $\frac{1}{2}$ Section 13; N $\frac{1}{2}$ Section 14; E $\frac{1}{2}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$ Section 15, T24S-R31E, Eddy County; Lots 1 and 2 and E $\frac{1}{2}$ NW $\frac{1}{4}$ Section 18, T24S-R32E, Lea County, New Mexico

NOTE: This lease is subject to Trade Agreement dated 11-19-86 with Bran Oil Corporation as to shallow rights down to the top of the Bone Spring.

GROSS ACRES: 1570.65 NET ACRES: 1177.9875EFFECTIVE DATE OF LEASE: 5-1-77EXPIRATION DATE: 5-1-87LESSOR: U.S.A.* LESSEE: Christine M. Bilberry & Clyde E. Phillips

WORKING INTEREST OWNERS: _____

| | | | | |
|----|-------------------------------|------------|---------------------------------|------------|
| ** | <u>Norman D. Stovall, Jr.</u> | <u>10%</u> | <u>Spencer B. Street, Jr.</u> | <u>4%</u> |
| | <u>Turnco, Inc.</u> | <u>10%</u> | <u>James R. Guinn</u> | <u>2%</u> |
| | <u>H. M. Bettis, Inc.</u> | <u>10%</u> | <u>The Allar Company</u> | <u>34%</u> |
| | <u>W. T. Boyle</u> | <u>5%</u> | <u>Edward K. Gaylord II</u> | <u>5%</u> |
| | <u>W. T. Boyle & Co.</u> | <u>5%</u> | <u>*** E. Bruce Street, Jr.</u> | <u>15%</u> |

PURCHASE PRICE - TOTAL & PER ACRE: BHP \$39,266.25 - \$50.00/acre
Dabros \$19,633.13 - \$50.00/acre
\$58,899.38

**** RENTALS: \$2.00 per acre - \$3142.00NEXT RENTAL DATE: 5-1-87 (Paid by BBI check # 1199, 3-16-87)

PAYABLE TO: Department of the Interior
Minerals Management Service, RMP - Brass

ADDRESS: P. O. Box 5640, Denver, Colorado 80217ROYALTY: 12.5%GROSS NRI: 87.5%ORRI: Bilberry & Phillips 5%, Tom Smith 2%BB&S NRI: 80.5%SPECIAL PROVISIONS AND REMARKS: Usual Federal provisions

* Lease purchased from Bilberry & Phillips by Monsanto (now BHP). BBI purchased 50% from BHP Petroleum & 25% from Dabros Properties.

** NE $\frac{1}{2}$ Section 12 committed to #1 Sotol Fed. assigned to Stovall Investments, Inc.

*** NE $\frac{1}{2}$ Section 12 committed to #1 Sotol Fed. assigned to B.A.G.A.M. Ltd.

**** 25% of this lease owned by Memorial Exploration with whom we have a Farmout Agreement. BBI is responsible for their 25% of rentals. (See FO 1-15-87)