CASE NO.

6600

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

MESA
PETROLEUM CO.

August 22, 1979

State of New Mexico
Energy & Minerals Department
P. O. Box 2088
Santa Fe, New Mexico 87501

file

Attention: Joe E. Ramey

orig returned to Mesa Matter 8/24 JEM

Re: Application of Mesa Petroleum Company for Compulsory Pooling,
Case No. 6600
Order No. R-6078
Eddy County, New Mexico
Mesa OP 05-NM-0947-10

Dear Mr. Ramey:

As regards to Item No. 3 on Page 3 of the Order of the Division concerning the referenced, please note that an itemized schedule of estimated well costs was submitted as Exhibit 5 at the hearing on said case.

If further information concerning this matter is needed, please feel free to contact me at the number below.

Very truly yours,

George Alan Hoffman

GAH/mk

8/24/79
Please note that Exhibit 3 requires that the schedule of well costs be furnished after date of entry of order and within 30 days prior to commencement of well. The schedule submitted at the hearing does not meet these requirements.
Jan Miller

MESA PETROLEUM CO. / VAUGHN BUILDING / SUITE 1000 / AC 915 / 683-5391 / MIDLAND, TEXAS 79701

August 31, 1979

MESA PETROLEUM CO.

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SEP 0 4 1979
OIL CONSERVATION DIVISION
SANTA FE

State of New Mexico
Energy & Minerals Department
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Joe E. Ramey

Re: Application of Mesa Petroleum
Company for Compulsory Pooling,
Case No. 6600
Order No. R-6078
Eddy County, New Mexico
Mesa OP 05-NM-0947-10

File

Dear Mr. Ramey:

In accordance with Item No. 3 on Page 3 of the Order of the Division concerning the referenced Compulsory Pooling and Mr. Dan Nutter's written comments of August 24, 1979, attached is a copy of the itemized schedule of estimated well costs.

This well was spudded on August 30, 1979 and these are the current well cost estimates.

Very truly yours,

George Alan Hoffman

GAH/mk

Attachments

cc: Mr. Dan Nutter
P. O. Box 2088
Santa Fe, New Mexico 87501

MESA PETROLEUM CO

AFE/COST ESTIMATE

Permian Basin
Co./Div./Subsid./Dept.

AFE # 79-56
ID # 01-05-NM-0047-0010-001-0
Code General Account #
Exploratory Development

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SANTA FE

LEASE, WELL NAME, AND LOCATION Cook Fed Com #1 1980' FNL & 660' FEL, Sec 10, T16S R27E, Eddy County, New Mexico

DESCRIPTION Cost estimate to drill and complete an 8800' flowing Morrow gas well, complete with anticipated production equipment and storage tank.

Sub Acct Codes	ITEM DESCRIPTION	Dry Hole Cost	Completion Cost	Produced/ Other
X01	DRILLING FOOTAGE Ft. At $ Ft.	$	$	$
X02	DRILLING or COMPLETION RIG MI RU, RD-MO--- DAY WORK	17,000		17,000
	(A) DAY WORK 35 DAYS at $ 4400 /DAY	154,000	6,000	160,000
X03	DRILLING or COMPLETION RIG			
	(A) BOILER DAYS At $ /DAY			
	(B) CAMP & CATERING DAYS At $ /DAY			
	(C) OTHER DAYS At $ /DAY			
X04	CEMENTING SERVICES, CEMENT & ACCESSORIES	12,000	10,000	22,000
X05	MUD, CHEMICALS, SERVICES & EQUIP. (A) MUD, CHEM., OIL	15,000		15,000
	(B) MUD ENGINEER			
	(C) WATER	8,000	2,000	10,000
X06	LOGS, TESTING & MUD LOGGING UNIT	25,000		25,000
X07	DRILL STEM TEST & RELATED TESTING EQUIPMENT	4,000		4,000
X08	PERFORATING, WELL STIMULATION SERVICES		15,000	15,000
X09	LOCATION, ROADS, SURVEYS, AIRSTRIPS	15,000	1,000	16,000
X10	LABOR, SUPERVISION, ENGINEERING & OVERHEAD	7,000	3,000	10,000
X11	RENTAL EQUIPMENT & TOOLS	5,000	2,000	7,000
X12	ROCK BITS, HOLE OPENERS, REAMERS, STABILIZERS	20,000		20,000
X13	HAULING & FREIGHT	5,000	3,000	8,000
X14	MOBILIZATION - INSTALLATION			
X15	DEMOBILIZATION - DISMANTLING & SALVAGE			
X16	SUPPLYBOATS CREWBOATS, BARGES, TUGS			
X17	FUEL, LUBES, POWER	15,000		15,000
X18	SHOREBASE, OFFICE, DOCK FEE & CRANES			
X19	AIRCRAFT RENTALS---HELICOPTERS, FIXED WING			
X20	DIVERS AND RELATED EQUIPMENT			
X21	MISCELLANEOUS	20,000	5,000	25,000
X22	COST to ABANDON (NOT INCLUDED IN PRODUCER TOTAL)	10,000 *		
	Total Intangible & Non-Controllable Costs	$ 332,000	$ 47,000	$ 369,000 *
X41	BUOYS AND MARKERS	$	$	$
X42	CASING/TUBULARS			
	(A) 400 FT. OF 13-3/8 " OD $ 15.00 /FT.	6,000		6,000
	(B) 1600 FT. OF 8-5/8 " OD $ 9.00 /FT.	14,400		14,400
	(C) 8800 FT. OF 4-1/2 " OD $ 5.00 /FT.		44,000	44,000
	(D) FT. OF " OD $ /FT.			
	(E) 8800 FT. OF 2-3/8 " OD $ 3.00 /FT.		26,400	26,400
X43	WELL HEAD & GUIDE STRUCTURE	3,000	11,000	14,000
X44	SUB-SURFACE WELL EQUIPMENT		4,000	4,000
X45	SURFACE WELL EQUIPMENT		2,000	2,000
X46	OTHER MAJOR EQUIPMENT			
	(A) Gas Production Unit		15,000	15,000
	(B) 300 bbl production stock tank		4,000	4,000
	(C)			
X47	BUILDINGS			
X48	ELECTRICAL & INSTRUMENTATION EQUIPMENT			
X49	INSTALLATION, MATERIALS, & SERVICES		5,000	5,000
	Total Tangible Controllable & Non-Controllable Costs	$ 23,400	$ 111,400	$ 134,800
	Total Costs	$ 355,400	$ 158,400	$ 503,800 *

Steve Douglas — Engineer — 7-23-79 — Made At / Others Wi
Prepared By / Title / Date

Michael P. Houston — Operations Mgr. — 8-6-79
Approved By / Title / Date

V.P. Operations
Approved By / Title / Date

Approved By / Title / Date

Approved By / Title / Date

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State land Office Building
Santa Fe, New Mexico
25 July 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Mesa Petroleum Company for compulsory pooling, Eddy County, New Mexico. CASE 6600

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Ernest L. Padilla, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87503

For the Applicant: Conrad Coffield, Esq.
HINKLE, COX, EATON, COFFIELD & HENSLEY
Midland, Texas

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JOSEPH W. JEFFERS

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Applicant Exhibit Five, AFE 10

Applicant Exhibit Six, Operating Agreement 10

Applicant Exhibit Seven, Plat 18

MR. NUTTER: Call Case Number 6600.

MR. PADILLA: Application of Mesa Petroleum Company for compulsory pooling, Eddy County, New Mexico.

MR. COFFIELD: Conrad Coffield, with the Hinkle Law Firm, in Midland, Texas, appearing on behalf of the applicant, and I have two witnesses to be sworn.

(Witnesses sworn.)

GEORGE A. HOFFMAN

being called as a witness and having been duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. COFFIELD:

Q. Mr. Hoffman, would you please state your name, address, occupation, and employer?

A. George Allen Hoffman. I live in Midland, Texas. I'm employed with Mesa Petroleum Company as a landman.

Q. Mr. Hoffman, have you previously testified before the Oil Conservation Division as a landman?

A. No, I have not.

Q. And for the record, would you state your educational background and work experience, please?

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A. I have a BA degree in geology from Trinity University, a year and a half experience as a well site geologist.

I have an MBA from the University of Texas, Permian Basin, one and one-half years experience with Texaco on the Gulf Coast, and one year experience with General Crude Oil Company in the Permian Basin, and half year experience with Mesa in the Permian Basin.

Q. Mr. Hoffman, are you familiar with Mesa's application in this particular case?

A. Yes, I am.

Q. And are you familiar with the property and proposed well location?

A. Yes, I am.

MR. COFFIELD: Mr. Examiner, is the witness considered qualified?

MR. NUTTER: Yes, he is.

Q. Mr. Hoffman, would you please state what Mesa Petroleum Company seeks by this application?

A. Mesa Petroleum Company seeks compulsory pooling of all mineral interests in the Morrow formation underlying the east half of Section 10, Township 16 South, Range 27 East.

This land is to be dedicated to a well to be drilled at a standard location.

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Mesa Petroleum Company also requests consideration of costs of drilling and completing the well as a well location, of the costs of the well, and in addition actual operating costs and charges for supervision.

Finally, Mesa Petroleum Company seeks to be named as operator of the well, and also seeks the determination of a charge for the risk involved in drilling the well.

Q. All right, Mr. Hoffman, would you refer to what was marked as Exhibit One and explain that to the Examiner?

A. Exhibit One is a land plat of the area. Outlined in yellow is -- with Section 10 in the center -- the yellow acreage being acreage that Mesa has a full interest lease under.

The acreage in orange being acreage that Mesa has partial lease under, being 75 percent, and the acreage in white being open acreage; the proposed unit being hached in green, and the red arrow pointing to the proposed location.

Q. Okay, please refer to what we've marked as Exhibit Two.

MR. NUTTER: Before you go any further, Mr. Hoffman, what do you mean by "open acreage" here?

A. Acreage that is unleased.

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MR. NUTTER: And who is the mineral interest owner there?

A. Jack Cook, et al.

MR. NUTTER: So it's a fee lease that has not been leased?

A. Yes, sir.

MR. NUTTER: Okay, proceed.

MR. COFFIELD: We'll have some more information, Mr. Examiner, as to exact ownership in that acreage.

MR. NUTTER: Okay, fine.

Q. All right, Mr. Hoffman, go to Exhibit Two, please, and explain that exhibit.

A. Exhibit Two is New Mexico Oil Conservation Commission Form C-101, Application for Permit to Drill, the subject well, and also New Mexico Oil Conservation Commission Form C-102, Well Location and Acreage Dedication Plat, on said well.

Q. Does this reveal the fact that the well is to be located at a standard location?

A. Yes, it does.

Q. Please go to what we've marked as Exhibit Three and first of all, with reference to Exhibit One, Mr. Hoffman, Exhibit Three relates to which interest owners?

A. Exhibit Three relates to the unleased fee

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interest in the one-quarter mineral interest in the west half of the northeast quarter of Section 10, which is owned by Dartmouth College.

Q. Okay, would you explain what you have here as Exhibit Three? In a summary fashion.

A. What is contained in Exhibit Three, approximately eighteen pieces of correspondence back and forth between Glen Ahren and Associates and Dartmouth College.

Glen Ahren and Associates, initially representing Murphy Minerals, who later on sold the prospect to Mesa Petroleum Company. During the course of the correspondence terms were agreed upon except for one point, that point being they would not allow us to place a pooling provision in the lease.

Q. Would you say, Mr. Hoffman, that from your experience and from the -- your personal experience, with respect to contacts with Dartmouth and with respect to the general history of trying to contact Dartmouth and reach agreement, that there's any possibility that you can reach agreement with Dartmouth on the matter of leasing or otherwise participating in this proposed well?

A. No, we don't believe so.

Q. Do you have anything else further to offer in connection with Dartmouth?

A. No.

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Q. Let's go to Exhibit Four and identify that exhibit relative to the interest owned in the proration spacing area dedicated to the well.

A. All right. Exhibit Four represents correspondence in trying to locate the owners of fee lands, being the east half of the northeast quarter of Section 10, being Jack Cook, et al.

Q. Okay. Who are -- do you have a note there as to who the et als are?

A. It would be Jack Cook, Milas P. Cook, Junior, Ada Jeane Nichols and Ruby Cook Crail and husband, Othal C.Crail.

Q. Mr. Hoffman, how do you happen to have information in connection with this particular ownership? What -- what efforts have you made to determine the ownership in this area?

A. Again, Glen Ahren and Associates assisted us in this effort. They contacted Eddy County to determine the record title owner, and in doing so --

Q. Excuse me, who in Eddy County did they contact?

A. Currier Abstract Company. And in determining this, they located some leases that were taken by Continental in 1951 covering the above mentioned parties with addresses in Albuquerque for Jack Cook, Milas P. Cook,

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Junior, and Ada Jeane Nichols, and an address in Oklahoma City for Ruby Cook Crail.

Efforts were made to locate these parties in these locations but they were unable to do so.

At this point the tax rolls of various counties in the surrounding area of New Mexico were checked for these parties and also the Departments of Public Safety for New Mexico and Oklahoma were written to try to determine any addresses for these parties, and were unable to do so.

Q. Which counties did you contact?

A. The tax rolls that were checked were Eddy, Roosevelt, and Chaves.

The letter to the New Mexico Division of -- Department of Motor Vehicles turned up two Jack Cooks in Albuquerque and the addresses given for them, one was not -- they were unable to locate at that address and the other, and a second Jack Cook, when contacted, said that he was not the owner of the mineral interest and had no relatives that were, either.

Q. Mr. Hoffman, do you have anything else to offer in connection with your attempt to contact the Cook interests?

A. No, I do not.

Q. Mr. Hoffman, in connection with this particular application, Mesa Petroleum Company had also sought

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the compulsory pooling of overriding royalty interests which were allocated to Ruth Ross, R-O-S-S, and Murphy Minerals Corporation. Please explain the status of these particular overriding royalty interests now.

A. Pooling authority and commitment to these interests has recently been received from both parties.

MR. NUTTER: That's who, Ross and who?

MR. COFFIELD: Ross and Murphy Minerals Corporation.

MR. NUTTER: So they're not poolees in this case today.

MR. COFFIELD: That's right, sir.

Q. Mr. Hoffman, refer to what we've marked as Exhibit Five and state what this represents.

A. This is an AFE Cost Estimate, for this particular well.

Q. And without going into each item, what in summary does that show relative to dry hole costs and completion costs, producing costs, and so on?

A. That total costs for a dry hole will be $355,400 and as a producer would be $503,800.

Q. All right. Let's refer now to what we've marked as Exhibit Six and explain that to the Examiner.

A. Exhibit Six is a joint operating agreement, AAPL Form 610, 1977, which was set up with Mesa and the

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unleased parties involved.

Q. Is this joint operating agreement typical of the operating agreements which Mesa normally prepares and has executed in connection with the prospect of this sort?

A. Yes, it is.

Q. Do you have a recommendation as to -- Mr. Hoffman, to make to the Examiner as to charges for supervision which should be authorized, or should be asked to be authorized by Mesa as operator of this well?

A. Yes, we do. We recommend that the rates of $2800 for a drilling well and $280 for a producing well be utilized. These rates are the rates which appear in the COPAS form attached to the joint operating agreement submitted as Exhibit Six.

Q. Mr. Hoffman, were these Exhibits One through Six either prepared by you or under your supervision, or were they compiled by you from materials and files over which you have responsibility?

A. Yes.

Q. Mr. Hoffman, in your opinion if this application is approved by the Division, will the approval of the application be in the interests of conservation, the prevention of waste, and protection of correlative rights?

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A. Yes.

MR. COFFIELD: Mr. Examiner, I move the admission of Exhibits One through Six.

MR. NUTTER: Applicant's Exhibits One through Six will be admitted in evidence.

MR. COFFIELD: And I have no further questions of Mr. Hoffman on direct.

CROSS EXAMINATION

BY MR. NUTTER:

Q. Mr. Hoffman, now is there working interest owner, not a royalty and not a overriding royalty, who has consented to the drilling of the well?

A. No, sir.

Q. The Cook interests would be working interests in the well.

A. Yes, sir.

Q. Would these poolees on the west half of the northeast, being Midwest, Dartmouth, and Bogle Farms, be working interest owners?

A. The Dartmouth College interest would be, Mr. Examiner. The Midwest Investment Corporation interest, as well as the Bogle Farms interest, are under lease to Mesa.

Q. So you control the working interest there.

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A. Yes, sir.

Q. And Murphy Minerals and Ross were overriding royalty interests.

A. Yes, sir, in the Federal lease Number 4030.

Q. That's the yellow lease that you have there.

A. Yes, sir.

Q. So the only outstanding interests are the Dartmouth interest in the west half of the northeast and all of the Cook interests in the northeast -- in the east half of the northeast.

A. That is correct.

Q. When you had all those Cooks and heirs to Cooks and relatives to Cooks, I presume, and everything that was covered by that one exhibit, the Exhibit Number Four, I believe, were you able to contact any of them?

A. The only Cook that was ever contacted was a Jack Cook in Albuquerque, New Mexico, who made -- who again, as I reiterated, said that he was not party to those minerals and knew no one who was, and I might iterate at this point, we did contact on two flukes, two other Jack Cooks, one who happens to be a landman in Big Spring. I just called him just to see, and he knew nothing of anything as far as the minerals were concerned.

Q. This other Jack Cook that said he wasn't

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a relative, he's the one that you got the name of a Jack Cook from the Motor Vehicle Department on.

A. Yes, sir.

Q. The Drivers' License Division.

A. Yes, sir.

Q. Well, have the taxes on this land been paid?

A. Well, they don't own any of the surface. They only own the minerals, so there wouldn't be any taxes to be rendered.

Q. I see.

A. Unless it is producing, and it is not.

Q. When is the last that anyone knew where these folks were? Do you have any idea?

A. That lease was taken by Continental in 1951 and is the last thing of record. The only thing of record as far as the actual ownership of the lands, which was verified with Effie Potter at Currier Abstract, was in 1925, which there was a deed from Midwest Investment Corporation to a Mr. M. P. Cook.

Q. Now this was a transfer of the --

A. Oil and gas interest only.

Q. Of minerals only?

A. Yes, sir.

Q. And who owns the surface there?

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A. It's owned by Bogle Farms at this point.

Q. And how long has Bogle Farms owned the surface, do you have any idea?

A. I don't know. I could find out for you if you need to know.

Q. Well, it's probably not that important, but these Cooks have owned the minerals since back into the '20s, then.

A. Yes, sir. The only deed, the only two deeds of record after the patent are a deed to Midwestern from Northeast -- excuse me, to Midwestern from M. P. Cook reserving the minerals, and then a deed to M. P. Cook from Midwestern saying that -- conveying the minerals to him.

Apparently the reservation in the original deed to Midwestern wasn't satisfactory so they came back and deeded to him the oil and gas rights.

Q. And the date of that was?

A. 1925, August 1st.

Q. And then they issued a lease to Continental which expired?

A. Yes, sir, the lease was taken in '51. There was a new agreement entered into in '52, and the acreage was released to the parties in 1955 of record.

Q. And then when did that lease expire?

A. That lease expired -- I don't know the ex-

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piration date on it, but it was released of record in '55.

MR. NUTTER: Are there any further questions of Mr. Hoffman? He may be excused.

Oh, Mr. Hoffman, before you leave, now what has been the status of the -- a summary of the status of the negotiations with Dartmouth?

A. It's been over a period of about three years, Mr. Examiner, and at first there was discrepancy as to the bonus to be paid.

Q. (Mr. Nutter continuing.) You mean $15.00 and $25.00.

A. Yes, sir, that was rectified. Once that was rectified, then there was some discrepancy as to the Dartmouth lease form which they lease on, and a depth limitation and a few things like that.

Those problems were rectified but they never could come to agreement as to allowing us to put a pooling provision in the lease. They wouldn't allow pooling provision, so we asked if we could place a Pugh clause in the lease and they would not allow us to do that either, and it --

Q. A what clause?

A. A Pugh clause.

Q. What's that?

A. It would be a clause in which the acreage

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would allowed to be pooled, and after a certain period of time, if it was not pooled, it would be released of record.

MR. COFFIELD: If it wasn't producing.

A. Yeah, if it was not producing.

Q. It would be released?

A. Yes, sir.

Q. And so you've just never been able to arrive at agreement with them and they would be a working interest owner here.

A. Yes, they would and the only disagreement at this point, as far as the terms go, would just be that one problem with the pooling provision.

Q. Uh-huh.

A. Apparently all other terms seem to be in agreement with both parties.

Q. Okay, you may be excused.

JOSEPH W. JEFFERS

being called as a witness and having been duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. COFFIELD:

Q. Mr. Jeffers, would you please state your name, address, occupation, and employer?

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A. Joseph W. Jeffers, Midland, Texas. Division Geologist for Mesa Petroleum.

Q. Mr. Jeffers, have you previously testified before the Division as a geologist?

A. I have.

Q. Are your qualifications a matter of record and were they accepted by the Division?

A. They were.

Q. Are you familiar with Mesa's application in this case?

A. I am.

Q. Are you also familiar with the property and the proposed well location?

A. I am.

MR. COFFIELD: Mr. Examiner, is the witness considered qualified?

MR. NUTTER: Yes, he is.

Q. Mr. Jeffers, please refer to what's been marked as Exhibit Seven and explain what is shown there.

A. Exhibit Seven is a map on a scale of one inch to 5000 feet of a portion of Eddy and Chaves Counties, New Mexico, primarily covering Township 16 South, Range 27 East, surrounding the subject proposed proration unit.

The colored acreage represents Mesa acreage. The subject location is spotted inside the proposed 320-

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acre proration unit, being the east half of Section 10, Township 16 South, Range 27 East, outlined in green.

The blue contours represent the structure on the top of the MIssissippian. The contour interval is 100 feet.

The Isopach of the lower Atoka sandstones is represented by the black contours. The contour interval is 15 feet.

The colored wells represent wells completed from the formations indicated in the legend. The proposed location is 1980 feet from the north line and 660 feet from the east line of Section 10, Township 16 South, 27 East. The well location in the northwest of Section 11 is waiting on completion unit.

Basically, the proposed well falls in a high risk category of Atoka-Morrow wells in Eddy County, as indicated by the number of dry holes shown on this map.

Q. Mr. Jeffers, do you have a recommendation to make to the Examiner with respect to a charge for the risk to be awarded to Mesa fro drilling this well?

A. Yes. I recommend the award of the maximum penalty authorized by the statutes, being 200 percent.

Q. Do you have anything further to offer in connection with your exhibit?

A. Other than the basic risk involved in

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Atoka-Morrow wells in Eddy County, we have -- well, it's just a high risk area. We've drilled one dry hole and there's a dry hole between us and production, and there's dry holes surrounding the location. We feel that we have a channel that possibly crosses that lease and that's the purpose for drilling the well.

Q. So, accordingly, because of this risk factor, you propose the highest penalty authorized by the statutes in New Mexico.

A. That's correct.

Q. Was this Exhibit Seven prepared by you or under your supervision?

A. It was.

Q. Do you believe, in your opinion, would the approval of this application be in the interest of conservation, the prevention of waste, and the protection of correlative rights?

A. Yes.

MR. COFFIELD: Mr. Examiner, I move the admission of Exhibit Number Seven.

MR. NUTTER: Mesa Exhibit Seven will be admitted in evidence.

MR. COFFIELD: And I have no further questions of Mr. Jeffers on direct examination.

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CROSS EXAMINATION

BY MR. NUTTER:

Q. Mr. Jeffers, on your Exhibit Seven what does the orange colored acreage indicate?

A. That's part interest Mesa acreage.

Q. So do you have an interest in the well that's being completed here in Section 11?

A. We do.

Q. Is that going to make a well?

A. We anticipate that it will make a well out of the upper Atoka sands that we had not anticipated when we drilled the well. The objective sands were thin and apparently will be non-productive.

Q. Now this well that's the subject of this hearing today will be a Morrow test, won't it?

A. That is correct. Well, it will be the Atoka. In this area it is called Atoka, the particular sands in objective.

Q. Okay, now the objective formation in the subject well is the same that you're anticipating a completion of the well in Section 11?

A. No, sir. We anticipate we will get sands comparable to those wells colored red on the exhibit.

Q. Now, the well in Section 2, I believe it's

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the No. 2 Well, that had 12 feet of pay there, and is indicated as a dry hole, did it penetrate the formation that you're seeking in the subject well?

A. It did. It did. It was -- had sand, 12 feet of sand, and was attempted a completion to be made in it. The well was tight and noncommercial.

Q. And how about the well in the northeast quarter of Section 36. Or no, Section 11.

A. 11? That well was --

Q. A dry hole.

A. -- drilled a number of years ago. It has 36 feet of sand that we believe would have been productive at this time.

Q. Under today's technology?

A. Under today's prices and technology.

Q. I see.

Now, what does this triangle there in Section 11 refer to?

A. That's a drill stem test that was indicated recovered gas. They were not colored in for purposes of this exhibit.

Q. And what well does it refer to?

A. The one in the northeast corner of Section 11.

Q. The dry hole?

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A. Yes, sir.

Q. What kind of tests did you have on the well that is waiting a completion unit?

A. We had no tests. We've run pipe on the well and anticipate moving in a completion unit next week. I would -- the indicated pay is taken from electric logs.

Q. But there were no drill stem tests or other tests conducted?

A. No, sir.

Q. Well, now, the success, or lack of success, in making a well there in the northwest quarter of Section 11 affects the risk involved in drilling here at the proposed location in Section 10, doesn't it, Mr. Jeffers?

A. Repeat that, please.

Q. The success, or lack of success, on the well in Section 11 affects the amount of risk that we can see here for the proposed location, doesn't it?

A. It does, but the fact is that in that well in Section 36 that we're going to attempt completion, it's the only well in the area that has these particular sands, so we anticipate that the risk in finding those sand again probably will be fairly high.

The primary objective, the lower Atoka sands which the Isopach is on here, is the ones that we think have the best chance and have the most continuity

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over the area.

Q. Now that's -- the lower Atoka is your target in Section 10.

A. That's -- that is correct.

Q. And that's the zone that's producing from the red wells.

A. That is correct.

Q. And the one in Section 11 that's waiting the completion unit is what, now?

A. From sands above the -- in the --

Q. Upper Atoka?

A. Upper Atoka, right.

Q. And the lower Atoka was --

A. Non -- it had 4 feet of noncommercial pay sand in it, we anticipate. We are not going to perforate it, in other words.

MR. NUTTER: Are there any further questions of Mr. Jeffers? He may be excused.

Do you have anything further in Case Number 6600, Mr. Coffield?

MR. COFFIELD: No, sir, I do not, Mr. Examiner.

MR. NUTTER: Does anyone have anything they wish to offer in Case Number 6600?

We'll take the case under advisement.

(Hearing concluded.)

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REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that said transcript is a full, true, and correct recored of the hearing, prepared by me to the best of my ability, knowledge, and skill, from my notes taken at the time of the hearing.

Sally W. Boyd C.S.R.
Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6600 heard by me on 2/25 19 77.

, Examiner
Oil Conservation Division

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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
25 July 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Mesa Petroleum Company for compulsory pooling, Eddy County, New Mexico.

CASE 6600

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Ernest L. Padilla, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87503

For the Applicant: Conrad Coffield, Esq.
HINKLE, COX, EATON, COFFIELD & HENSLEY
Midland, Texas

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MR. NUTTER: Call Case Number 6600.

MR. PADILLA: Application of Mesa Petroleum Company for compulsory pooling, Eddy County, New Mexico.

MR. COFFIELD: Conrad Coffield, with the Hinkle Law Firm, in Midland, Texas, appearing on behalf of the applicant, and I have two witnesses to be sworn.

(Witnesses sworn.)

GEORGE A. HOFFMAN

being called as a witness and having been duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. COFFIELD:

Q Mr. Hoffman, would you please state your name, address, occupation, and employer?

A George Allen Hoffman. I live in Midland, Texas. I'm employed with Mesa Petroleum Company as a landman.

Q Mr. Hoffman, have you previously testified before the Oil Conservation Division as a landman?

A No, I have not.

Q And for the record, would you state your educational background and work experience, please?

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A. I have a BA degree in geology from Trinity University, a year and a half experience as a well site geologist.

I have an MBA from the University of Texas, Permian Basin, one and one-half years experience with Texaco on the Gulf Coast, and one year experience with General Crude Oil Company in the Permian Basin, and half year experience with Mesa in the Permian Basin.

Q. Mr. Hoffman, are you familiar with Mesa's application in this particular case?

A. Yes, I am.

Q. And are you familiar with the property and proposed well location?

A. Yes, I am.

MR. COFFIELD: Mr. Examiner, is the witness considered qualified?

MR. NUTTER: Yes, he is.

Q. Mr. Hoffman, would you please state what Mesa Petroleum Company seeks by this application?

A. Mesa Petroleum Company seeks compulsory pooling of all mineral interests in the Morrow formation underlying the east half of Section 10, Township 16 South, Range 27 East.

This land is to be dedicated to a well to be drilled at a standard location.

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Mesa Petroleum Company also requests consideration of costs of drilling and completing the well as a well location, of the costs of the well, and in addition actual operating costs and charges for supervision.

Finally, Mesa Petroleum Company seeks to be named as operator of the well, and also seeks the determination of a charge for the risk involved in drilling the well.

Q. All right, Mr. Hoffman, would you refer to what was marked as Exhibit One and explain that to the Examiner?

A. Exhibit One is a land plat of the area. Outlined in yellow is -- with Section 10 in the center -- the yellow acreage being acreage that Mesa has a full interest lease under.

The acreage in orange being acreage that Mesa has partial lease under, being 75 percent, and the acreage in white being open acreage; the proposed unit being hached in green, and the red arrow pointing to the proposed location.

Q. Okay, please refer to what we've marked as Exhibit Two.

MR. NUTTER: Before you go any further, Mr. Hoffman, what do you mean by "open acreage" here?

A. Acreage that is unleased.

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MR. NUTTER: And who is the mineral interest owner there?

A. Jack Cook, et al.

MR. NUTTER: So it's a fee lease that has not been leased?

A. Yes, sir.

MR. NUTTER: Okay, proceed.

MR. COFFIELD: We'll have some more information, Mr. Examiner, as to exact ownership in that acreage.

MR. NUTTER: Okay, fine.

Q. All right, Mr. Hoffman, go to Exhibit Two, please, and explain that exhibit.

A. Exhibit Two is New Mexico Oil Conservation Commission Form C-101, Application for Permit to Drill, the subject well, and also New Mexico Oil Conservation Commission Form C-102, Well Location and Acreage Dedication Plat, on said well.

Q. Does this reveal the fact that the well is to be located at a standard location?

A. Yes, it does.

Q. Please go to what we've marked as Exhibit Three and first of all, with reference to Exhibit One, Mr. Hoffman, Exhibit Three relates to which interest owners?

A. Exhibit Three relates to the unleased fee

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interest in the one-quarter mineral interest in the west half of the northeast quarter of Section 10, which is owned by Dartmouth College.

Q. Okay, would you explain what you have here as Exhibit Three? In a summary fashion.

A. What is contained in Exhibit Three, approximately eighteen pieces of correspondence back and forth between Glen Ahren and Associates and Dartmouth College.

Glen Ahren and Associates, initially representing Murphy Minerals, who later on sold the prospect to Mesa Petroleum Company. During the course of the correspondence terms were agreed upon except for one point, that point being they would not allow us to place a pooling provision in the lease.

Q. Would you say, Mr. Hoffman, that from your experience and from the -- your personal experience, with respect to contacts with Dartmouth and with respect to the general history of trying to contact Dartmouth and reach agreement, that there's any possibility that you can reach agreement with Dartmouth on the matter of leasing or otherwise participating in this proposed well?

A. No, we don't believe so.

Q. Do you have anything else further to offer in connection with Dartmouth?

A. No.

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Q. Let's go to Exhibit Four and identify that exhibit relative to the interest owned in the proration spacing area dedicated to the well.

A. All right. Exhibit Four represents correspondence in trying to locate the owners of fee lands, being the east half of the northeast quarter of Section 10, being Jack Cook, et al.

Q. Okay. Who are -- do you have a note there as to who the et als are?

A. It would be Jack Cook, Milas P. Cook, Junior, Ada Jeane Nichols and Ruby Cook Crail and husband, Othal C.Crail.

Q. Mr. Hoffman, how do you happen to have information in connection with this particular ownership? What -- what efforts have you made to determine the ownership in this area?

A. Again, Glen Ahren and Associates assisted us in this effort. They contacted Eddy County to determine the record title owner, and in doing so --

Q. Excuse me, who in Eddy County did they contact?

A. Currier Abstract Company. And in determining this, they located some leases that were taken by Continental in 1951 covering the above mentioned parties with addresses in Albuquerque for Jack Cook, Milas P. Cook,

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Junior, and Ada Jeane Nichols, and an address in Oklahoma City for Ruby Cook Crail.

Efforts were made to locate these parties in these locations but they were unable to do so.

At this point the tax rolls of various counties in the surrounding area of New Mexico were checked for these parties and also the Departments of Public Safety for New Mexico and Oklahoma were written to try to determine any addresses for these parties, and were unable to do so.

Q. Which counties did you contact?

A. The tax rolls that were checked were Eddy, Roosevelt, and Chaves.

The letter to the New Mexico Division of -- Department of Motor Vehicles turned up two Jack Cooks in Albuquerque and the addresses given for them, one was not -- they were unable to locate at that address and the other, and a second Jack Cook, when contacted, said that he was not the owner of the neral interest and had no relatives that were, either.

Q. Mr. Hoffman, do you have anything else to offer in connection with your attempt to contact the Cook interests?

A. No, I do not.

Q. Mr. Hoffman, in connection with this particular application, Mesa Petroleum Company had also sought

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the compulsory pooling of overriding royalty interests which were allocated to Ruth Ross, R-O-S-S, and Murphy Minerals Corporation. Please explain the status of these particular overriding royalty interests now.

A Pooling authority and commitment to these interests has recently been received from both parties.

MR. NUTTER: That's who, Ross and who?

MR. COFFIELD: Ross and Murphy Minerals Corporation.

MR. NUTTER: So they're not poolees in this case today.

MR. COFFIELD: That's right, sir.

Q Mr. Hoffman, refer to what we've marked as Exhibit Five and state what this represents.

A This is an AFE, Cost Estimate, for this particular well.

Q And without going into each item, what in summary does that show relative to dry hole costs and completion costs, producing costs, and so on?

A That total costs for a dry hole will be $355,400 and as a producer would be $503,800.

Q All right. Let's refer now to what we've marked as Exhibit Six and explain that to the Examiner.

A Exhibit Six is a joint operating agreement, AAPL Form 610, 1977, which was set up with Mesa and the

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unleased parties involved.

Q. Is this joint operating agreement typical of the operating agreements which Mesa normally prepares and has executed in connection with the prospect of this sort?

A. Yes, it is.

Q. Do you have a recommendation as to -- Mr. Hoffman, to make to the Examiner as to charges for supervision which should be authorized, or should be asked to be authorized by Mesa as operator of this well?

A. Yes, we do. We recommend that the rates of $2800 for a drilling well and $280 for a producing well be utilized. These rates are the rates which appear in the COPAS form attached to the joint operating agreement submitted as Exhibit Six.

Q. Mr. Hoffman, were these Exhibits One through Six either prepared by you or under your supervision, or were they compiled by you from materials and files over which you have responsibility?

A. Yes.

Q. Mr. Hoffman, in your opinion if this application is approved by the Division, will the approval of the application be in the interests of conservation, the prevention of waste, and protection of correlative rights?

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A. Yes.

MR. COFFIELD: Mr. Examiner, I move the admission of Exhibits One through Six.

MR. NUTTER: Applicant's Exhibits One through Six will be admitted in evidence.

MR. COFFIELD: And I have no further questions of Mr. Hoffman on direct.

CROSS EXAMINATION

BY MR. NUTTER:

Q. Mr. Hoffman, now is there working interest owner, not a royalty and not a overriding royalty, who has consented to the drilling of the well?

A. No, sir.

Q. The Cook interests would be working interests in the well.

A. Yes, sir.

Q. Would these poolees on the west half of the northeast, being Midwest, Dartmouth, and Bogle Farms, be working interest owners?

A. The Dartmouth College interest would be, Mr. Examiner. The Midwest Investment Corporation interest, as well as the Bogle Farms interest, are under lease to Mesa.

Q. So you control the working interest there.

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A. Yes, sir.

Q. And Murphy Minerals and Ross were overriding royalty interests.

A. Yes, sir, in the Federal lease Number 4030.

Q. That's the yellow lease that you have there.

A. Yes, sir.

Q. So the only outstanding interests are the Dartmouth interest in the west half of the northeast and all of the Cook interests in the northeast -- in the east half of the northeast.

A. That is correct.

Q. When you had all those Cooks and heirs to Cooks and relatives to Cooks, I presume, and everything that was covered by that one exhibit, the Exhibit Number Four, I believe, were you able to contact any of them?

A. The only Cook that was ever contacted was a Jack Cook in Albuquerque, New Mexico, who made -- who again, as I reiterated, said that he was not party to those minerals and knew no one who was, and I might iterate at this point, we did contact on two flukes, two other Jack Cooks, one who happens to be a landman in Big Spring. I just called him just to see, and he knew nothing of anything as far as the minerals were concerned.

Q. This other Jack Cook that said he wasn't

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a relative, he's the one that you got the name of a Jack Cook from the Motor Vehicle Department on.

A. Yes, sir.

Q. The Drivers' License Division.

A. Yes, sir.

Q. Well, have the taxes on this land been paid?

A. Well, they don't own any of the surface. They only own the minerals, so there wouldn't be any taxes to be rendered.

Q. I see.

A. Unless it is producing, and it is not.

Q. When is the last that anyone knew where these folks were? Do you have any idea?

A. That lease was taken by Continental in 1951 and is the last thing of record. The only thing of record as far as the actual ownership of the lands, which was verified with Effie Potter at Currier Abstract, was in 1925, which there was a deed from Midwest Investment Corporation to a Mr. M. P. Cook.

Q. Now this was a transfer of the --

A. Oil and gas interest only.

Q. Of minerals only?

A. Yes, sir.

Q. And who owns the surface there?

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A. It's owned by Bogle Farms at this point.

Q. And how long has Bogle Farms owned the surface, do you have any idea?

A. I don't know. I could find out for you if you need to know.

Q. Well, it's probably not that important, but these Cooks have owned the minerals since back into the '20s, then.

A. Yes, sir. The only deed, the only two deeds of record after the patent are a deed to Midwestern from Northeast -- excuse me, to Midwestern from M. P. Cook reserving the minerals, and then a deed to M. P. Cook from Midwestern saying that -- conveying the minerals to him.

Apparently the reservation in the original deed to Midwestern wasn't satisfactory so they came back and deeded to him the oil and gas rights.

Q. And the date of that was?

A. 1925, August 1st.

Q. And then they issued a lease to Continental which expired?

A. Yes, sir, the lease was taken in '51. There was a new agreement entered into in '52, and the acreage was released to the parties in 1955 of record.

Q. And then when did that lease expire?

A. That lease expired -- I don't know the ex-

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piration date on it, but it was released of record in '55.

MR. NUTTER: Are there any further questions of Mr. Hoffman? He may be excused.

Oh, Mr. Hoffman, before you leave, now what has been the status of the -- a summary of the status of the negotiations with Dartmouth?

A. It's been over a period of about three years, Mr. Examiner, and at first there was discrepancy as to the bonus to be paid.

Q. (Mr. Nutter continuing.) You mean $15.00 and $25.00.

A. Yes, sir, that was rectified. Once that was rectified, then there was some discrepancy as to the Dartmouth lease form which they lease on, and a depth limitation and a few things like that.

Those problems were rectified but they never could come to agreement as to allowing us to put a pooling provision in the lease. They wouldn't allow pooling provision, so we asked if we could place a Pugh clause in the lease and they would not allow us to do that either, and it --

Q. A what clause?

A. A Pugh clause.

Q. What's that?

A. It would be a clause in which the acreage

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would allowed to be pooled, and after a certain period of time, if it was not pooled, it would be released of record.

MR. COFFIELD: If it wasn't producing.

A. Yeah, if it was not producing.

Q. It would be released?

A. Yes, sir.

Q. And so you've just never been able to arrive at agreement with them and they would be a working interest owner here.

A. Yes, they would and the only disagreement at this point, as far as the terms go, would just be that one problem with the pooling provision.

Q. Uh-huh.

A. Apparently all other terms seem to be in agreement with both parties.

Q. Okay, you may be excused.

JOSEPH W. JEFFERS

being called as a witness and having been duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. COFFIELD:

Q. Mr. Jeffers, would you please state your name, address, occupation, and employer?

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A. Joseph W. Jeffers, Midland, Texas. Division Geologist for Mesa Petroleum.

Q. Mr. Jeffers, have you previously testified before the Division as a geologist?

A. I have.

Q. Are your qualifications a matter of record and were they accepted by the Division?

A. They were.

Q. Are you familiar with Mesa's application in this case?

A. I am.

Q. Are you also familiar with the property and the proposed well location?

A. I am.

MR. COFFIELD: Mr. Examiner, is the witness considered qualified?

MR. NUTTER: Yes, he is.

Q. Mr. Jeffers, please refer to what's been marked as Exhibit Seven and explain what is shown there.

A. Exhibit Seven is a map on a scale of one inch to 5000 feet of a portion of Eddy and Chaves Counties, New Mexico, primarily covering Township 16 South, Range 27 East, surrounding the subject proposed proration unit.

The colored acreage represents Mesa acreage. The subject location is spotted inside the proposed 320-

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acre proration unit, being the east half of Section 10, Township 16 South, Range 27 East, outlined in green.

The blue contours represent the structure on the top of the MIssissippian. The contour interval is 100 feet.

The Isopach of the lower Atoka sandstones is represented by the black contours. The contour interval is 15 feet.

The colored wells represent wells completed from the formations indicated in the legend. The proposed location is 1980 feet from the north line and 660 feet from the east line of Section 10, Township 16 South, 27 East. The well location in the northwest of Section 11 is waiting on completion unit.

Basically, the proposed well falls in a high risk category of Atoka-Morrow wells in Eddy County, as indicated by the number of dry holes shown on this map.

Q. Mr. Jeffers, do you have a recommendation to make to the Examiner with respect to a charge for the risk to be awarded to Mesa fro drilling this well?

A. Yes. I recommend the award of the maximum penalty authorized by the statutes, being 200 percent.

Q. Do you have anything further to offer in connection with your exhibit?

A. Other than the basic risk involved in

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Atoka-Morrow wells in Eddy County, we have -- well, it's just a high risk area. We've drilled one dry hole and there's a dry hole between us and production, and there's dry holes surrounding the location. We feel that we have a channel that possibly crosses that lease and that's the purpose for drilling the well.

Q So, accordingly, because of this risk factor, you propose the highest penalty authorized by the statutes in New Mexico.

A That's correct.

Q Was this Exhibit Seven prepared by you or under your supervision?

A It was.

Q Do you believe, in your opinion, would the approval of this application be in the interest of conservation, the prevention of waste, and the protection of correlative rights?

A Yes.

MR. COFFIELD: Mr. Examiner, I move the admission of Exhibit Number Seven.

MR. NUTTER: Mesa Exhibit Seven will be admitted in evidence.

MR. COFFIELD: And I have no further questions of Mr. Jeffers on direct examination.

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CROSS EXAMINATION

BY MR. NUTTER:

Q. Mr. Jeffers, on your Exhibit Seven what does the orange colored acreage indicate?

A. That's part interest Mesa acreage.

Q. So do you have an interest in the well that's being completed here in Section 11?

A. We do.

Q. Is that going to make a well?

A. We anticipate that it will make a well out of the upper Atoka sands that we had not anticipated when we drilled the well. The objective sands were thin and apparently will be non-productive.

Q. Now this well that's the subject of this hearing today will be a Morrow test, won't it?

A. That is correct. Well, it will be the Atoka. In this area it is called Atoka, the particular sands in objective.

Q. Okay, now the objective formation in the subject well is the same that you're anticipating a completion of the well in Section 11?

A. No, sir. We anticipate we will get sands comparable to those wells colored red on the exhibit.

Q. Now, the well in Section 2, I believe it's

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the No. 2 Well, that had 12 feet of pay there, and is indicated as a dry hole, did it penetrate the formation that you're seeking in the subject well?

A. It did. It did. It was -- had sand, 12 feet of sand, and was attempted a completion to be made in it. The well was tight and noncommercial.

Q. And how about the well in the northeast quarter of Section 36. Or no, Section 11.

A. 11? That well was --

Q. A dry hole.

A. -- drilled a number of years ago. It has 36 feet of sand that we believe would have been productive at this time.

Q. Under today's technology?

A. Under today's prices and technology.

Q. I see.

Now, what does this triangle there in Section 11 refer to?

A. That's a drill stem test that was indicated recovered gas. They were not colored in for purposes of this exhibit.

Q. And what well does it refer to?

A. The one in the northeast corner of Section 11.

Q. The dry hole?

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A. Yes, sir.

Q. What kind of tests did you have on the well that is waiting a completion unit?

A. We had no tests. We've run pipe on the well and anticipate moving in a completion unit next week. I would -- the indicated pay is taken from electric logs.

Q. But there were no drill stem tests or other tests conducted?

A. No, sir.

Q. Well, now, the success, or lack of success, in making a well there in the northwest quarter of Section 11 affects the risk involved in drilling here at the proposed location in Section 10, doesn't it, Mr. Jeffers?

A. Repeat that, please.

Q. The success, or lack of success, on the well in Section 11 affects the amount of risk that we can see here for the proposed location, doesn't it?

A. It does, but the fact is that in that well in Section 36 that we're going to attempt completion, it's the only well in the area that has these particular sands, so we anticipate that the risk in finding those sand again probably will be fairly high.

The primary objective, the lower Atoka sands which the Isopach is on here, is the ones that we think have the best chance and have the most continuity

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
5010 Plaza Blanca (505) 471-2463
Santa Fe, New Mexico 87501

over the area.

Q. Now that's -- the lower Atoka is your target in Section 10.

A. That's -- that is correct.

Q. And that's the zone that's producing from the red wells.

A. That is correct.

Q. And the one in Section 11 that's waiting the completion unit is what, now?

A. From sands above the -- in the --

Q. Upper Atoka?

A. Upper Atoka, right.

Q. And the lower Atoka was --

A. Non -- it had 4 feet of noncommercial pay sand in it, we anticipate. We are not going to perforate it, in other words.

MR. NUTTER: Are there any further questions of Mr. Jeffers? He may be excused.

Do you have anything further in Case Number 6600, Mr. Coffield?

MR. COFFIELD: No, sir, I do not, Mr. Examiner.

MR. NUTTER: Does anyone have anything they wish to offer in Case Number 6600?

We'll take the case under advisement.

(Hearing concluded.)

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3018 Plaza Blanca (505) 471-2461
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3010 Plaza Blanca (505) 471-8483
Santa Fe, New Mexico 87501

REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that said transcript is a full, true, and correct recored of the hearing, prepared by me to the best of my ability, knowledge, and skill, from my notes taken at the time of the hearing.

Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6600, heard by me on 7/25 1979.

, Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

LARRY KEHOE
SECRETARY

August 17, 1979

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Re: CASE NO. 6800
ORDER NO. R-6078

Mr. Conrad E. Coffield
Hinkle, Cox, Eaton, Coffield
& Hensley
Attorneys at Law
P. O. Box 3580
Midland, Texas 79702

Applicant:

Mesa Petroleum Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD

Other Kenneth F. Graf

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6600
Order No. R-6078

APPLICATION OF MESA PETROLEUM
COMPANY FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on July 25, 1979, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 16th day of August, 1979, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Mesa Petroleum Company, seeks an order pooling all mineral interests in the Morrow formation underlying the E/2 of Section 10, Township 16 South, Range 27 East, NMPM, Diamond Mound Area, Eddy County, New Mexico.

(3) That the applicant has the right to drill and proposes to drill a well at a standard location thereon.

(4) That there are interest owners in the proposed proration unit who have not agreed to pool their interests.

(5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(6) That the applicant should be designated the operator of the subject well and unit.

(7) That any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(8) That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 200 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(9) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(10) That following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(11) That $2800.00 per month while drilling and $280.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(12) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(13) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before November 1, 1979, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Morrow formation underlying the E/2 of Section 10, Township 16 South, Range 27 East, NMPM, Diamond Mound Area, Eddy County, New Mexico, are hereby pooled to form a standard 320-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the first day of November, 1979, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Morrow formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the first day of November, 1979, Order (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Order (1) of this order should not be rescinded.

(2) That Mesa Petroleum Company is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and within 90 days prior to commencing said well, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) That the operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Division

and the Division has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Division will determine reasonable well costs after public notice and hearing.

(6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(7) That the operator is hereby authorized to withhold the following costs and charges from production:

(A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(B) As a charge for the risk involved in the drilling of the well, 200 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(8) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(9) That $2800.00 per month while drilling and $280.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(10) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(12) That all proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in Eddy County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

(13) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and yeare hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JOE D. RAMEY
Director

S E A L

fd/

McLANE, GRAF, GREENE, RAULERSON & MIDDLETON
PROFESSIONAL ASSOCIATION
BOX 326
FORTY STARK STREET
MANCHESTER, NEW HAMPSHIRE 03105
TELEPHONE (603) 625-6464

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HARRIET E. MANSFIELD
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JACK B. MIDDLETON
PETER GUENTHER
JOHN A. GRAF
CHARLES A. DeGRANDPRE
JAMES R. MUIRHEAD
PETER B. ROTCH
ARTHUR G. GREENE
ROBERT A. WELLS
R. DAVID DePUY
JAMES C. HOOD
BRUCE W. FELMLY
STEPHEN J. SELDEN
RICHARD S. SNIERSON
J. CHRISTOPHER MARSON
EDWARD L. CROSS
ROBERT E. JAURON
RICHARD W. VERCOLLONE
MICHAEL P. BAGLEY
WAYNE C. BEYER
THOMAS J. DONOVAN

ARTHUR A. GREENE
OF COUNSEL

JOHN R. McLANE
(1888-1969)
RALPH W. DAVIS
(1890-1951)
JOHN P. CARLETON
(1899-1977)

RECEIVED
JUL 30 1979
OIL CONSERVATION DIVISION
SANTA FE

July 30, 1979

Florene
Send copy
of order -
no charge
KFG

Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Case 6600: Application of Mesa Petroleum Company for compulsory pooling - Dartmouth College

Gentlemen:

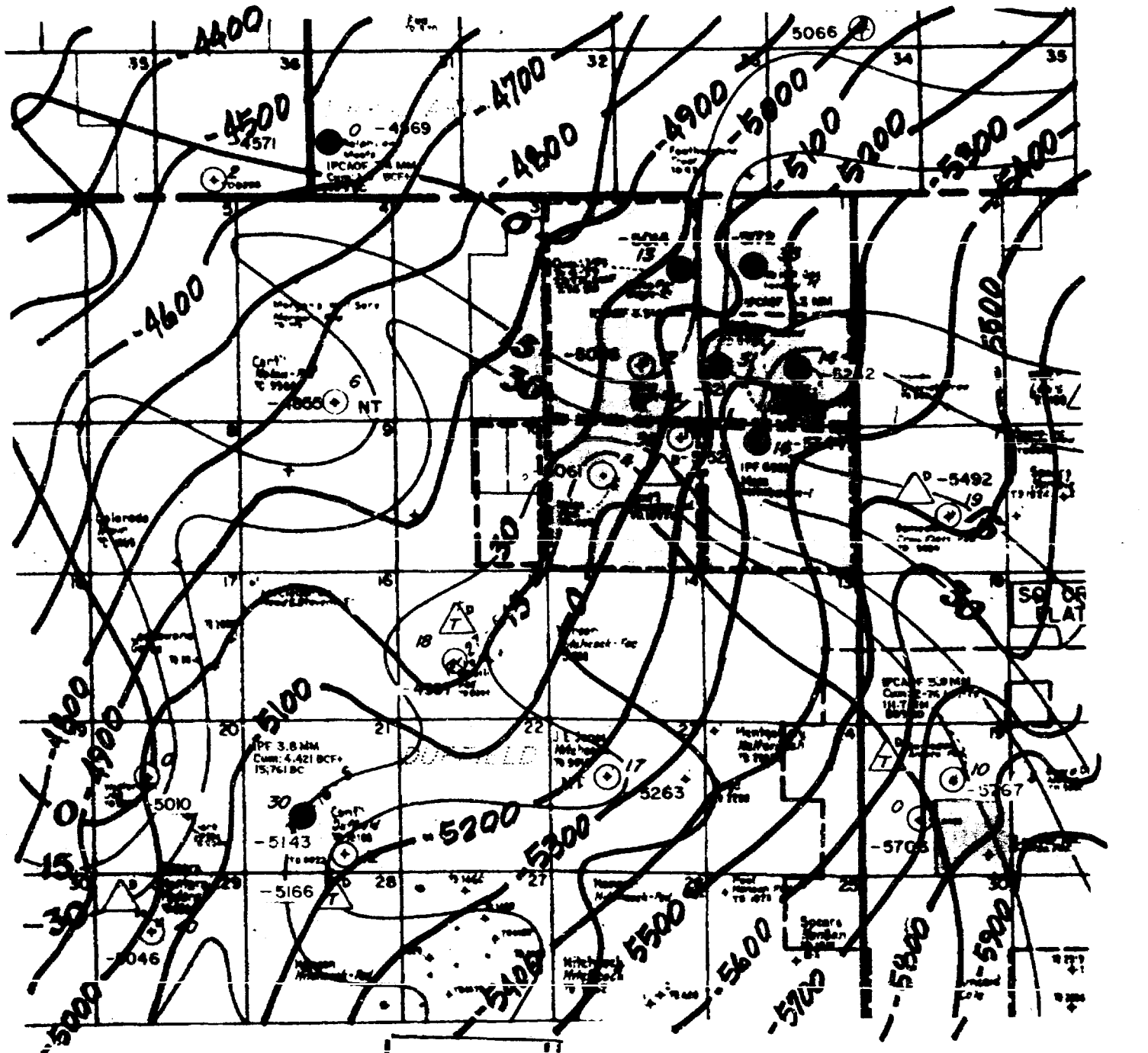
I represent Dartmouth College and I am in receipt of the notice of the Docket which indicates a hearing was to be held on the above Case 6600 on July 25, 1979.

Can you inform me of the result of the hearing and if there is any cost for a copy of the decision kindly submit your statement and I will take care of it at once.

Yours very truly,

Kenneth F. Graf

KFG:dp



LEGEND

- Strawn Producer
- Atoka Producer
- DST Tite
- DST rec. Gas
- NT No Test
- NL No Log

EXHIBIT NO.

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
EXHIBIT NO. 7
CASE NO. 6622

MESA
PETROLEUM CO.
PERMIAN BASIN DIVISION

DIAMOND MOUND FIELD AREA

Eddy County, New Mexico

STRUCTURE
Top/Mississippian
C.I. = 100'

ISOPACH
Lower Atoka Sandstone
C.I. = 15'

BY:
DRAWN BY:
DATE:
SCALE: 1" = 5000'

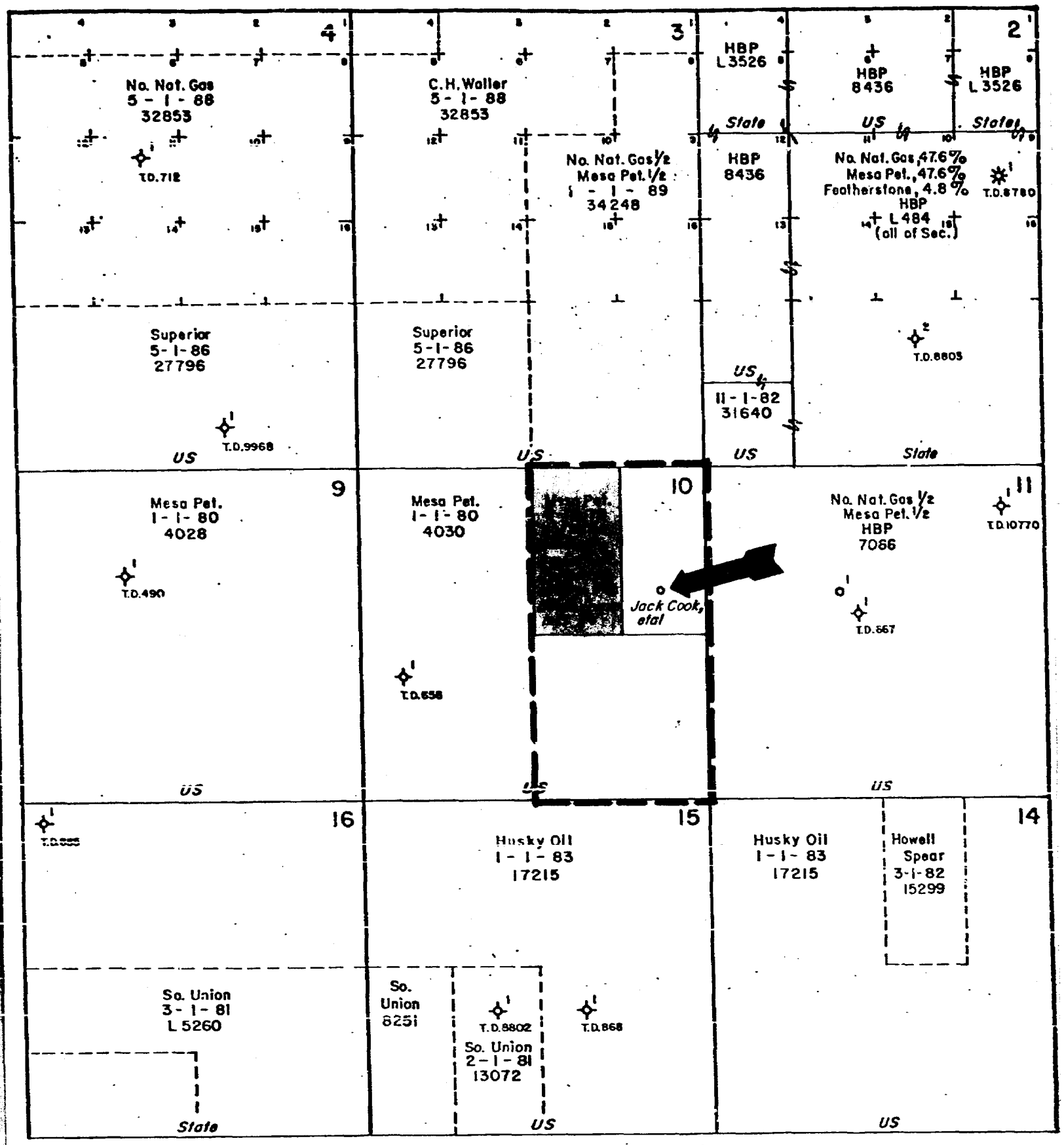
EXHIBIT I

Case No. 6600

MESA PETROLEUM CO.
COMPULSORY POOLING

E½ Section 10, T-16-S, R-27-E
Eddy County, New Mexico

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
Mesa EXHIBIT NO. 1
CASE NO. 6606



T 16 S; R 27 E

MESA LEASEHOLD-Section 10

- Full Interest
- Partial Interest
- Open

EXHIBIT II

Case No. 6600

MESA PETROLEUM CO.
COMPULSORY POOLING

E½ Section 10, T-16-S, R-27-E
Eddy County, New Mexico

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
Mesa EXHIBIT NO. 2
CASE NO. 6600

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LAND OFFICE		
OPERATOR		

NEW MEXICO OIL CONSERVATION COMMISSION

Form C-101
Revised 1-1-65

5A. Indicate Type of Lease STATE [ ] FEE [X]

5. State Oil & Gas Lease No.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work

b. Type of Well
DRILL [X] DEEPEN [ ] PLUG BACK [ ]
OIL WELL [ ] GAS WELL [X] OTHER SINGLE ZONE [X] MULTIPLE ZONE [ ]

7. Unit Agreement Name

8. Farm or Lease Name
Cook Fed Com

2. Name of Operator
Mesa Petroleum Co

9. Well No.
1

3. Address of Operator
1000 Vaughn Building/Midland, Texas 79701

10. Field and Pool, or Wildcat
Undesignated

4. Location of Well UNIT LETTER J LOCATED 1980 FEET FROM THE North LINE
AND 660 FEET FROM THE East LINE OF SEC. 10 TWP. 16S RGE. 27E NMPM

12. County
Eddy

19. Proposed Depth	19A. Formation	20. Rotary or C.T.
8800	Morrow	Rotary

21. Elevations (Show whether DF, RT, etc.)	21A. Kind & Status Plug. Bond	21B. Drilling Contractor	22. Approx. Date Work will start
3574.5 GR	Blanket	Moranco	September 1, 1979

23.

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
17-1/2"	13-3/8"	48	300	400	Circ to surface
11"	8-5/8"	24	1600	650	Circ to surface
7-7/8"	4-1/2"	10.5 - 11.6	8800	750	5000' or suf. to cover all pay.

Propose to drill surface hole to 300' without BOP's. After cementing casing and installing bradenhead, will nipple up 12" API 3000 psi BOP's and drill intermediate hole to 1600'. Will set 8-5/8" casing and cement with volume adequate to raise cement to surface. Will nipple up 12" API 3000 psi BOP's and drill to total depth with cut brine. Maximum mud weight should not exceed 9.3 ppg based upon similar area wells.

Operator's gas sales are not dedicated.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

Signed R. L. Mathis Title Regulatory Coordinator Date July 20, 1979

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

XC: TLS, MEC, JBH, JWJ, FILE, NMOCD

NEW MEXICO OIL CONSERVATION COMMISSION

WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section

Operator	Lease	Well No.
MESA PETROLEUM CO.	COOK FED. COM.	1

Unit Letter	Section	Township	Range	County
H	10	16 SOUTH	27 EAST	EDDY

Actual Footage Location of Well:
1980 feet from the NORTH line and 660 feet from the EAST line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage
3574.5	Atoka-Morrow	Undesignated	E/2 320 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

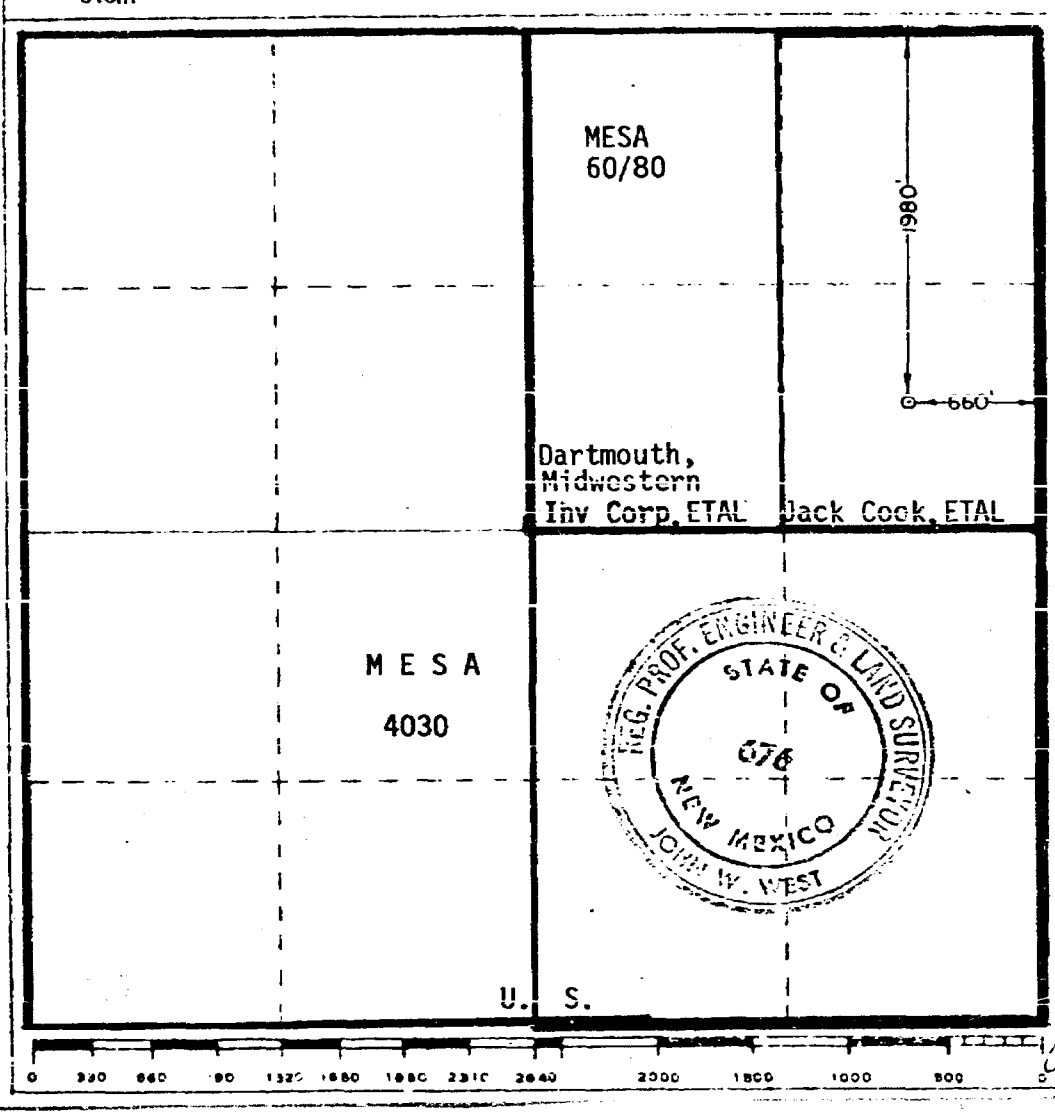
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

[ ] Yes [X] No If answer is "yes" type of consolidation Force-pooling hearing sched 25 Jul 79

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) Dartmouth College and Cook etal to be forced-pooled

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

R. E. Mathis

Name: R. E. MATHIS

Position: Regulatory Coordinator

Company: Mesa Petroleum Co.

Date: July 20, 1979

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 supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: JULY 9TH, 1979

Registered Professional Engineer and/or Land Surveyor

John W. West

Certificate No. John W. West 676
Ronald J. Eidson 3239

EXHIBIT III

Case No. 6600

MESA PETROLEUM CO.
COMPULSORY POOLING

E½ Section 10, T-16-S, R-27-E
Eddy County, New Mexico

2 x 3 relates to the Dartmouth interests in W/2 NE/4

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
Mesa EXHIBIT NO. 3
CASE NO. 6600

GLEN AARON & ASSOCIATES, INC. *Petroleum Landmen*

PHONE 915-684-4491 P. O. BOX 2391 MIDLAND, TEXAS 79702

October 18, 1978

McLane, Graf, Greene, Raulerson & Middleton
P. O. Box 326
Manchester, New Hampshire 03105

Attention: Mr. Kenneth H. Graf:

Re: Proposed Oil & Gas Lease
Dartmouth College
South Lake Arthur Prospect
Eddy County, New Mexico

Gentlemen:

We have attempted to contact you by telephone and have talked with your secretary regarding the oil and gas lease covering captioned land.

Enclosed is the Dartmouth College completed lease, RDO and Draft. As explained in our letter to you of September 25, 1978, we have deleted Subparagraphs #2 and #3, Page 5 and added the Pugh Clause.

The lease represents $25.00 per acre bonus, 3/16 royalty, $1.00 per acre delay rental for a three (3) year term (20 net acres x $25.00 per acre bonus = $500.00 bonus amount).

If you approve, please have the authorized person execute the lease and RDO and endorse the draft. Then place in the college depository bank as a collection item. Their bank and The Midland National Bank will transfer the draft amount into their account before releasing the instruments to us.

Thank you for your consideration of this offer. Please contact us if you have any questions.

Yours very truly,

Glen Aaron (sa)

Glen Aaron

/sa
Enclosures
cc: Mesa Petroleum Co.

DRAFT
Courtesy Of
THE MIDLAND NATIONAL BANK
MIDLAND, TEXAS

"Xerox Copy"

No. _____ Midland, Texas (PLACE) October 13 19 78

30 DAYS AFTER SIGHT AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF The Trustees of Dartmouth College

$ 500.00

Five Hundred and No/100 ---------- DOLLARS
WITHOUT EXCHANGE

For Bonus consideration for O&G Lse, dated 10-13-78, covering a mineral interest in W/2 NE/4 of Sec. 10, T-16-S, R-27-E, Eddy County, New Mexico

DO NOT HANDLE AS CASH ITEM.

To MESA PETROLEUM CO.
The Midland National Bank
Midland, Texas

Glen Aaron (684-4401)

The Trustees of Dartmouth College

By: _____

Tax ID# _____

OIL AND GAS LEASE

AGREEMENT made and entered into this 13th day of October 19 78 by and between THE TRUSTEES OF DARTMOUTH COLLEGE, a New Hampshire Corporation, acting herein by and through its proper corporate officers hereunto duly authorized, Hanover, New Hampshire, Party of the first part, hereinafter called Lessor (whether one or more) and MESA PETROLEUM CO.

Party of the second part, hereinafter called Lessee:

WITNESSETH, That the said Lessor, for and in consideration of TEN Dollars ($10.00) and other cash consideration in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of Lessee to be paid, kept and performed, but SUBJECT TO the exceptions and reservations hereinafter made and set out, has GRANTED, DEMISED, LEASED and LET and by these presents does GRANT, DEMISE, LEASE and LET unto the said Lessee, for the sole and only purpose of exploring by geophysical and other methods, mining and operating for oil and gas to all depths beneath the surface of the hereinafter described land, and laying pipe lines, and building tanks, power stations and structures thereon to produce, save and take care of said products, all that certain tract of land situate in the County of Eddy State of New Mexico described as follows, to wit:

Township 16 South, Range 27 East, NMPM
Section 10: West Half Northeast Quarter (W/2 NE/4)

from the surface thereof down to and including all depths beneath the surface of said land.

It is agreed that this lease shall remain in force for a term of three (3) years from date, (called "primary term"), and as long thereafter as oil or gas, or either of them, is produced from said land by the Lessee in paying quantities.

In consideration of the premises the said Lessee covenants and agrees:

FIRST: The Lessee shall deliver to the credit of Lessor as royalty, free of cost in the pipe line to which Lessee may connect its wells, the equal 3/16 part of all oil produced and saved from the leased premises, or, at Lessee's option, may buy or sell such 3/16 royalty and pay Lessor the market price for oil of like grade and gravity prevailing in the field on the day such oil is run into pipe lines or into storage tanks.

SECOND: To pay Lessor for gas from each well where gas only is found, the equal 3/16 of the gross proceeds at the prevailing market rate, for all gas used on or off the premises.

THIRD: To pay Lessor for gas produced from any oil well and used on or off the premises, or for the manufacture of casinghead gasoline or dry commercial gas, 3/16 of the gross proceeds at the prevailing market rate for the gas during which time such gas shall be used.

If no well be commenced on said land on or before one year from this date, this lease shall terminate as to both parties, unless the Lessee on or before that date shall pay or tender to the Lessor Eighty and No/100 ---------- Dollars, which shall operate as a rental and cover the privilege of deferring the commencement of a well for twelve (12) months from said date. In like manner and upon like payments or tenders the commencement of a well may be further deferred for like periods of twelve (12) months successively during the primary term of this lease. And it is understood and agreed that the consideration first recited therein, the down payment, covers not only the privileges granted to date when said first rental is payable as aforesaid, but also the Lessee's option of extending that period as aforesaid and any and all other rights conferred. Delay rentals and tenders and all other payments or tenders herein authorized or required may be made in currency, by check or draft of Lessee payable to Lessor by depositing such currency, check or draft in any United States post office on or before the due date, in an envelope with sufficient postage thereon, addressed to Lessor at the Office of its Treasurer, Hanover, New Hampshire.

If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid the Lessor only in proportion which his interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for its operation thereon, except water from wells and tanks of Lessor.

When requested by the Lessor, Lessee shall bury his pipe lines below plow depth.

Lessee shall pay for damages caused by its operations to growing grass and crops on said lands.

Lessee shall have the right within a reasonable time from and after the termination of this lease to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

If the Lessee shall commence to drill a well within the term of this lease or any extension thereof, the Lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of months herein first mentioned.

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors, or assigns but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the Lessee until after the Lessee has been furnished with a written transfer or assignment or a certified copy thereof. And it is hereby agreed in the event this lease shall be assigned as to a part or parts of the above described lands and the assignee or assignees of such part or parts shall fail or make default in the payment of the proportionate part of the rents due from him or them, such default shall not operate to defeat or affect this lease insofar as it covers

a part or parts of said lands upon which the said Lessee or any assignee thereof shall make due payment of said rentals.

Compliance with any now or hereafter existing act, bill or statute purporting to be enacted by any Federal or State legislative authority, or with orders, judgments, decrees, rules, regulations made or promulgated by State or Federal courts, State or Federal offices, boards, commissions or committees purporting to be made under authority of any such act, bill or statute, shall not constitute a violation of any of the terms of this lease or be considered a breach of any clause, obligation, covenant, undertaking, condition or stipulation contained herein, nor shall it be or constitute a cause for the termination, forfeiture, revision or revesting of any estate or interest herein and hereby created and set out, nor shall any such compliance confer any right of entry or become the basis of any action for damages or suit for the forfeiture or cancellation hereof; and while any such purport to be in force and effect they shall, when complied with by Lessee or assigns, to the extent of such compliance operate as modifications of the terms and conditions of this lease where inconsistent therewith.

Lessee agrees to furnish Lessor with copies of all electrical logs and surveys of all wells drilled, together with copies of all completion and other well data, all such copies to be mailed to Lessor at the office of its Treasurer, Hanover, New Hampshire.

Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgage, taxes or other liens on the above described lands in the event of default of payment by Lessor, and be subrogated to the rights of the holder thereof.

NOTWITHSTANDING any and all provisions hereof to the contrary, Lessor hereby EXCEPTS from this lease and RESERVES to and unto itself and

its successors and assigns:

(1) All valuable minerals, matters, materials, solutions and substances (whether known, unknown or subsequently discovered) SAVE and EXCEPT oil and gas, on, in and under or that may be produced from all of the land described in and covered by this lease at all depths, and from all strata, horizons, and formations thereon, therein and thereunder;

~~(2) All oil and gas on, in and under, or that may be produced from~~ all of the land described in and covered ~~by this~~ lease at all depths, and from ~~all strata~~, horizons and formations, below ~~a depth of feet beneath the surface of said land; and~~

~~(3) The dominant surface and subsurface estates of, on, in and~~ under all of the land described in and covered ~~by~~ this lease for the purposes of conducting ~~exploratory~~, producing, transporting, treating, ~~processing~~, refining, marketing, and primary, ~~as well~~ as secondary, recovery operations thereon ~~and therein.~~

IN TESTIMONY WHEREOF, we sign the day and year first above written.

ATTEST: THE TRUSTEES OF DARTMOUTH COLLEGE

_____ BY _____

Assistant Clerk Treasurer

THE STATE OF NEW HAMPSHIRE

COUNTY OF GRAFTON

The foregoing instrument was acknowledged before me this day of 19 by , Treasurer of The Trustees of Dartmouth College, a New Hampshire corporation, on behalf of said corporation.

_____

Notary Public

My Commission Expires: _____

If a portion or portions of the land covered by this lease, and not all of the land, shall be included in any proration unit or pool, then as to that part of the land covered by this lease which is not in a unit or pool, Lessee shall drill thereon or pay delay rentals during the primary term any part of the land included in this lease is not included in a proration unit upon which there are drilling operations or production, then this lease shall terminate as to that part of the leased land upon which there are no drilling operations or production or which is not in such proration unit upon which there are drilling operations or production.

The Trustees of Dartmouth College

By:_____

RATIFICATION AND RENTAL DIVISION ORDER

STATE OF ~~TEXAS~~ NEW MEXICO }
COUNTY OF EDDY }

WHEREAS, Under date of October 13, 1978,
The Trustees of Dartmouth College

as lessor, executed and delivered to MESA PETROLEUM CO.

as lessee, an oil, gas and mineral lease which is recorded in Volume _____, Page _____, of the _____ Records of Eddy County, New Mexico, covering certain land which is described in said lease. Reference to said lease and the record thereof is here made for all purposes; and

WHEREAS, said lease and all rights and privileges thereunder are now owned by Mesa Petroleum Co.

_____, in so far as said lease covers

Township 16 South, Range 27 East, NMPM
Section 10: West Half Northeast Quarter (W/2 NE/4)

and

WHEREAS, the undersigned desire to adopt, ratify and confirm said lease in so far as it covers the right, title and interest of the undersigned in and to the above described land, and to set out the division of interests in and to any rental payments which may be made under said lease:

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby adopt, ratify and confirm said lease as of the date of its execution and recognize the full validity of the same in so far as it affects the right, title and interest of the undersigned in and to the above described land, and the undersigned hereby grant, lease and let to Mesa Petroleum Co. the above described tract of land, subject to and in accordance with all of the terms and conditions set forth in said above described lease.

The undersigned further authorize Mesa Petroleum Co. to pay any rentals which may be paid under the terms of said lease in the proportions set out below and to the respective depositories herein specified or, at lessee's option, to the depositories named in said lease, and payments so made will fully protect said lease as to the respective interests of the undersigned, each of whom certifies as to the interest set opposite his name only:

CREDIT TO	FRACTIONAL INTEREST	AMOUNT	DEPOSITORY
The Trustees of Dartmouth College Hanover, New Hampshire	1/4 (20 acres)	$20.00	_____ Bank Acct. # _____

The above division covers the payment of delay rentals only and does not purport to cover royalties.

This agreement is binding upon the heirs, executors, administrators and assigns of the undersigned as to the fractional interests in rentals set forth above, but shall not operate to change the depository named in the lease as to any of ~~its~~ assigns. This instrument is binding on all of the undersigned regardless of whether all parties named in the above division of interests join in its execution.

IN TESTIMONY WHEREOF, we have hereunto subscribed our signatures and affixed our seals as of the _____ day of _____ 19 78

ATTEST:

The Trustees of Dartmouth College
By:

THE STATE OF TEXAS,

COUNTY OF_____

TEXAS SINGLE ACKNOWLEDGMENT

Before me, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared_____

known to me to be the person_____ whose name_____ subscribed to the foregoing instrument, and acknowledged to me that __he__ executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office, this the_____ day of_____, A. D. 19____

_____

Notary Public in and for_____ County, Texas

THE STATE OF TEXAS,

COUNTY OF_____

TEXAS WIFE'S SEPARATE ACKNOWLEDGMENT

Before me, the undersigned authority, a Notary Public, in and for said County and State, on this day personally appeared_____ wife of_____ known to me to be the person whose name is subscribed to the foregoing instrument, and having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said wife, acknowledged the same to be her act and deed, and declared that she had willingly executed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office, this the_____ day of_____, A. D. 19____

_____

Notary Public in and for_____ County, Texas.

THE STATE OF TEXAS,

COUNTY OF_____

TEXAS JOINT ACKNOWLEDGMENT

Before me, the undersigned, a Notary Public in and for said County and State, on this day personally appeared_____ and_____ husband and wife, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed.

And the said wife, having been examined by me privily and apart from her husband, and having had said instrument fully explained to her, she, the said wife, acknowledged the same to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office, this the_____ day of_____, A. D. 19____

_____

Notary Public in and for_____ County, Texas.

THE STATE OF TEXAS,

COUNTY OF_____

TEXAS JOINT ACKNOWLEDGMENT

Before me, the undersigned, a Notary Public in and for said County and State, on this day personally appeared_____ and_____ husband and wife, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed.

And the said wife, having been examined by me privily and apart from her husband, and having had said instrument fully explained to her, she, the said wife, acknowledged the same to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office, this the_____ day of_____, A. D. 19____

_____

Notary Public in and for_____ County, Texas.

TATE OF NEW HAMPSHIRE

F OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1978, _____, a _____ of Dartmouth College, a ration on behalf of said corporation.

_____

Notary Public

mission Expires:_____

No._____

Ratification and Rental Division Order

FROM

TO

Dated_____, 19____

_____ County, Texas

This instrument was filed for record on the _____ day of _____, 19____, at _____ o'clock _____ M., and duly recorded in Book _____ Page _____ _____ Records of this office.

_____

(Official Title)

By_____ Deputy

When Recorded return to

GLEN AARON & ASSOCIATES, INC. *Petroleum Landmen*

PHONE 915-684-4491 P. O. BOX 2391 MIDLAND, TEXAS 79702

September 25, 1978

RECEIVED
SEP 28 1978
MESA - PBD

McLane, Graf, Greene, Raulerson & Middleton
Professional Association
P. O. Box 326
Manchester, New Hampshire 03105

Attention: Mr. Kenneth H. Graf

Subject: Proposed Oil & Gas Lease
Dartmouth College
South Lake Arthur Prospect
Eddy County, New Mexico

Gentlemen:

Please refer to your letter to us dated September 19, 1978 wherein you stated that Dartmouth would execute a lease to our client, Mesa Petroleum Co., on Dartmouth's own form.

We have discussed the above mentioned form with your secretary, Ms. Dorothy Poor, during your absence from your office. Mesa's attorneys have agreed to accept the Dartmouth lease form except for two provisions which I shall attempt to explain:

> Lessor excepts from the lease Page 5, Subparagrph (3) provides "The dominant surface and subsurface estates, etc".

Mesa's attorneys construe this paragraph as revoking lease provisions granted in the lease and request your concurrence on deleting all of numerical paragraph (3).

Dartmouth's lease does not provide for pooling. Usually pooling is not necessary if the tract to be leased contains 320 acres or more. However, the lease proposal to Dartmouth for the W/2 of NE/4 of Section 10 is an 80 acre tract. In the event of gas production (this is a gas prospect) the acre tract could not be included in a total proration unit. The normal gas proration unit in Eddy County is 160 to 320 acres based on depth. If the well was drilled on Dartmouth's interest and the interest not committed to a total unit, the interest would be penalized or shorted as to interest over total acreage in the unit. In the event Dartmouth granted pooling, then its interest would be in proportion to the total acreage in the proration unit. The operator or company drilling and producing the well does not set the size of a proration unit. The company recommends a proration unit to the New Mexico Oil Commission and in turn the commission sets the size of a proration unit based on the acreage that can be efficiently drained by one well.

We hope that the above explains Dartmouth's and our need to pool in the event of gas production. With this in mind, we request that you consider a "Pugh Clause Rider" which grants permission to pool with the provision that 2 years after the end of the primary term all acreage not dedicated to an official proration unit will revert to the lessor (Dartmouth). In effect this provision will give Mesa a chance to get the acreage in a unit and if not done Dartmouth will get its interest back within 5 years.

We will contact you via phone after your return to your office. In the meantime, if you have questions please contact us.

Yours very truly,

Glen Aaron

GA/sa

cc: Mesa Petroleum Co.

GLEN ARON & ASSOCIATES INC.

P. O. BOX 2391 • MIDLAND, TEXAS 79702 • PHONE 915/684-4491

MESSAGE	REPLY
TO Mesa Petroleum Co. 1000 Vaughn Bldg. Midland, Texas 79701 Attention: Mr. John Huckabay	DATE RECEIVED SEP 22 1978 MESA • PBD
DATE 9-22-78 Re: Dartmouth College Lease Eddy County, New Mexico S. Lake Arthur Project	
Gentlemen:	
Attached is letter from Kenneth F. Graf, Attorney for Dartmouth College, along with copy of lease form.	
Please advise if the lease form is acceptable. If so, we shall prepare the lease, RDO and Draft and forward to Dartmouth College.	
Sadie Alther Sadie Alther	
BY Sa	SIGNED

Form N-8738 The Drawing Board, Inc., Box 515, Dallas, Texas

INSTRUCTIONS TO SENDER:
1. KEEP YELLOW COPY. 2. SEND WHITE AND PINK COPIES WITH CARBON INTACT.

INSTRUCTIONS TO RECEIVER:
1. WRITE REPLY. 2. DETACH STUB, KEEP PINK COPY, RETURN WHITE COPY TO SENDER.

622 Res 623A

McLANE, GRAF, GREENE, RAULERSON & MIDDLETON
PROFESSIONAL ASSOCIATION
BOX 326
FORTY STARK STREET
MANCHESTER, NEW HAMPSHIRE 03105
TELEPHONE (603) 625-6464

KENNETH F. GRAF
HARRIET E. MANSFIELD
JOHN R. McLANE, JR.
ROBERT A. RAULERSON
JACK B. MIDDLETON
PETER GUENTHER
JOHN A. GRAF
CHARLES A. DeGRANDPRE
JAMES R. MUIRHEAD
PETER B. ROTCH
ARTHUR G. GREENE
ROBERT A. WELLS
R. DAVID DePUY
JAMES C. HOOD
BRUCE W. FELMLY
STEPHEN J. SELDEN
RICHARD S. SNIERSON
J. CHRISTOPHER MARSHALL
STEPHEN E. BOROFSKY
EDWARD L. CROSS
ROBERT E. JAURON
WAYNE C. BEYER

JOHN R. McLANE
(1912-1968)
JOHN P. CARLETON
(1898-1977)
ARTHUR A. GREENE
OF COUNSEL

3:00 6 Nov.

September 19, 1978

Ms. Sadie Alther
Glen Aaron & Associates, Inc.
P. O. Box 2391
Midland, Texas 79702

Re: Oil & Gas Lease
Dartmouth College
Eddy County, New Mexico
South Lake Arthur Project

Dear Ms. Alther:

Pursuant to our telephone talk today, I am enclosing herein form of lease issued by Dartmouth College with respect to oil and gas transactions in New Mexico.

Dartmouth College is willing to enter into this form of lease on the basis of a $25 per acre bonus for the 20 net mineral acres together with a 3/16 royalty and $1 per acre delay rental for a 3-year term. Likewise, there is no limit on the drilling depth beneath the surface of the land.

However, in the past we have rejected the pooling and other limiting provisions that you requested be added to the lease. If you have further questions, do not hesitate to get in touch with me.

Yours very truly,

Kenneth F. Graf

KFG/kjs
Enclosure

OIL AND GAS LEASE

AGREEMENT made and entered into this day of 19 by and between THE TRUSTEES OF DARTMOUTH COLLEGE, a New Hampshire Corporation, acting herein by and through its proper corporate officers hereunto duly authorized, Hanover, New Hampshire, Party of the first part, hereinafter called Lessor (whether one or more) and

Party of the second part, hereinafter called Lessee:

WITNESSETH, That the said Lessor, for and in consideration of TEN Dollars ($10.00) and other cash consideration in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of Lessee to be paid, kept and performed, but SUBJECT TO the exceptions and reservations hereinafter made and set out, has GRANTED, DEMISED, LEASED and LET and by these presents does GRANT, DEMISE, LEASE and LET unto the said Lessee, for the sole and only purpose of exploring by geophysical and other methods, mining and operating for oil and gas above the depth of feet beneath the surface of the hereinafter described land, and laying pipe lines, and building tanks, power stations and structures thereon to produce, save and take care of said products, all that certain tract of land situate in the County of State of described as follows, to wit:

from the surface thereof down to and including but not below a depth of feet beneath the surface of said land.

It is agreed that this lease shall remain in force for a term of from date, (called "primary term"), and as long thereafter as oil or gas, or either of them, is produced from said land by the Lessee in paying quantities.

In consideration of the premises the said Lessee covenants and agrees:

FIRST: The Lessee shall deliver to the credit of Lessor as royalty, free of cost in the pipe line to which Lessee may connect its wells, the equal 3/16 part of all oil produced and saved from the leased premises, or, at Lessee's option, may buy or sell such 3/16 royalty and pay Lessor the market price for oil of like grade and gravity prevailing in the field on the day such oil is run into pipe lines or into storage tanks.

SECOND: To pay Lessor for gas from each well where gas only is found, the equal 3/16 of the gross proceeds at the prevailing market rate, for all gas used on or off the premises.

THIRD: To pay Lessor for gas produced from any oil well and used on or off the premises, or for the manufacture of casinghead gasoline or dry commercial gas, 3/16 of the gross proceeds at the prevailing market rate for the gas during which time such gas shall be used.

If no well be commenced on said land on or before one year from this date, this lease shall terminate as to both parties, unless the Lessee on or before that date shall pay or tender to the Lessor

Dollars, which shall operate as a rental and cover the privilege of deferring the commencement of a well for twelve (12) months from said date. In like manner and upon like payments or tenders the commencement of a well may be further deferred for like periods of twelve (12) months successively during the primary term of this lease. And it is understood and agreed that the consideration first recited therein, the down payment, covers not only the privileges granted to date when said first rental is payable as aforesaid, but also the Lessee's option of extending that period as aforesaid and any and all other rights conferred. Delay rentals and tenders and all other payments or tenders herein authorized or required may be made in currency, by check or draft of Lessee payable to Lessor by depositing such currency, check or draft in any United States post office on or before the due date, in an envelope with sufficient postage thereon, addressed to Lessor at the Office of its Treasurer, Hanover, New Hampshire.

If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid the Lessor only in proportion which his interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for its operation thereon, except water from wells and tanks of Lessor.

When requested by the Lessor, Lessee shall bury his pipe lines below plow depth.

Lessee shall pay for damages caused by its operations to growing grass and crops on said lands.

Lessee shall have the right within a reasonable time from and after the termination of this lease to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

If the Lessee shall commence to drill a well within the term of this lease or any extension thereof, the Lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of months herein first mentioned.

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors, or assigns but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the Lessee until after the Lessee has been furnished with a written transfer or assignment or a certified copy thereof. And it is hereby agreed in the event this lease shall be assigned as to a part or parts of the above described lands and the assignee or assignees of such part or parts shall fail or make default in the payment of the proportionate part of the rents due from him or them, such default shall not operate to defeat or affect this lease insofar as it covers

a part or parts of said lands upon which the said Lessee or any assignee thereof shall make due payment of said rentals.

Compliance with any now or hereafter existing act, bill or statute purporting to be enacted by any Federal or State legislative authority, or with orders, judgments, decrees, rules, regulations made or promulgated by State or Federal courts, State or Federal offices, boards, commissions or committees purporting to be made under authority of any such act, bill or statute, shall not constitute a violation of any of the terms of this lease or be considered a breach of any clause, obligation, covenant, undertaking, condition or stipulation contained herein, nor shall it be or constitute a cause for the termination, forfeiture, revision or revesting of any estate or interest herein and hereby created and set out, nor shall any such compliance confer any right of entry or become the basis of any action for damages or suit for the forfeiture or cancellation hereof; and while any such purport to be in force and effect they shall, when complied with by Lessee or assigns, to the extent of such compliance operate as modifications of the terms and conditions of this lease where inconsistent therewith.

Lessee agrees to furnish Lessor with copies of all electrical logs and surveys of all wells drilled, together with copies of all completion and other well data, all such copies to be mailed to Lessor at the office of its Treasurer, Hanover, New Hampshire.

Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgage, taxes or other liens on the above described lands in the event of default of payment by Lessor, and be subrogated to the rights of the holder thereof.

NOTWITHSTANDING any and all provisions hereof to the contrary, Lessor hereby EXCEPTS from this lease and RESERVES to and unto itself and

its successors and assigns:

(1) All valuable minerals, matters, materials, solutions and substances (whether known, unknown or subsequently discovered) SAVE and EXCEPT oil and gas, on, in and under or that may be produced from all of the land described in and covered by this lease at all depths, and from all strata, horizons, and formations thereon, therein and thereunder;

(2) All oil and gas on, in and under, or that may be produced from all of the land described in and covered by this lease at all depths, and from all strata, horizons and formations, below a depth of feet beneath the surface of said land; and

(3) The dominant surface and subsurface estates of, on, in and under all of the land described in and covered by this lease for the purposes of conducting exploratory, producing, transporting, treating, processing, refining, marketing, and primary, as well as secondary, recovery operations thereon and therein.

IN TESTIMONY WHEREOF, we sign the day and year first above written.

ATTEST: THE TRUSTEES OF DARTMOUTH COLLEGE

_____ BY _____

Assistant Clerk Treasurer

THE STATE OF NEW HAMPSHIRE

COUNTY OF GRAFTON

The foregoing instrument was acknowledged before me this day of 19 by , Treasurer of The Trustees of Dartmouth College, a New Hampshire corporation, on behalf of said corporation.

_____

Notary Public

My Commission Expires: _____

file

GLEN AARON & ASSOCIATES, INC. *Petroleum Landmen*

PHONE 915-684-4491 P. O. BOX 2391 MIDLAND, TEXAS 79702

September 14, 1978

RECEIVED
SEP 18 1978
MESA - PBD

Mr. Kenneth F. Graf
McLane, Graf, Greene, Raulerson & Middleton
P. O. Box 326
Manchester, New Hampshire 03105

Re: Oil & Gas Lease
Dartmouth College
Eddy County, New Mexico
South Lake Arthur Project

Dear Mr. Graf:

We have made numerous telephone calls to your office and have been unable to talk to you in regard to an oil and gas lease for minerals owned by Dartmouth College in the W/2 of NE/4 of Section 10, T-16-S, R-27-E, NMPM, Eddy County, New Mexico.

We have previously attempted to negotiate a lease with you covering the above described acreage for one of our clients, Murphy Minerals Corporation. Murphy Minerals has now sold this project to Mesa Petroleum Co.

Mesa, whom we also represent, would like to lease the 20 net mineral acres for $25.00 per acre bonus, 3/16 royalty, $1.00 per acre delay rental for a three (3) year term.

If you approve of the above terms, please forward the college lease form to us. We will complete the lease form, prepare a Ratification and Rental Division Order and Bank Draft and send back to you for your review and execution.

Please contact us if you have any questions.

Yours very truly,

Sadie Alther

Sadie Alther

/sa

cc: Mesa Petroleum Co.

HA

GLEN AARON & ASSOCIATES, INC.
P. O. BOX 2391 • MIDLAND, TEXAS 79702 • PHONE 915/684-4491

MESSAGE	REPLY

TO Mesa Petroleum Co.
1000 Vaughn Building
Midland, Texas 79701

Set to file
work file
" Yates
NE/4 10

Attention: Mr. John Huckabay

DATE 9-8-78 Re: Copies of Correspondence
S. Lake Arthur Project
Eddy County, New Mexico

DATE

RECEIVED
SEP 11 1978
MESA • PBD

Gentlemen:

In response to your request, enclosed are copies of correspondence attempting to lease the NE/4 of Sec. 10, T-16-S, R-27-E, NMPM, Eddy County, New Mexico.

Please contact us if you have any questions.

Glen Aaron (sa)

Glen Aaron

BY sa

SIGNED

Form N-873R The Drawing Board, Inc., Box 505, Dallas, Texas

INSTRUCTIONS TO SENDER:
1. KEEP YELLOW COPY. 2. SEND WHITE AND PINK COPIES WITH CARBON INTACT.

INSTRUCTIONS TO RECEIVER:
1. WRITE REPLY. 2. DETACH STUB, KEEP PINK COPY, RETURN WHITE COPY TO SENDER.

June 9, 1978

Mr. Kenneth F. Graf
McLane, Graf, Greene, Raulerson & Middleton
P. O. Box 326
Manchester, New Hampshire 02105

Re: Oil and Gas Lease
Dartmouth College
Eddy County, New Mexico
South Lake Arthur Project

Dear Mr. Graf:

On May 4, 1978, we wrote you concerning the Dartmouth College Lease covering 20 net mineral acres in the West Half of the Northeast Quarter of Section 10, T-16-S, R-27-E, NMPM, Eddy County, New Mexico.

Enclosed with the May 4th letter was a Pugh Clause to be attached to the lease and we stated that it was agreeable for you to eliminate the pooling clause which was sent you previously.

To date, we have not received the lease nor had a reply from you. We would appreciate hearing from you regarding the status of the lease.

Thank you for your anticipated cooperation in this matter.

Yours very truly,

Sadie Alther

cc: Murphy Minerals Corporation

May 4, 1978

Mr. Kenneth F. Graf
McLane, Graf, Greene, Raulerson & Middleton
P. O. Box 326
Manchester, New Hampshire 03105

Re: Oil and Gas Lease
Dartmouth College
Eddy County, New Mexico
South Lake Arthur Project

Dear Mr. Graf:

Pursuant to our telephone conversation of May 2, 1978, it is agreeable for you to eliminate the pooling clause attached to your lease.

The West Half of the Northeast Quarter of Section 10, T-16-S, R-27-E, NMPM, Eddy County, New Mexico in which the 20 acre tract of Dartmouth College lies is in a 160 acre proration unit as set by the laws of New Mexico. Therefore, we are enclosing a Pugh Clause which states that if at the end of the primary term any part of the land included in the lease that is not included in a proration unit upon which there are drilling operations or production, then that part of the land will revert back to Dartmouth College.

We hope this will be acceptable to you. If so, please attach it to the Oil and Gas Lease. Thank you for your cooperation in this matter.

Please contact us if you have any questions.

Yours very truly,

Glen Aaron

/sa
Enclosure
cc: ~~Mesa Petroleum Co.~~
Murphy Minerals Corporation

To Sadie

Date 5-2-78 Time 1:50

WHILE YOU WERE OUT

Mr GRIF - ATTORNEY

of

Phone 603 625-6469
Area Code Number Extension

TELEPHONED	X	PLEASE CALL	X
CALLED TO SEE YOU		WILL CALL AGAIN	
WANTS TO SEE YOU		URGENT	
RETURNED YOUR CALL			

Message Mr. Graf says they will not permit pooling provision as we have attached.

RR
Operator

EFFICIENCY© LINE NO. 4725 AN AMPAD PRODUCT

April 27, 1978

Mr. Kenneth F. Graf
McLane, Graf, Greene, Raulerson & Middleton
P. O. Box 326
Manchester, New Hampshire 03105

Re: Oilsand Gas Lease
Dartmouth College
Eddy County, New Mexico
South Lake Arthur Project

Dear Mr. Graf:

Pursuant to our telephone conversation of this date, enclosed is an Oil and Gas Lease between The Trustees of Dartmouth College, lessor, and Murphy Minerals Corporation, Lessee, covering the W/2 NE/4 of Section 10, T-16-S, R-27-E, NMPM, Eddy County, New Mexico.

A pooling provision clause and shut-in royalty clause have been attached which we feel are necessary as stated in our letter of April 11, 1978.

If you approve, please have authorized persons execute the lease and RDO and endorse the draft (RDO and draft were sent to you with April 11, 1978 letter). Then place all instruments in the College bank for collection. They and The First National Bank of Midland, Texas will transfer the draft amount into the college account before releasing the instrument to us.

Thank you for your consideration of our offer. Please contact us if you have any questions.

Yours very truly,

Glen Aaron & Associates, Inc.

By: _____
Sadie Alther (Mrs.)

sa
Enclosures
cc: Murphy Minerals Corporation
Mr. Tommy Welch

OIL AND GAS LEASE

AGREEMENT made and entered into this 11th day of April 19 78 by and between THE TRUSTEES OF DARTMOUTH COLLEGE, a New Hampshire Corporation, acting herein by and through its proper corporate officers hereunto duly authorized, Hanover, New Hampshire, Party of the first part, hereinafter called Lessor (whether one or more) and MURPHY MINERALS CORPORATION

Party of the second part, hereinafter called Lessee:

WITNESSETH, That the said Lessor, for and in consideration of TEN Dollars ($10.00) and other cash consideration in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of Lessee to be paid, kept and performed, but SUBJECT TO the exceptions and reservations hereinafter made and set out, has GRANTED, DEMISED, LEASED and LET and by these presents does GRANT, DEMISE, LEASE and LET unto the said Lessee, for the sole and only purpose of exploring by geophysical and other methods, mining and operating for oil and gas, ~~xxxxxxxxxxxxxxxxxxxxxxxxxxxxx~~ to all depths ~~feet~~ beneath the surface of the hereinafter described land, and laying pipe lines, and building tanks, power stations and structures thereon to produce, save and take care of said products, all that certain tract of land situate in the County of Eddy State of New Mexico described as follows, to wit:

Township 16 South, Range 27 East, NMPM
Section 10: West Half Northeast Quarter (W/2 NE/4)

from the surface thereof down to and including ~~xxxxxxxxxxxxxxxxxxxxxxxxxxxxx~~ all depths ~~feet~~ beneath the surface of said land.

It is agreed that this lease shall remain in force for a term of three (3) years from date, (called "primary term"), and as long thereafter as oil or gas, or either of them, is produced from said land by the Lessee in paying quantities.

In consideration of the premises the said Lessee covenants and agrees:

FIRST: The Lessee shall deliver to the credit of Lessor as royalty, free of cost in the pipe line to which Lessee may connect its wells, the equal 3/16 part of all oil produced and saved from the leased premises, or, at Lessee's option, may buy or sell such 3/16 royalty and pay Lessor the market price for oil of like grade and gravity prevailing in the field on the day such oil is run into pipe lines or into storage tanks.

SECOND: To pay Lessor for gas from each well where gas only is found, the equal 3/16 of the gross proceeds at the prevailing market rate, for all gas used on or off the premises.

THIRD: To pay Lessor for gas produced from any oil well and used on or off the premises, or for the manufacture of casinghead gasoline or dry commercial gas, 3/16 of the gross proceeds at the prevailing market rate for the gas during which time such gas shall be used.

If no well be commenced on said land on or before one year from this date, this lease shall terminate as to both parties, unless the Lessee on or before that date shall pay or tender to the Lessor Eighty and No/100 ($80.00) ---------- Dollars, which shall operate as a rental and cover the privilege of deferring the commencement of a well for twelve (12) months from said date. In like manner and upon like payments or tenders the commencement of a well may be further deferred for like periods of twelve (12) months successively during the primary term of this lease. And it is understood and agreed that the consideration first recited therein, the down payment, covers not only the privileges granted to date when said first rental is payable as aforesaid, but also the Lessee's option of extending that period as aforesaid and any and all other rights conferred. Delay rentals and tenders and all other payments or tenders herein authorized or required may be made in currency, by check or draft of Lessee payable to Lessor by depositing such currency, check or draft in any United States post office on or before the due date, in an envelope with sufficient postage thereon, addressed to Lessor at the Office of its Treasurer, Hanover, New Hampshire.

If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid the Lessor only in proportion which his interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for its operation thereon, except water from wells and tanks of Lessor.

When requested by the Lessor, Lessee shall bury his pipe lines below plow depth.

Lessee shall pay for damages caused by its operations to growing grass and crops on said lands.

Lessee shall have the right within a reasonable time from and after the termination of this lease to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

If the Lessee shall commence to drill a well within the term of this lease or any extension thereof, the Lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of months herein first mentioned.

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors, or assigns but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the Lessee until after the Lessee has been furnished with a written transfer or assignment or a certified copy thereof. And it is hereby agreed in the event this lease shall be assigned as to a part or parts of the above described lands and the assignee or assignees of such part or parts shall fail or make default in the payment of the proportionate part of the rents due from him or them, such default shall not operate to defeat or affect this lease insofar as it covers

a part or parts of said lands upon which the said Lessee or any assignee thereof shall make due payment of said rentals.

Compliance with any now or hereafter existing act, bill or statute purporting to be enacted by any Federal or State legislative authority, or with orders, judgments, decrees, rules, regulations made or promulgated by State or Federal courts, State or Federal offices, boards, commissions or committees purporting to be made under authority of any such act, bill or statute, shall not constitute a violation of any of the terms of this lease or be considered a breach of any clause, obligation, covenant, undertaking, condition or stipulation contained herein, nor shall it be or constitute a cause for the termination, forfeiture, revision or revesting of any estate or interest herein and hereby created and set out, nor shall any such compliance confer any right of entry or become the basis of any action for damages or suit for the forfeiture or cancellation hereof; and while any such purport to be in force and effect they shall, when complied with by Lessee or assigns, to the extent of such compliance operate as modifications of the terms and conditions of this lease where inconsistent therewith.

Lessee agrees to furnish Lessor with copies of all electrical logs and surveys of all wells drilled, together with copies of all completion and other well data, all such copies to be mailed to Lessor at the office of its Treasurer, Hanover, New Hampshire.

Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgage, taxes or other liens on the above described lands in the event of default of payment by Lessor, and be subrogated to the rights of the holder thereof.

NOTWITHSTANDING any and all provisions hereof to the contrary, Lessor hereby EXCEPTS from this lease and RESERVES to and unto itself and

its successors and assigns:

(1) All valuable minerals, matters, materials, solutions and substances (whether known, unknown or subsequently discovered) SAVE and EXCEPT oil and gas, on, in and under or that may be produced from all of the land described in and covered by this lease at all depths, and from all strata, horizons, and formations thereon, therein and thereunder;

~~(2) All oil and gas on, in and under, or that may be produced from all of the land described in and covered by this lease at all depths, and from all strata, horizons and formations, below a depth of _____ feet beneath the surface of said land; and~~

(3) The dominant surface and subsurface estates of, on, in and under all of the land described in and covered by this lease for the purposes of conducting exploratory, producing, transporting, treating, processing, refining, marketing, and primary, as well as secondary, recovery operations thereon and therein.

IN TESTIMONY WHEREOF, we sign the day and year first above written.

ATTEST: THE TRUSTEES OF DARTMOUTH COLLEGE

_____ BY _____

Assistant Clerk Treasurer

THE STATE OF NEW HAMPSHIRE

COUNTY OF GRAFTON

The foregoing instrument was acknowledged before me this ____ day of _____ 19 ____ by _____, Treasurer of The Trustees of Dartmouth College, a New Hampshire corporation, on behalf of said corporation.

_____

Notary Public

My Commission Expires: _____

At any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas and/or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut-in, and thereafter at annual intervals, lessee may pay or tender an advance annual shut-in royalty equal to the amount of delay rentals provided for in this lease for the acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered this lease shall not terminate and it will be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing, or be paid or tendered to the credit of such party or parties in the depository bank and in the manner hereinafter provided for the payment of rentals.

Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, lease, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the New Mexico Oil Conservation Commission or by other lawful authority for the pool or area in which said land is situated, plus a tolerance of 10%. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the number of surface acres in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment of delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

The Trustees of Dartmouth College

By:_____

April 11, 1978

Mr. Kenneth F. Graf
McLane, Graf, Greene, Raulerson & Middleton
P. O. Box 326
Manchester, New Hampshire 03105

Re: Lease Proposal
Dartmouth College
Eddy County, New Mexico
South Lake Arthur Project

Dear Mr. Graf:

Pursuant to our recent telephone conversations, we have not received a reply from you regarding our offer to lease the 1/4 mineral interest (20 net acres) of Dartmouth College in the W/2 NE/4, Section 10, T-16-S, R-27-E, NMPM, Eddy County, New Mexico.

Our client, Murphy Minerals Corporation, has authorized us to offer you $25.00 per acre bonus, 3/16 royalty, $1.00 per acre delay rental for a three (3) year term.

You submitted to us with your July 11, 1977 letter a standard lease form used by the College. The lease form is satisfactory but we feel the following clauses are necessary to add:

1. Pooling provision allowing us to pool this acreage up to a 320 acre proration unit. The size of this proration unit was established by the State of New Mexico. A clause could also be added which states that 2 years after the end of the primary term, any acreage not included in the proration unit would not be held by production of the unit.

2. Shut-in royalty payment clause - Necessary because of the problem of availability of pipelines. No gas purchaser will put in a pipeline unless it is economicably feasible and drilling is the only way to determine this.

3. We are interested in leasing to all depths.

If you approve of these additions, please proceed with the preparation of the lease on the College form adding the above clauses by means of a rider. We are enclosing a Ratification and Rental Division Order and Bank Draft in the amount of $500.00. Please execute the Ratification and Rental Division Order before a Notary

Public and endorse the draft. Then place all instruments in the College bank for collection. Your bank and The First National Bank of Midland, Texas will transfer the draft amount in the designated bank before releasing the instruments to us.

Thank you for your consideration of the above terms. Your prompt attention will be appreciated.

Please contact us if you have any questions.

Yours very truly,

Glen Aaron & Associates, Inc.

By: _____
Sadie Alther (Mrs.)

cc: Murphy Minerals Corporation

KENNETH F. GRAF
HARRIET E. MANSFIELD
JOHN R. McLANE, JR.
ROBERT A. RAULERSON
JACK B. MIDDLETON
PETER GUENTHER
JOHN A. GRAF
CHARLES A. DeGRANDPRE
JAMES R. MUIRHEAD
PETER B. ROTCH
ARTHUR G. GREENE
ROBERT A. WELLS
R. DAVID DePUY
JAMES C. HOOD
BRUCE W. FELMLY
STEPHEN J. SELDEN
RICHARD B. SNIERSON
J. CHRISTOPHER MARSHALL
STEPHEN E. BOROFSKY
EDWARD L. CROSS
ROBERT E. JAURON

McLANE, GRAF, GREENE, RAULERSON & MIDDLETON
PROFESSIONAL ASSOCIATION
BOX 326
FORTY STARK STREET
MANCHESTER, NEW HAMPSHIRE 03105
TELEPHONE (603) 625-6464

JOHN R. McLANE
(1912-1988)
JOHN P. CARLETON
(1898-1977)
ARTHUR A. GREENE
OF COUNSEL

Project: Lake Arthur
Client mne

February 15, 1978

RECEIVED
FEB 20 1978
EEE

Glen Aaron & Associates, Inc.
P. O. Box 2391
Midland, Texas 79702

Attention: Sandra R. Tidwell

Re: Lease Proposal
Dartmouth College
Eddy County, New Mexico
South Lake Arthur Project

Dear Mrs. Tidwell:

This material recently came across my desk for re-examination and I am writing to you to see whether or not there is still any interest in the matters covered by your letter to me of July 26, 1977.

Yours very truly,

Kenneth F. Graf

Kenneth F. Graf

KFG:dp

GLEN AARON & ASSOCIATES, INC. *Petroleum Landmen*

PHONE 915-684-4491 P. O. BOX 2391 MIDLAND, TEXAS 79702

July 26, 1977

Mr. Kenneth F. Graf
McLane, Graf, Greene, Raulerson
& Middleton
P. O. Box 326
Manchester, New Hampshire 03105

Re: Lease Proposal
Dartmouth College
Eddy County, New Mexico
South Lake Arthur Project

Dear Mr. Graf:

We have reviewed the lease form you submitted to us regarding our offer to lease the interest of Dartmouth College in the W/2 NE/4, Section 10, T-16-S, R-27-E, NMPM, Eddy County, New Mexico.

The terms agreed on previously by the College were $15.00 per acre bonus, 3/16 royalty, $1.00 per acre delay rental for a three (3) year term.

In addition to those provisions in the lease form you submitted, we feel that the following clauses are necessary to this lease:

1. Pooling provision allowing us to pool this acreage up to a 320 acre proration unit. The size of this proration unit was established by the State of New Mexico. A clause could also be added which states that 2 years after the end of the primary term, any acreage not included in the proration unit would not be held by production of the unit.

2. Shut-in royalty payment clause - Necessary because of the problem of availability of pipelines. No gas purchaser will put in a pipeline unless it is economicably feasible and drilling is the only way to determine this.

3. We are interested in leasing to all depths.

If you approve of these additions, please proceed with the preparation of the lease on the College form adding the above clauses by means of a rider. The draft should be in the amount of $300.00 to The First National Bank of Midland, Texas.

Thank you for your consideration of the above terms and please contact us if you have any questions.

Yours very truly,

Sandra R. Tidwell

Sandra R. Tidwell

srt

KENNETH F. GRAF
HARRIET E. MANSFIELD
JOHN R. McLANE, JR.
ARTHUR A. GREENE
ROBERT A. RAULERSON
JACK B. MIDDLETON
PETER GUENTHER
JOHN A. GRAF
CHARLES A. DeGRANDPRE
JAMES R. MUIRHEAD
PETER B. ROTCH
ARTHUR G. GREENE
ROBERT A. WELLS
R. DAVID DePUY
GRENVILLE CLARK, III
JAMES C. HOOD
BRUCE W. FELMLY
STEPHEN J. SELDEN
RICHARD S. SNIERSON
J. CHRISTOPHER MARSHALL
STEPHEN E. BOROFSKY
JON GROETZINGER, JR.
EDWARD L. CROSS
ROBERT E. JAURON

McLANE, GRAF, GREENE, RAULERSON & MIDDLETON
PROFESSIONAL ASSOCIATION
BOX 326
FORTY STARK STREET
MANCHESTER, NEW HAMPSHIRE 03105
TELEPHONE (603) 625-6464

JOHN R. McLANE
(1912-1968)
JOHN P. CARLETON
(RETIRED)

RECEIVED
JUL 15 1977
E.L.R.

July 11, 1977

File
Prospect So Like Arthur

Glen Aaron & Associates, Inc.
P. O. Box 2391
Midland, Texas 79702

Attention: Sandra R. Tidwell

Re: Murphy Minerals Corporation Proposed Lease

Gentlemen:

I represent Dartmouth College and your letter to it dated May 13, 1977 concerning a proposed oil and gas lease in Eddy County, New Mexico, has been submitted to me for consideration.

In the past the College has utilized its own standard form of lease, a copy of which is enclosed. If you are interested in executing a lease in this form, with a 3/16th royalty, a $25 per acre bonus, and a $1.00 per acre delay rental for a 3-year term, we will prepare such a lease.

Yours very truly,

Kenneth F. Graf

KFG:dp
cc: Dartmouth College
Enclosure

Tommy Gage no & $25. Ok for Graf to call me. This was not my agreement at all. He agreed at $15 per ac + 3/16

July 5, 1977

Mr. John F. Meck
Dartmouth College
P. O. Box 31
Hanover, New Hampshire 03755

Re: Oil & Gas Lease
W/2 NE/4 Section 10
Eddy County, New Mexico
South Lake Arthur Project

Dear Mr. Meck:

Pursuant to your letter of June 21, 1977, regarding a 3/16 royalty in place of a 1/8 royalty, enclosed are two copies of a rider putting forth this change. The rider is numbered "12" and should be fastened to the bottom of the lease right after Number 11.

20 net acres

If you now approve of the lease terms of $15.00 per acre bonus, 3/16 royalty, $1.00 per acre delay rental for a three (3) year term, please have the lease executed before a Notary Public, along with the Ratification and Rental Division Order. Then endorse the draft, and place the properly executed instruments in your depository bank for collection to your account. Your bank and The First National Bank of Midland, Texas, will transfer the draft amount into your account before releasing the instruments to us. Please remember to fill in the Title Questionnaire and place it in the bank along with the other papers.

Thank you for your consideration of this offer, and please contact us if you have any questions.

Yours very truly,

Sandra R. Tidwell

srt
Enclosures
cc: Murphy Minerals Corporation

Dartmouth College HANOVER · NEW HAMPSHIRE · 03755

P.O. Box 31 · TEL. (603) 646-2443

JOHN F. MECK
Vice President and
Chairman of the
Investment Committee

RECEIVED
JUN 27 1977

June 21, 1977

Ms. Sandra R. Tidwell
Glen Aaron & Assoc., Inc.
P.O. Box 2391
Midland, Texas 79702

Re: Oil & Gas Lease
W/2 NE/4 Section 10
Eddy County, New Mexico
South Lake Arthur Project

Dear Ms. Tidwell:

This is a follow up on our telephone conversation some time ago in response to your letter May 13 enclosing a proposed oil and gas lease for Dartmouth Colleges examination and consideration. As you will recall when we talked on the telephone I said I was going to Rosewell, New Mexico and would endeavor to call you while I was out there. I did endeavor to reach you from Denver but you were out of the office and either then or in a later attempt I left a message that Dartmouth had been making leases on the basis of a 3/16 rather than 1/8. I asked if your client Murphy Minerals Corporation would be interested on that basis.

I will hold the lease and the other documents until I hear from you.

Very truly yours,

John F. Meck

JFM:sb

P.S. I just found a telephone message that you had called on June 10. I think I will send this letter anyway and await word from you.

EXHIBIT IV

Case No. 6600

MESA PETROLEUM CO.
COMPULSORY POOLING

E½ Section 10, T-16-S, R-27-E
Eddy County, New Mexico

Ex 4
relates to
Cook Wells
in E/2 NE/4

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
Mesa EXHIBIT NO. 4
CASE NO. 6600

GLEI AARON & ASSOCIATE , INC.

P. O. BOX 2391 • MIDLAND, TEXAS 79702 • PHONE 915/684-4491

MESSAGE

TO Mesa Petroleum Co.
1000 Vaughn Bldg.
Midland, Texas 79701

Attention: Mr. John Huckabay

DATE 10-2-78 Re: Address Request
Othal C. or Ruby Cook Crail
South Lake Arthur Prospect
Eddy County, New Mexico

Gentlemen:

Enclosed is our answer from Oklahoma DPS for an address of Othal C. or Ruby Cook Crail in subject prospect.

We have exhausted all leads in trying to locate these people and the other lessors connected with this lease.

If you have any suggestions or advice, please contact us.

Sadie Alther

BY Sadie Alther

REPLY

DATE

RECEIVED
OCT 04 1978
MESA • PBD

SIGNED

Form N-873 © The Drawing Board, Inc., Box 505, Dallas, Texas

INSTRUCTIONS TO SENDER:
1. KEEP YELLOW COPY. 2. SEND WHITE AND PINK COPIES WITH CARBON INTACT.

INSTRUCTIONS TO RECEIVER:
1. WRITE REPLY. 2. DETACH STUB, KEEP PINK COPY, RETURN WHITE COPY TO SENDE

DATE	RECEIVED FROM		AMOUNT
9-7-78	Don Aaron & Assoc.		3.00

OKLAHOMA DEPARTMENT OF PUBLIC SAFETY **No.** 25457

P.O. BOX 11415

OKLAHOMA CITY, OKLAHOMA 73111

ACCIDENT RECORDS ☐ FINANCIAL RESPONSIBILITY ☐

DRIVERS RECORDS ☑

VEHICLE INSPECTION DIVISION ☐

BY AG

DEPARTMENT OF PUBLIC SAFETY

Driver Records Service, Box 11415
Oklahoma City, Oklahoma 73111

Each request must be prepaid by check or money order – Fee $3.00 per request

Information to be furnished by Requesting Agency

INFORMATION REQUEST ON: (Type or Print)

NAME Crail, Othal C. or Ruby
Last First Middle or Maiden

ADDRESS _____

CITY _____

BIRTHDATE: _____ Driver License No. _____ Exp.
Mo. Day Year

Type of License [ ] Opr. [ ] Chauf. [ ] C. Chauf.

REQUEST BY: (Type or Print)

Name _____

Address _____

City _____

Information furnished by Department of Public Safety

[XX] No driver license or record in name and license no. given.

[ ] No traffic violations, accidents, or dept. action on state file.

NOTICE:

Oklahoma State Law requires the Department of Public Safety to record all motor vehicle accidents without regard to fault.

Accident involvement indicated on this report does not mean this individual was at fault or given a citation.

REPORT OF VIOLATIONS AND ACCIDENTS DURING PAST FIVE YEARS

DATE	OFFENSE/INCIDENT Where There Was A P.G./B.F./or Con.	COURT	LOCATION

RECEIVED
OCT 2 1978

Departmental Action

9-28-78 kd
DATE CHECK WAS MADE

DL-99
CF-DPS Rev.76-22-10

GLEN AARON & ASSOCIATES, INC. *Petroleum Landmen*

PHONE 915-684-4491 P. O. BOX 2391 MIDLAND, TEXAS 79702

RECEIVED
SEP 28 1978
MESA - PBD

September 25, 1978

Oklahoma Department of Public Safety
P. O. Box 11415
Oklahoma City, Oklahoma 73136

Re: Address for Othal C. Crail or
Ruby Cook Crail
S. Lake Arthur Project
Eddy County, New Mexico

Gentlemen:

Enclosed is our check in the amount of $3.00 covering your fee to furnish us with an address of Othal C. Crail or Ruby Cook Crail.

We have no other information on these people other than their names. We do not know their driver license numbers or dates of birth.

Any information you can give us regarding the location of the Crails will be appreciated.

Yours very truly,

Sadie Alther

Sadie Alther

/sa

cc: Mesa Petroleum Co.

Oklahoma Department of Public Safety

P.O. BOX 11415
OKLAHOMA CITY, OKLA. 73136

GEORGE STRATTON
Commissioner

DARRELL WIEMERS
Assistant Commissioner

RECEIVED
SEP 25 1978
D.E.R.

September 21, 1978

Glen Aaron & Associates, Inc.
P.O. Box 2391
Midland, TX 79702

RE: Current Address-Othal C. Crail
Ruby Cook Crail

Gentlemen:

In reference to your letter of Sept. 19, 1978 we wish to inform you that this Department charges a fee of $3.00 per request for our services. Please furnish this office with the full name, driver license number and date of birth for positive identification.

We are holding your letter awaiting arrival of the required fee. Please make your remittance to the Department of Public Safety and upon receipt of same, we shall continue with your request.

Please refer to this letter when replying.

Yours very truly,

FOR THE COMMISSIONER

Charles R Hughes

CHARLES R. HUGHES, Director
Central Files Division

CRH/kd

cc: Holding

DL-47

GLEN AARON & ASSOCIATES, INC. *Petroleum Landmen*

PHONE 915-684-4491 P. O. BOX 2391 MIDLAND, TEXAS 79702

September 19, 1978

RECEIVED
SEP 20 1978
MESA - PBD

Department of Motor Vehicles
Driver Services Division
3600 N. Eastern
Oklahoma City, Oklahoma 73100

Attention: Drivers License Department

Re: Address of Othal C. Crail
or Ruby Cook Crail
South Lake Arthur Prospect
Eddy County, New Mexico

Gentlemen:

We are trying to locate Othal C. Crail or Ruby Cook Crail for the purpose of leasing a mineral interest in some land in New Mexico. The last lease signed by them gave an Oklahoma bank as their depository bank.

Would it be possible to refer to your drivers license records to see if these people have a current drivers license address or perhaps you could locate an address on an expired license?

We have made a thorough search for the location of these people in New Mexico. Any information you can provide will be appreciated. A self addressed envelope is enclosed for your convenience in replying. If there is a charge for this service, please invoice us. Or if you prefer, we will send payment in advance of receiving the information.

Thank you for your cooperation.

Yours very truly,

Sadie Alther

Sadie Alther

/sa

cc: Mesa Petroleum Co.

STATE OF NEW MEXICO
DEPARTMENT OF MOTOR VEHICLES
MANUEL LUJAN SR. BUILDING, SANTA FE, NEW MEXICO 87503

RECEIVED
JUN 15 1977
G. A. & A.

File
Prospect Glen Aaron
Client mmc

June 13, 1977

Glen Aaron & Associates, Inc.
Attn: Sandra R. Tidwell
P.O. Box 2391
Midland, Texas 79701

RE/ Miles P. Cook, Jr.
Jack Cook
Ada J. Nichols
JEANNE

Dear Ms. Tidwell:

We have researched our files for the above mentioned individuals and only find information on (2) two persons with the name Jack Cook.

We found Jack E. Cook (NO PHONE) with a date of birth of June 3, 1942, address is 3501 Juan Tabo, North East, Albuquerque, New Mexico, 87111. The other being, a ~~Mr. Jack P. Cook,~~ date of birth February 27, 1932, address 11400 Constitution. North East. Albuquerque. New Mexico. 87112.

If you wish photo-copies of any one of these, the cost is ($3.00) three dollars per copy.

Sincerely,

Joe M. Dominguez, Director
Driver Services Division

JRD:MLS:so

JACK COOK
ROYAL ORDER COLA.
SAME AS 3501 JUAN TABO

DAVID CODIC
3501 JUAN TABO N/O PHONE
87111

June 6, 1977

Department of Motor Vehicles
Driver Services Division
Manuel Lujan, Sr., Building
Santa Fe, New Mexico 87503

Re: Address Request
Miles P. Cook, Jr.
Ada Jeanne Nichols
Eddy County, New Mexico
South Lake Arthur Project

Gentlemen:

Pursuant to your request, enclosed is the form you sent us along with our check in the amount of $2.20 to cover the cost for providing addresses on Miles P. (M. P.) Cook, Jr. and Ada Jeanne Nichols.

We have no information on either except their names and the belief that both reside somewhere in New Mexico. As mentioned in previous correspondence, we are interested in leasing for oil and gas their mineral interest in some lands located in Eddy County, New Mexico.

Any information or assistance you can provide will be greatly appreciated.

Thank you for your cooperation.

Yours very truly,

Sandra R. Tidwell

srt
Enclosure

cc: Murphy Minerals Corporation

STATE OF NEW MEXICO
DEPARTMENT OF MOTOR VEHICLES
MANUEL LUJAN SR. BUILDING, SANTA FE, NEW MEXICO 87503

June 1, 1977

Glen Aaron & Associates Inc
P.O. Box 2391
Midland, Texas 79702

"PLEASE RETURN THIS FORM IN ORDER TO PROCESS YOUR REQUEST"

- ☐ DRIVING RECORD
- ☐ CLEARANCE LETTER
- ☐ COPY OF DRIVER'S LICENSE
- ☐ PHOTO COPIES OF CITATIONS
- ☐ EXTENSION on EXPIRED OR LOST LICENSE

"THE FOLLOWING INFORMATION IS NEEDED ON BLOCK(S) CHECKED"

- ☐ COMPLETE NAME: ~~COOK, M.P.~~ Miles P Cook, Jr. AND NICHOLS ADA JEANNE
- ☒ ~~XX~~ DATE OF BIRTH ?
- ☒ ~~XX~~ SOCIAL SEC.# ?

"FEE'S REQUIRED AS CHECKED"

		$2.20
☒ ~~XX~~	DRIVING RECORD: FOR INSURANCE PURPOSES (3yr. HISTORY)	$1.10
☐	CLEARANCE LETTER: TO APPLY FOR LICENSE IN THAT STATE.	$1.10
☐	COPY OF DRIVER'S LICENSE: THIS IS ONLY A PHOTO-COPY.	$3.00
☐	EXTENSION LETTER: 15 DAY'S IN WHICH TO DRIVE BACK HOME ON (ONLY)	$1.10
☒	ADDRESS INFORMATION: ONLY	($1.10)
☐	PHOTO-COPIES OF CITATIONS:	$3.00
	additional copies	50¢

RETURN TO:

DEPARTMENT OF MOTOR VEHICLES
DRIVER SERVICES DIVISION
MANUEL LUJAN, SR., BLDG.
SANTA FE, NEW MEXICO 87503

Request
DMV-10037
Driver Services Div.
Revised Jun. 76

May 27, 1977

Department of Motor Vehicles
Manuel Lujon Building
Santa Fe, New Mexico 87501

Attention: Drivers License Department

Re: M. P. Cook
South Lake Arthur Project
Eddy County, New Mexico

Gentlemen:

We are trying to locate several residents of Albuquerque and Portales by the names of M. P. Cook, Jr. and Jack Cook both of Albuquerque and Ada Jeanne Nichols of Portales.

M. P. Cook and his heirs have a mineral interest in some land in Eddy County, New Mexico and we are interested in leasing this interest.

Would it be possible to refer to your drivers license records to see if these people have a current drivers license address or perhaps you could locate an address on an expired license.

We have made a thorough search for the location of these people. As you can see, we certainly could use any information you could provide. A self-addressed envelope is enclosed for your convenience in replying to this inquiry.

Thank you for your anticipated cooperation.

Yours very truly,

C. M. Tilley

By:_____
Charles Northington

CN/sa

cc: Murphy Minerals Corporation

EXHIBIT V

Case No. 6600

MESA PETROLEUM CO.
COMPULSORY POOLING

E½ Section 10, T-16-S, R-27-E
Eddy County, New Mexico

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
Mesa EXHIBIT NO. 5
CASE NO. 6600

MESA PETROLEUM CO.

AFE/COST ESTIMATE

Permian Basin
Co./Div./Subsid./Dept.

AFE = 79-363
ID = 01-05-NM-0947-0010-001-0
Code General Account =
Exploratory ____ Development X

LEASE, WELL NAME, AND LOCATION Cook Fed Com #1 1980' FNL & 660' FEL, Sec 10, T16S, R27E, Eddy County, New Mexico

DESCRIPTION Cost estimate to drill and complete an 8800' flowing Morrow gas well, complete with anticipated production equipment and storage tank.

Sub Acct. Codes	ITEM DESCRIPTION	Dry Hole Cost	Completion Cost	Producer/ Other
X01	DRILLING—FOOTAGE Ft. At $ /Ft.	$	$	$
X02	DRILLING or COMPLETION RIG MI-RU, RD-MO—DAY WORK	17,000		17,000
	(A) DAY WORK 35 DAYS at $ 4400 /DAY	154,000	6,000	160,000
X03	DRILLING or COMPLETION RIG			
	(A) BOILER DAYS At $ /DAY			
	(B) CAMP & CATERING DAYS At $ /DAY			
	(C) OTHER DAYS At $ /DAY			
X04	CEMENTING SERVICES, CEMENT & ACCESSORIES	12,000	10,000	22,000
X05	MUD, CHEMICALS, SERVICES & EQUIP. (A) MUD, CHEM., OIL	15,000		15,000
	(B) MUD ENGINEER			
	(C) WATER	8,000	2,000	10,000
X06	LOGS, TESTING & MUD LOGGING UNIT	25,000		25,000
X07	DRILL STEM TEST & RELATED TESTING EQUIPMENT	4,000		4,000
X08	PERFORATING, WELL STIMULATION SERVICES		15,000	15,000
X09	LOCATION, ROADS, SURVEYS, AIRSTRIPS	15,000	1,000	16,000
X10	LABOR, SUPERVISION, ENGINEERING & OVERHEAD	7,000	3,000	10,000
X11	RENTAL EQUIPMENT & TOOLS	5,000	2,000	7,000
X12	ROCK BITS, HOLE OPENERS, REAMERS, STABILIZERS	20,000		20,000
X13	HAULING & FREIGHT	5,000	3,000	8,000
X14	MOBILIZATION - INSTALLATION			
X15	DEMOBILIZATION - DISMANTLING & SALVAGE			
X16	SUPPLYBOATS, CREWBOATS, BARGES, TUGS			
X17	FUEL, LUBES, POWER	15,000		15,000
X18	SHOREBASE, OFFICE, DOCK FEE & CRANES			
X19	AIRCRAFT RENTALS—HELICOPTERS, FIXED WING			
X20	DIVERS AND RELATED EQUIPMENT			
X21	MISCELLANEOUS	20,000	5,000	25,000
X22	COST to ABANDON (NOT INCLUDED IN PRODUCER TOTAL)	10,000 *		
	Total Intangible & Non-Controllable Costs	$ 332,000	$ 47,000	$ 369,000 *
X41	BUOYS AND MARKERS	$	$	$
X42	CASING/TUBULARS			
	(A) 400 FT. OF 13-3/8" OD $ 15.00 /FT.	6,000		6,000
	(B) 1600 FT. OF 8-5/8" OD $ 9.00 /FT.	14,400		14,400
	(C) 8800 FT. OF 4-1/2" OD $ 5.00 /FT.		44,000	44,000
	(D) FT. OF " OD $ /FT.			
	(E) 8800 FT. OF 2-3/8" OD $ 3.00 /FT.		26,400	26,400
X43	WELL HEAD & GUIDE STRUCTURE	3,000	11,000	14,000
X44	SUB-SURFACE WELL EQUIPMENT		4,000	4,000
X45	SURFACE WELL EQUIPMENT		2,000	2,000
X46	OTHER MAJOR EQUIPMENT			
	(A) Gas Production Unit		15,000	15,000
	(B) 300 bbl production stock tank		4,000	4,000
	(C)			
X47	BUILDINGS			
X48	ELECTRICAL & INSTRUMENTATION EQUIPMENT			
X49	INSTALLATION, MATERIALS, & SERVICES		5,000	5,000
	Total Tangible Controllable & Non-Controllable Costs	$ 23,400	$ 111,400	$ 134,800
	Total Costs	$ 355,400	$ 158,400	$ 503,800 *

Steve Douglas	Engineer	7-23-79	Mesa WI	
Prepared By	Title	Date	Others WI	
	Operations Mgr.			
Mesa Approved	Title	Date		
	V.P. Operations			
Mesa Approved	Title	Date		
Mesa Approved	Title	Date		
WI Approval Company	By	Title	Date	

EXHIBIT VI

Case No. 6600

MESA PETROLEUM CO.
COMPULSORY POOLING

E½ Section 10, T-16-S, R-27-E
Eddy County, New Mexico

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
Mesa EXHIBIT NO. 6
CASE NO. 6600

A.A.P.L. FORM 610 - 1977

MODEL FORM OPERATING AGREEMENT

COOK FED. COM.

OPERATING AGREEMENT

DATED

July 23, , 1979 ,

OPERATOR MESA PETROLEUM CO.

CONTRACT AREA E½ Section 10, Township 16 South, Range 27 East

COUNTY OR PARISH OF Eddy STATE OF New Mexico

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AMERICAN ASSOCIATION OF PETROLEUM LANDMEN
APPROVED FORM. A.A.P.L. NO. 610 - 1977 REVISED
MAY BE ORDERED DIRECTLY FROM THE PUBLISHER
KRAFTBILT PRODUCTS, BOX 800, TULSA 74101

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OPERATING AGREEMENT

THIS AGREEMENT, entered into by and between Mesa Petroleum Co., hereinafter designated and referred to as "Operator", and the signatory party or parties other than Operator, sometimes hereinafter referred to individually herein as "Non-Operator", and collectively as "Non-Operators",

WITNESSETH:

WHEREAS, the parties to this agreement are owners of oil and gas leases and/or oil and gas interests in the land identified in Exhibit "A", and the parties hereto have reached an agreement to explore and develop these leases and/or oil and gas interests for the production of oil and gas to the extent and as hereinafter provided:

NOW, THEREFORE, it is agreed as follows:

ARTICLE I.
DEFINITIONS

As used in this agreement, the following words and terms shall have the meanings here ascribed to them:

A. The term "oil and gas" shall mean oil, gas, casinghead gas, gas condensate, and all other liquid or gaseous hydrocarbons and other marketable substances produced therewith, unless an intent to limit the inclusiveness of this term is specifically stated.

B. The terms "oil and gas lease", "lease" and "leasehold" shall mean the oil and gas leases covering tracts of land lying within the Contract Area which are owned by the parties to this agreement.

C. The term "oil and gas interests" shall mean unleased fee and mineral interests in tracts of land lying within the Contract Area which are owned by parties to this agreement.

D. The term "Contract Area" shall mean all of the lands, oil and gas leasehold interests and oil and gas interests intended to be developed and operated for oil and gas purposes under this agreement. Such lands, oil and gas leasehold interests and oil and gas interests are described in Exhibit "A".

E. The term "drilling unit" shall mean the area fixed for the drilling of one well by order or rule of any state or federal body having authority. If a drilling unit is not fixed by any such rule or order, a drilling unit shall be the drilling unit as established by the pattern of drilling in the Contract Area or as fixed by express agreement of the Drilling Parties.

F. The term "drillsite" shall mean the oil and gas lease or interest on which a proposed well is to be located.

G. The terms "Drilling Party" and "Consenting Party" shall mean a party who agrees to join in and pay its share of the cost of any operation conducted under the provisions of this agreement.

H. The terms "Non-Drilling Party" and "Non-Consenting Party" shall mean a party who elects not to participate in a proposed operation.

Unless the context otherwise clearly indicates, words used in the singular include the plural, the plural includes the singular, and the neuter gender includes the masculine and the feminine.

ARTICLE II.
EXHIBITS

The following exhibits, as indicated below and attached hereto, are incorporated in and made a part hereof:

☒ A. Exhibit "A", shall include the following information:
- (1) Identification of lands subject to agreement,
- (2) Restrictions, if any, as to depths or formations,
- (3) Percentages or fractional interests of parties to this agreement,
- (4) Oil and gas leases and/or oil and gas interests subject to this agreement,
- (5) Addresses of parties for notice purposes.

☐ ~~B. Exhibit "B", Form of Lease.~~

☒ C. Exhibit "C", Accounting Procedure.

☒ D. Exhibit "D", Insurance.

☒ E. Exhibit "E", Gas Balancing Agreement.

☒ F. Exhibit "F", Non-Discrimination and Certification of Non-Segregated Facilities.

If any provision of any exhibit, except Exhibit "E", is inconsistent with any provision contained in the body of this agreement, the provisions in the body of this agreement shall prevail.

ARTICLE III.
INTERESTS OF PARTIES

A. Oil and Gas Interests:

If any party owns an unleased oil and gas interest in the Contract Area, that interest shall be treated for the purpose of this agreement and during the term hereof as if it were a leased interest under the form of oil and gas lease attached as Exhibit "B". As to such interest, the owner shall receive royalty on production as prescribed in the form of oil and gas lease attached hereto as Exhibit "B". Such party shall, however, be subject to all of the provisions of this agreement relating to lessees, to the extent that it owns the lessee interest.

B. Interest of Parties in Costs and Production:

Exhibit "A" lists all of the parties and their respective percentage or fractional interests under this agreement. Unless changed by other provisions, all costs and liabilities incurred in operations under this agreement shall be borne and paid, and all equipment and material acquired in operations on the Contract Area shall be owned by the parties as their interests are shown in Exhibit "A". All production of oil and gas from the Contract Area, subject to the payment of lessor's royalties which will be borne by the Joint Account, shall also be owned by the parties in the same manner during the term hereof; provided, however, this shall not be deemed an assignment or cross-assignment of interests covered hereby.

ARTICLE IV.
TITLES

A. Title Examination:

Title examination shall be made on the drillsite of any proposed well prior to commencement of drilling operations or, if the Drilling Parties so request, title examination shall be made on the leases and/or oil and gas interests included, or planned to be included, in the drilling unit around such well. The opinion will include the ownership of the working interest, minerals, royalty, overriding royalty and production payments under the applicable leases. At the time a well is proposed, each party contributing leases and/or oil and gas interests to the drillsite, or to be included in such drilling unit, shall furnish to Operator all abstracts (including Federal Lease Status Reports), title opinions, title papers and curative material in its possession free of charge. All such information not in the possession of or made available to Operator by the parties, but necessary for the examination of title, shall be obtained by Operator. Operator shall cause title to be examined by attorneys on its staff or by outside attorneys. Copies of all title opinions shall be furnished to each party hereto. The cost incurred by Operator in this title program shall be borne as follows:

☐ ~~Option No. 1: Costs incurred by Operator in procuring abstracts and title examination (including~~ preliminary, supplemental, shut-in gas royalty opinions and division order title opinions) shall be a part of the administrative overhead as provided in Exhibit "C," and shall not be a direct charge, whether ~~performed by Operator's staff attorneys or by outside attorneys~~.

☒ Option No. 2: Costs incurred by Operator in procuring abstracts and fees paid outside attorneys for title examination (including preliminary, supplemental, shut-in gas royalty opinions and division order title opinions) shall be borne by the Drilling Parties in the proportion that the interest of each Drilling Party bears to the total interest of all Drilling Parties as such interests appear in Exhibit "A". Operator shall make no charge for services rendered by its staff attorneys or other personnel in the performance of the above functions.

Each party shall be responsible for securing curative matter and pooling amendments or agreements required in connection with leases or oil and gas interests contributed by such party. The Operator shall be responsible for the preparation and recording of Pooling Designations or Declarations as well as the conduct of hearings before Governmental Agencies for the securing of spacing or pooling orders. This shall not prevent any party from appearing on its own behalf at any such hearing.

No well shall be drilled on the Contract Area until after (1) the title to the drillsite or drilling unit has been examined as above provided, and (2) the title has been approved by the examining attorney or title has been accepted by all of the parties who are to participate in the drilling of the well.

B. Loss of Title:

1. Failure of Title: Should any oil and gas interest or lease, or interest therein, be lost through failure of title, which loss results in a reduction of interest from that shown on Exhibit "A", this agreement, nevertheless, shall continue in force as to all remaining oil and gas leases and interests, and

(a) The party whose oil and gas lease or interest is affected by the title failure shall bear alone the entire loss and it shall not be entitled to recover from Operator or the other parties any development

or operating costs which it may have theretofore paid, but there shall be no monetary liability on its part to the other parties hereto for drilling, development, operating or other similar costs by reason of such title failure; and

(b) There shall be no retroactive adjustment of expenses incurred or revenues received from the operation of the interest which has been lost, but the interests of the parties shall be revised on an acreage basis, as of the time it is determined finally that title failure has occurred, so that the interest of the party whose lease or interest is affected by the title failure will thereafter be reduced in the Contract Area by the amount of the interest lost; and

(c) If the proportionate interest of the other parties hereto in any producing well theretofore drilled on the Contract Area is increased by reason of the title failure, the party whose title has failed shall receive the proceeds attributable to the increase in such interests (less costs and burdens attributable thereto) until it has been reimbursed for unrecovered costs paid by it in connection with such well; and

(d) Should any person not a party to this agreement, who is determined to be the owner of any interest in the title which has failed, pay in any manner any part of the cost of operation, development, or equipment, such amount shall be paid to the party or parties who bore the costs which are so refunded; and

(e) Any liability to account to a third party for prior production of oil and gas which arises by reason of title failure shall be borne by the party or parties in the same proportions in which they shared in such prior production; and

(f) No charge shall be made to the joint account for legal expenses, fees or salaries, in connection with the defense of the interest claimed by any party hereto, it being the intention of the parties hereto that each shall defend title to its interest and bear all expenses in connection therewith.

2. Loss by Non-Payment or Erroneous Payment of Amount Due: If, through mistake or oversight, any rental, shut-in well payment, minimum royalty or royalty payment, is not paid or is erroneously paid, and as a result a lease or interest therein terminates, there shall be no monetary liability against the party who failed to make such payment. Unless the party who failed to make the required payment secures a new lease covering the same interest within ninety (90) days from the discovery of the failure to make proper payment, which acquisition will not be subject to Article VIII.B., the interests of the parties shall be revised on an acreage basis, effective as of the date of termination of the lease involved, and the party who failed to make proper payment will no longer be credited with an interest in the Contract Area on account of ownership of the lease or interest which has terminated. In the event the party who failed to make the required payment shall not have been fully reimbursed, at the time of the loss, from the proceeds of the sale of oil and gas attributable to the lost interest, calculated on an acreage basis, for the development and operating costs theretofore paid on account of such interest, it shall be reimbursed for unrecovered actual costs theretofore paid by it (but not for its share of the cost of any dry hole previously drilled or wells previously abandoned) from so much of the following as is necessary to effect reimbursement:

(a) Proceeds of oil and gas, less operating expenses, theretofore accrued to the credit of the lost interest, on an acreage basis, up to the amount of unrecovered costs;

(b) Proceeds, less operating expenses, thereafter accrued attributable to the lost interest on an acreage basis, of that portion of oil and gas thereafter produced and marketed (excluding production from any wells thereafter drilled) which, in the absence of such lease termination, would be attributable to the lost interest on an acreage basis, up to the amount of unrecovered costs, the proceeds of said portion of the oil and gas to be contributed by the other parties in proportion to their respective interests; and

(c) Any monies, up to the amount of unrecovered costs, that may be paid by any party who is, or becomes, the owner of the interest lost, for the privilege of participating in the Contract Area or becoming a party to this agreement.

3. Other Losses: All losses incurred, other than those set forth in Articles IV.B.1. and IV.B.2. above, shall not be considered failure of title but shall be joint losses and shall be borne by all parties in proportion to their interests. There shall be no readjustment of interests in the remaining portion of the Contract Area.

ARTICLE V.
OPERATOR

A. DESIGNATION AND RESPONSIBILITIES OF OPERATOR:

Mesa Petroleum Co. shall be the Operator of the Contract Area, and shall conduct and direct and have full control of all operations on the Contract Area as permitted and required by, and within the limits of, this agreement. It shall conduct all such operations in a good and workmanlike manner, but it shall have no liability as Operator to the other parties for losses sustained or liabilities incurred, except such as may result from gross negligence or willful misconduct.

B. Resignation or Removal of Operator and Selection of Successor:

1. Resignation or Removal of Operator: Operator may resign at any time by giving written notice thereof to Non-Operators. If Operator terminates its legal existence, no longer owns an interest in the Contract Area, or is no longer capable of serving as Operator, it shall cease to be Operator without any action by Non-Operator, except the selection of a successor. Operator may be removed if it fails or refuses to carry out its duties hereunder, or becomes insolvent, bankrupt or is placed in receivership, by the affirmative vote of two (2) or more Non-Operators owning a majority interest based on ownership as shown on Exhibit "A", and not on the number of parties remaining after excluding the voting interest of Operator. Such resignation or removal shall not become effective until 7:00 o'clock A.M. on the first day of the calendar month following the expiration of ninety (90) days after the giving of notice of resignation by Operator or action by the Non-Operators to remove Operator, unless a successor Operator has been selected and assumes the duties of Operator at an earlier date. Operator, after effective date of resignation or removal, shall be bound by the terms hereof as a Non-Operator. A change of a corporate name or structure of Operator or transfer of Operator's interest to any single subsidiary, parent or successor corporation shall not be the basis for removal of Operator.

2. Selection of Successor Operator: Upon the resignation or removal of Operator, a successor Operator shall be selected by the Parties. The successor Operator shall be selected from the parties owning an interest in the Contract Area at the time such successor Operator is selected. If the Operator that is removed fails to vote or votes only to succeed itself, the successor Operator shall be selected by the affirmative vote of two (2) or more parties owning a majority interest based on ownership as shown on Exhibit "A", and not on the number of parties remaining after excluding the voting interest of the Operator that was removed.

C. Employees:

The number of employees used by Operator in conducting operations hereunder, their selection, and the hours of labor and the compensation for services performed, shall be determined by Operator, and all such employees shall be the employees of Operator.

D. Drilling Contracts:

All wells drilled on the Contract Area shall be drilled on a competitive contract basis at the usual rates prevailing in the area. If it so desires, Operator may employ its own tools and equipment in the drilling of wells, but its charges therefor shall not exceed the prevailing rates in the area and the rate of such charges shall be agreed upon by the parties in writing before drilling operations are commenced, and such work shall be performed by Operator under the same terms and conditions as are customary and usual in the area in contracts of independent contractors who are doing work of a similar nature.

ARTICLE VI.
DRILLING AND DEVELOPMENT

A. Initial Well:

On or before the 18th day of September, 1979, Operator shall commence the drilling of a well for oil and gas at the following location:

1980' FNL & 660' FEL of Section 10-16S-27E, Eddy County, New Mexico

and shall thereafter continue the drilling of the well with due diligence to a depth of 8800' or to a depth sufficient to test the Morrow Formation, whichever is the lessor depth,

unless granite or other practically impenetrable substance or condition in the hole, which renders further drilling impractical, is encountered at a lesser depth, or unless all parties agree to complete or abandon the well at a lesser depth.

Operator shall make reasonable tests of all formations encountered during drilling which give indication of containing oil and gas in quantities sufficient to test, unless this agreement shall be limited in its application to a specific formation or formations, in which event Operator shall be required to test only the formation or formations to which this agreement may apply.

If, in Operator's judgment, the well will not produce oil or gas in paying quantities, and it wishes to plug and abandon the well as a dry hole, it shall first secure the consent of all parties and shall plug and abandon same as provided in Article VI.E.1. hereof.

B. Subsequent Operations:

1. Proposed Operations: Should any party hereto desire to drill any well on the Contract Area other than the well provided for in Article VI.A., or to rework, deepen or plug back a dry hole drilled at the joint expense of all parties or a well jointly owned by all the parties and not then producing in paying quantities, the party desiring to drill, rework, deepen or plug back such a well shall give the other parties written notice of the proposed operation, specifying the work to be performed, the location, proposed depth, objective formation and the estimated cost of the operation. The parties receiving such a notice shall have thirty (30) days after receipt of the notice within which to notify the parties wishing to do the work whether they elect to participate in the cost of the proposed operation. If a drilling rig is on location, notice of proposal to rework, plug back or drill deeper may be given by telephone and the response period shall be limited to forty-eight (48) hours, exclusive of Saturday, Sunday or legal holidays. Failure of a party receiving such notice to reply within the period above fixed shall constitute an election by that party not to participate in the cost of the proposed operation. Any notice or response given by telephone shall be promptly confirmed in writing.

2. Operations by Less than All Parties: If any party receiving such notice as provided in Article VI.B.1. or VI.E.1. elects not to participate in the proposed operation, then, in order to be entitled to the benefits of this article, the party or parties giving the notice and such other parties as shall elect to participate in the operation shall, within sixty (60) days after the expiration of the notice period of thirty (30) days (or as promptly as possible after the expiration of the forty-eight (48) hour period where the drilling rig is on location, as the case may be) actually commence work on the proposed operation and complete it with due diligence. Operator shall perform all work for the account of the Consenting Parties; provided, however, if no drilling rig or other equipment is on location, and if Operator is a Non-Consenting Party, the Consenting Parties shall either: (a) request Operator to perform the work required by such proposed operation for the account of the Consenting Parties, or (b) designate one (1) of the Consenting Parties as Operator to perform such work. Consenting Parties, when conducting operations on the Contract Area pursuant to this Article VI.B.2., shall comply with all terms and conditions of this agreement.

If less than all parties approve any proposed operation, the proposing party, immediately after the expiration of the applicable notice period, shall advise the Consenting Parties of (a) the total interest of the parties approving such operation, and (b) its recommendation as to whether the Consenting Parties should proceed with the operation as proposed. Each Consenting Party, within forty-eight (48) hours (exclusive of Saturday, Sunday or legal holidays) after receipt of such notice, shall advise the proposing party of its desire to (a) limit participation to such party's interest as shown on Exhibit "A", or (b) carry its proportionate part of Non-Consenting Parties' interest. The proposing party, at its election, may withdraw such proposal if there is insufficient participation, and shall promptly notify all parties of such decision.

The entire cost and risk of conducting such operations shall be borne by the Consenting Parties in the proportions they have elected to bear same under the terms of the preceding paragraph. Consenting Parties shall keep the leasehold estates involved in such operations free and clear of all liens and encumbrances of every kind created by or arising from the operations of the Consenting Parties. If such an operation results in a dry hole, the Consenting Parties shall plug and abandon the well at their sole cost, risk and expense. If any well drilled, reworked, deepened or plugged back under the provisions of this Article results in a producer of oil and/or gas in paying quantities, the Consenting Parties shall complete and equip the well to produce at their sole cost and risk, and the well shall then be turned over to Operator and shall be operated by it at the expense and for the account of the Consenting Parties. Upon commencement of operations for the drilling, reworking, deepening or plugging back of any such well by Consenting Parties in accordance with the provisions of this Article, each Non-Consenting Party shall be deemed to have relinquished to Consenting Parties, and the Consenting Parties shall own and be entitled to receive, in proportion to their respective interests, all of such Non-Consenting Party's interest in the well and share of production therefrom until the proceeds of the sale of such share, calculated at the well, or market value thereof if such share is not sold (after deducting production taxes, royalty, overriding royalty and other interests existing on the effective date hereof, payable out of or measured by the production from such well accruing with respect to such interest until it reverts) shall equal the total of the following:

(a) 100% of each such Non-Consenting Party's share of the cost of any newly acquired surface equipment beyond the wellhead connections (including, but not limited to, stock tanks, separators, treaters, pumping equipment and piping), plus 100% of each such Non-Consenting Party's share of the cost of operation of the well commencing with first production and continuing until each such Non-Consenting Party's relinquished interest shall revert to it under other provisions of this Article, it being agreed that each Non-Consenting Party's share of such costs and equipment will be that interest which would have been chargeable to each Non-Consenting Party had it participated in the well from the beginning of the operation; and

(b) 300 % of that portion of the costs and expenses of drilling reworking, deepening, or plugging back, testing and completing, after deducting any cash contributions received under Article VIII.C., and

300 % of that portion of the cost of newly acquired equipment in the well (to and including the well-head connections), which would have been chargeable to such Non-Consenting Party if it had participated therein.

Gas production attributable to any Non - Consenting Party's relinquished interest upon such Party's election, shall be sold to its purchaser, if available, under the terms of its existing gas sales contract. Such Non - Consenting Party shall direct its purchaser to remit the proceeds receivable from such sale direct to the Consenting Parties until the amounts provided for in this Article are recovered from the Non - Consenting Party's relinquished interest. If such Non - Consenting Party has not contracted for sale of its gas at the time such gas is available for delivery, or has not made the election as provided above, the Consenting Parties shall own and be entitled to receive and sell such Non-Consenting Party's share of gas as hereinabove provided during the recoupment period.

During the period of time Consenting Parties are entitled to receive Non-Consenting Party's share of production, or the proceeds therefrom, Consenting Parties shall be responsible for the payment of all production, severance, gathering and other taxes, and all royalty, overriding royalty and other burdens applicable to Non-Consenting Party's share of production.

In the case of any reworking, plugging back or deeper drilling operation, the Consenting Parties shall be permitted to use, free of cost, all casing, tubing and other equipment in the well, but the ownership of all such equipment shall remain unchanged; and upon abandonment of a well after such reworking, plugging back or deeper drilling, the Consenting Parties shall account for all such equipment to the owners thereof, with each party receiving its proportionate part in kind or in value, less cost of salvage.

Within sixty (60) days after the completion of any operation under this Article, the party conducting the operations for the Consenting Parties shall furnish each Non-Consenting Party with an inventory of the equipment in and connected to the well, and an itemized statement of the cost of drilling, deepening, plugging back, testing, completing, and equipping the well for production; or, at its option, the operating party, in lieu of an itemized statement of such costs of operation, may submit a detailed statement of monthly billings. Each month thereafter, during the time the Consenting Parties are being reimbursed as provided above, the Party conducting the operations for the Consenting Parties shall furnish the Non-Consenting Parties with an itemized statement of all costs and liabilities incurred in the operation of the well, together with a statement of the quantity of oil and gas produced from it and the amount of proceeds realized from the sale of the well's working interest production during the preceding month. In determining the quantity of oil and gas produced during any month, Consenting Parties shall use industry accepted methods such as, but not limited to, metering or periodic well tests. Any amount realized from the sale or other disposition of equipment newly acquired in connection with any such operation which would have been owned by a Non-Consenting Party had it participated therein shall be credited against the total unreturned costs of the work done and of the equipment purchased, in determining when the interest of such Non-Consenting Party shall revert to it as above provided; and if there is a credit balance, it shall be paid to such Non-Consenting party.

If and when the Consenting Parties recover from a Non-Consenting Party's relinquished interest the amounts provided for above, the relinquished interests of such Non-Consenting Party shall automatically revert to it, and, from and after such reversion, such Non-Consenting Party shall own the same interest in such well, the material and equipment in or pertaining thereto, and the production therefrom as such Non-Consenting Party would have been entitled to had it participated in the drilling, reworking, deepening or plugging back of said well. Thereafter, such Non-Consenting Party shall be charged with and shall pay its proportionate part of the further costs of the operation of said well in accordance with the terms of this agreement and the Accounting Procedure, attached hereto.

Notwithstanding the provisions of this Article VI.B.2., it is agreed that without the mutual consent of all parties, no wells shall be completed in or produced from a source of supply from which a well located elsewhere on the Contract Area is producing, unless such well conforms to the then-existing well spacing pattern for such source of supply.

The provisions of this Article shall have no application whatsoever to the drilling of the initial well described in Article VI.A. except (a) when Option 2, Article VII.D.1., has been selected, or (b) to the reworking, deepening and plugging back of such initial well, if such well is or thereafter shall prove to be a dry hole or non-commercial well, after having been drilled to the depth specified in Article VI.A.

C. Right to Take Production in Kind:

Each party shall have the right to take in kind or separately dispose of its proportionate share of all oil and gas produced from the Contract Area, exclusive of production which may be used in development and producing operations and in preparing and treating oil for marketing purposes and production unavoidably lost. Any extra expenditure incurred in the taking in kind or separate disposition by any party of its proportionate share of the production shall be borne by such party. Any

party taking its share of production in kind shall be required to pay for only its proportionate share of such part of Ope...tor's surface facilities which it uses.

Each party shall execute such division orders and contracts as may be necessary for the sale of its interest in production from the Contract Area, and, except as provided in Article VII.B., shall be entitled to receive payment direct from the purchaser thereof for its share of all production.

In the event any party shall fail to make the arrangements necessary to take in kind or separately dispose of its proportionate share of the oil and gas produced from the Contract Area, Operator shall have the right, subject to the revocation at will by the party owning it, but not the obligation, to purchase such oil and gas or sell it to others at any time and from time to time, for the account of the non-taking party at the best price obtainable in the area for such production. Any such purchase or sale by Operator shall be subject always to the right of the owner of the production to exercise at any time its right to take in kind, or separately dispose of, its share of all oil and gas not previously delivered to a purchaser. Any purchase or sale by Operator of any other party's share of oil and gas shall be only for such reasonable periods of time as are consistent with the minimum needs of the industry under the particular circumstances, but in no event for a period in excess of one (1) year. Notwithstanding the foregoing, Operator shall not make a sale, including one into interstate commerce, of any other party's share of gas production without first giving such other party thirty (30) days notice of such intended sale.

In the event one or more parties' separate disposition of its share of the gas causes split-stream deliveries to separate pipelines and/or deliveries which on a day-to-day basis for any reason are not exactly equal to a party's respective proportionate share of total gas sales to be allocated to it, the balancing or accounting between the respective accounts of the parties shall be in accordance with any Gas Balancing Agreement between the parties hereto, whether such Agreement is attached as Exhibit "E", or is a separate Agreement.

D. Access to Contract Area and Information:

Each party shall have access to the Contract Area at all reasonable times, at its sole risk to inspect or observe operations, and shall have access at reasonable times to information pertaining to the development or operation thereof, including Operator's books and records relating thereto. Operator, upon request, shall furnish each of the other parties with copies of all forms or reports filed with governmental agencies, daily drilling reports, well logs, tank tables, daily gauge and run tickets and reports of stock on hand at the first of each month, and shall make available samples of any cores or cuttings taken from any well drilled on the Contract Area. The cost of gathering and furnishing information to Non-Operator, other than that specified above, shall be charged to the Non-Operator that requests the information.

E. Abandonment of Wells:

1. Abandonment of Dry Holes: Except for any well drilled pursuant to Article VI.B.2., any well which has been drilled under the terms of this agreement and is proposed to be completed as a dry hole shall not be plugged and abandoned without the consent of all parties. Should Operator, after diligent effort, be unable to contact any party, or should any party fail to reply within forty-eight (48) hours (exclusive of Saturday, Sunday or legal holidays) after receipt of notice of the proposal to plug and abandon such well, such party shall be deemed to have consented to the proposed abandonment. All such wells shall be plugged and abandoned in accordance with applicable regulations and at the cost, risk and expense of the parties who participated in the cost of drilling of such well. Any party who objects to the plugging and abandoning such well shall have the right to take over the well and conduct further operations in search of oil and/or gas subject to the provisions of Article VI.B.

2. Abandonment of Wells that have Produced: Except for any well which has been drilled or reworked pursuant to Article VI.B.2. hereof for which the Consenting Parties have not been fully reimbursed as therein provided, any well which has been completed as a producer shall not be plugged and abandoned without the consent of all parties. If all parties consent to such abandonment, the well shall be plugged and abandoned in accordance with applicable regulations and at the cost, risk and expense of all the parties hereto. If, within thirty (30) days after receipt of notice of the proposed abandonment of such well, all parties do not agree to the abandonment of any well, those wishing to continue its operation shall tender to each of the other parties its proportionate share of the value of the well's salvable material and equipment, determined in accordance with the provisions of Exhibit "C", less the estimated cost of salvaging and the estimated cost of plugging and abandoning. Each abandoning party shall assign to the non-abandoning parties, without warranty, express or implied, as to title or as to quantity, quality, or fitness for use of the equipment and material, all of its interest in the well and related equipment, together with its interest in the leasehold estate as to, but only as to, the interval or intervals of the formation or formations then open to production. If the interest of the abandoning party is or includes an oil and gas interest, such party shall execute and deliver to the non-abandoning party or parties an oil and gas lease, limited to the interval or intervals of the formation or formations then open to production, for a term of one year and so long thereafter as oil and/or gas is produced from the interval or inter-

vals of the formation or formations covered thereby, such lease to be on the form attached as Exhibit "B". The assignments or leases so limited shall encompass the "drilling unit" upon which the well is located. The payments by, and the assignments or leases to, the assignees shall be in a ratio based upon the relationship of their respective percentages of participation in the Contract Area to the aggregate of the percentages of participation in the Contract Area of all assignees. There shall be no readjustment of interest in the remaining portion of the Contract Area.

Thereafter, abandoning parties shall have no further responsibility, liability, or interest in the operation of or production from the well in the interval or intervals then open other than the royalties retained in any lease made under the terms of this Article. Upon request, Operator shall continue to operate the assigned well for the account of the non-abandoning parties at the rates and charges contemplated by this agreement, plus any additional cost and charges which may arise as the result of the separate ownership of the assigned well.

ARTICLE VII.
EXPENDITURES AND LIABILITY OF PARTIES

A. Liability of Parties:

The liability of the parties shall be several, not joint or collective. Each party shall be responsible only for its obligations, and shall be liable only for its proportionate share of the costs of developing and operating the Contract Area. Accordingly, the liens granted among the parties in Article VII.B. are given to secure only the debts of each severally. It is not the intention of the parties to create, nor shall this agreement be construed as creating, a mining or other partnership or association, or to render the parties liable as partners.

B. Liens and Payment Defaults:

Each Non-Operator grants to Operator a lien upon ~~its oil and gas rights in the Contract Area, and~~ a security interest in its share of oil and/or gas when extracted and its interest in all equipment, to secure payment of its share of expense, together with interest thereon at the rate provided in the Accounting Procedure attached hereto as Exhibit "C". To the extent that Operator has a security interest under the Uniform Commercial Code of the State, Operator shall be entitled to exercise the rights and remedies of a secured party under the Code. The bringing of a suit and the obtaining of judgment by Operator for the secured indebtedness shall not be deemed an election of remedies or otherwise affect the lien rights or security interest as security for the payment thereof. In addition, upon default by any Non-Operator in the payment of its share of expense, Operator shall have the right, without prejudice to other rights or remedies, to collect from the purchaser the proceeds from the sale of such Non-Operator's share of oil and/or gas until the amount owed by such Non-Operator, plus interest has been paid. Each purchaser shall be entitled to rely upon Operator's written statement concerning the amount of any default. Operator grants a like lien and security interest to the Non-Operators to secure payment of Operator's proportionate share of expense.

If any party fails or is unable to pay its share of expense within sixty (60) days after rendition of a statement therefor by Operator, the non-defaulting parties, including Operator, shall, upon request by Operator, pay the unpaid amount in the proportion that the interest of each such party bears to the interest of all such parties. Each party so paying its share of the unpaid amount shall, to obtain reimbursement thereof, be subrogated to the security rights described in the foregoing paragraph.

C. Payments and Accounting:

Except as herein otherwise specifically provided, Operator shall promptly pay and discharge expenses incurred in the development and operation of the Contract Area pursuant to this agreement and shall charge each of the parties hereto with their respective proportionate shares upon the expense basis provided in the Accounting Procedure attached hereto as Exhibit "C". Operator shall keep an accurate record of the joint account hereunder, showing expenses incurred and charges and credits made and received.

Operator, at its election, shall have the right from time to time to demand and receive from the other parties payment in advance of their respective shares of the estimated amount of the expense to be incurred in operations hereunder during the next succeeding month, which right may be exercised only by submission to each such party of an itemized statement of such estimated expense, together with an invoice for its share thereof. Each such statement and invoice for the payment in advance of estimated expense shall be submitted on or before the 20th day of the next preceding month. Each party shall pay to Operator its proportionate share of such estimate within fifteen (15) days after such estimate and invoice is received. If any party fails to pay its share of said estimate within said time, the amount due shall bear interest as provided in Exhibit "C" until paid. Proper adjustment shall be made monthly between advances and actual expense to the end that each party shall bear and pay its proportionate share of actual expenses incurred, and no more.

D. Limitation of Expenditures:

1. Drill or Deepen: Without the consent of all parties, no well shall be drilled or deepened, except any well drilled or deepened pursuant to the provisions of Article VI.B.2. of this Agreement, it being understood that the consent to the drilling or deepening shall include:

☐ ~~Option No. 1: All necessary expenditures for the drilling or deepening, testing, completing and equipping of the well, including necessary tankage and/or surface facilities.~~

☒ Option No. 2: All necessary expenditures for the drilling or deepening and testing of the well. When such well has reached its authorized depth, and all tests have been completed, Operator shall give immediate notice to the Non-Operators who have the right to participate in the completion costs. The parties receiving such notice shall have forty-eight (48) hours (exclusive of Saturday, Sunday and legal holidays) in which to elect to participate in the setting of casing and the completion attempt. Such election, when made, shall include consent to all necessary expenditures for the completing and equipping of such well, including necessary tankage and/or surface facilities. Failure of any party receiving such notice to reply within the period above fixed shall constitute an election by that party not to participate in the cost of the completion attempt. If one or more, but less than all of the parties, elect to set pipe and to attempt a completion, the provisions of Article VI.B.2. hereof (the phrase "reworking, deepening or plugging back" as contained in Article VI.B.2. shall be deemed to include "completing") shall apply to the operations thereafter conducted by less than all parties.

2. Rework or Plug Back: Without the consent of all parties, no well shall be reworked or plugged back except a well reworked or plugged back pursuant to the provisions of Article VI.B.2. of this agreement, it being understood that the consent to the reworking or plugging back of a well shall include consent to all necessary expenditures in conducting such operations and completing and equipping of said well, including necessary tankage and/or surface facilities.

3. Other Operations: Operator shall not undertake any single project reasonably estimated to require an expenditure in excess of Fifteen Thousand Dollars ($ 15,000.00) except in connection with a well, the drilling, reworking, deepening, completing, recompleting, or plugging back of which has been previously authorized by or pursuant to this agreement; provided, however, that, in case of explosion, fire, flood or other sudden emergency, whether of the same or different nature, Operator may take such steps and incur such expenses as in its opinion are required to deal with the emergency to safeguard life and property but Operator, as promptly as possible, shall report the emergency to the other parties. If Operator prepares "Authority for Expenditures" for its own use, Operator, upon request, shall furnish copies of its "Authority for Expenditures" for any single project costing in excess of Ten Thousand Dollars ($ 10,000.00).

E. Royalties, Overriding Royalties and Other Payments:

Each party shall pay or deliver, or cause to be paid or delivered, all royalties to the extent of one-eighth (1/8) due on its share of production and shall hold the other parties free from any liability therefor. If the interest of any party in any oil and gas lease covered by this agreement is subject to any royalty, overriding royalty, production payment, or other charge over and above the aforesaid royalty, such party shall assume and alone bear all such obligations and shall account for or cause to be accounted for, such interest to the owners thereof.

No party shall ever be responsible, on any price basis higher than the price received by such party, to any other party's lessor or royalty owner; and if any such other party's lessor or royalty owner should demand and receive settlements on a higher price basis, the party contributing such lease shall bear the royalty burden insofar as such higher price is concerned.

F. Rentals, Shut-in Well Payments and Minimum Royalties:

Rentals, shut-in well payments and minimum royalties which may be required under the terms of any lease shall be paid by the party or parties who subjected such lease to this agreement at its or their expense. In the event two or more parties own and have contributed interests in the same lease to this agreement, such parties may designate one of such parties to make said payments for and on behalf of all such parties. Any party may request, and shall be entitled to receive, proper evidence of all such payments. In the event of failure to make proper payment of any rental, shut-in well payment or minimum royalty through mistake or oversight where such payment is required to continue the lease in force, any loss which results from such non-payment shall be borne in accordance with the provisions of Article IV.B.2.

Operator shall notify Non-Operator of the anticipated completion of a shut-in gas well, or the shutting in or return to production of a producing gas well, at least five (5) days (excluding Saturday, Sunday and holidays), or at the earliest opportunity permitted by circumstances, prior to taking such action, but assumes no liability for failure to do so. In the event of failure by Operator to so notify Non-Operator, the loss of any lease contributed hereto by Non-Operator for failure to make timely payments

of any shut-in well payment shall be borne jointly by the parties hereto under the provisions of Article IV.B.3.

G. Taxes:

Beginning with the first calendar year after the effective date hereof, Operator shall render for ad valorem taxation all property subject to this agreement which by law should be rendered for such taxes, and it shall pay all such taxes assessed thereon before they become delinquent. Prior to the rendition date, each Non-Operator shall furnish Operator information as to burdens (to include, but not be limited to, royalties, overriding royalties and production payments) on leases and oil and gas interests contributed by such Non-Operator. If the assessed valuation of any leasehold estate is reduced by reason of its being subject to outstanding excess royalties, overriding royalties or production payments, the reduction in ad valorem taxes resulting therefrom shall inure to the benefit of the owner or owners of such leasehold estate, and Operator shall adjust the charge to such owner or owners so as to reflect the benefit of such reduction. Operator shall bill other parties for their proportionate share of all tax payments in the manner provided in Exhibit "C".

If Operator considers any tax assessment improper, Operator may, at its discretion, protest within the time and manner prescribed by law, and prosecute the protest to a final determination, unless all parties agree to abandon the protest prior to final determination. During the pendency of administrative or judicial proceedings, Operator may elect to pay, under protest, all such taxes and any interest and penalty. When any such protested assessment shall have been finally determined, Operator shall pay the tax for the joint account, together with any interest and penalty accrued, and the total cost shall then be assessed against the parties, and be paid by them, as provided in Exhibit "C".

Each party shall pay or cause to be paid all production, severance, gathering and other taxes imposed upon or with respect to the production or handling of such party's share of oil and/or gas produced under the terms of this agreement.

H. Insurance:

At all times while operations are conducted hereunder, Operator shall comply with the Workmen's Compensation Law of the State where the operations are being conducted; provided, however, that Operator may be a self-insurer for liability under said compensation laws in which event the only charge that shall be made to the joint account shall be an amount equivalent to the premium which would have been paid had such insurance been obtained. Operator shall also carry or provide insurance for the benefit of the joint account of the parties as outlined in Exhibit "D", attached to and made a part hereof. Operator shall require all contractors engaged in work on or for the Contract Area to comply with the Workmen's Compensation Law of the State where the operations are being conducted and to maintain such other insurance as Operator may require.

In the event Automobile Public Liability Insurance is specified in said Exhibit "D", or subsequently receives the approval of the parties, no direct charge shall be made by Operator for premiums paid for such insurance for Operator's fully owned automotive equipment.

ARTICLE VIII.
ACQUISITION, MAINTENANCE OR TRANSFER OF INTEREST

A. Surrender of Leases:

The leases covered by this agreement, insofar as they embrace acreage in the Contract Area, shall not be surrendered in whole or in part unless all parties consent thereto.

However, should any party desire to surrender its interest in any lease or in any portion thereof, and other parties do not agree or consent thereto, the party desiring to surrender shall assign, without express or implied warranty of title, all of its interest in such lease, or portion thereof, and any well, material and equipment which may be located thereon and any rights in production thereafter secured, to the parties not desiring to surrender it. If the interest of the assigning party includes an oil and gas interest, the assigning party shall execute and deliver to the party or parties not desiring to surrender an oil and gas lease covering such oil and gas interest for a term of one year and so long thereafter as oil and/or gas is produced from the land covered thereby, such lease to be on the form attached hereto as Exhibit "B". Upon such assignment, the assigning party shall be relieved from all obligations thereafter accruing, but not theretofore accrued, with respect to the acreage assigned and the operation of any well thereon, and the assigning party shall have no further interest in the lease assigned and its equipment and production other than the royalties retained in any lease made under the terms of this Article. The parties assignee shall pay to the party assignor the reasonable salvage value of the latter's interest in any wells and equipment on the assigned acreage. The value of all material shall be determined in accordance with the provisions of Exhibit "C", less the estimated cost of salvaging and the estimated cost of plugging and abandoning. If the assignment is in favor of more than one party, the assigned interest shall

be shared by the parties assignee in the proportions that the interest of each bears to the interest of all parties assignee.

Any assignment or surrender made under this provision shall not reduce or change the assignor's or surrendering parties' interest, as it was immediately before the assignment, in the balance of the Contract Area; and the acreage assigned or surrendered, and subsequent operations thereon, shall not thereafter be subject to the terms and provisions of this agreement.

B. Renewal or Extension of Leases:

If any party secures a renewal of any oil and gas lease subject to this Agreement, all other parties shall be notified promptly, and shall have the right for a period of thirty (30) days following receipt of such notice in which to elect to participate in the ownership of the renewal lease, insofar as such lease affects lands within the Contract Area, by paying to the party who acquired it their several proper proportionate shares of the acquisition cost allocated to that part of such lease within the Contract Area, which shall be in proportion to the interests held at that time by the parties in the Contract Area.

If some, but less than all, of the parties elect to participate in the purchase of a renewal lease, it shall be owned by the parties who elect to participate therein, in a ratio based upon the relationship of their respective percentage of participation in the Contract Area to the aggregate of the percentages of participation in the Contract Area of all parties participating in the purchase of such renewal lease. Any renewal lease in which less than all parties elect to participate shall not be subject to this agreement.

Each party who participates in the purchase of a renewal lease shall be given an assignment of its proportionate interest therein by the acquiring party.

The provisions of this Article shall apply to renewal leases whether they are for the entire interest covered by the expiring lease or cover only a portion of its area or an interest therein. Any renewal lease taken before the expiration of its predecessor lease, or taken or contracted for within six (6) months after the expiration of the existing lease shall be subject to this provision; but any lease taken or contracted for more than six (6) months after the expiration of an existing lease shall not be deemed a renewal lease and shall not be subject to the provisions of this agreement.

The provisions in this Article shall apply also and in like manner to extensions of oil and gas leases.

C. Acreage or Cash Contributions:

While this agreement is in force, if any party contracts for a contribution of cash toward the drilling of a well or any other operation on the Contract Area, such contribution shall be paid to the party who conducted the drilling or other operation and shall be applied by it against the cost of such drilling or other operation. If the contribution be in the form of acreage, the party to whom the contribution is made shall promptly tender an assignment of the acreage, without warranty of title, to the Drilling Parties in the proportions said Drilling Parties shared the cost of drilling the well. If all parties hereto are Drilling Parties and accept such tender, such acreage shall become a part of the Contract Area and be governed by the provisions of this agreement. If less than all parties hereto are Drilling Parties and accept such tender, such acreage shall not become a part of the Contract Area. Each party shall promptly notify all other parties of all acreage or money contributions it may obtain in support of any well or any other operation on the Contract Area.

If any party contracts for any consideration relating to disposition of such party's share of substances produced hereunder, such consideration shall not be deemed a contribution as contemplated in this Article VIII.C.

D. Subsequently Created Interest:

Notwithstanding the provisions of Article VIII.E. and VIII.G., if any party hereto shall, subsequent to execution of this agreement, create an overriding royalty, production payment, or net proceeds interest, which such interests are hereinafter referred to as "subsequently created interest", such subsequently created interest shall be specifically made subject to all of the terms and provisions of this agreement, as follows:

1. If non-consent operations are conducted pursuant to any provision of this agreement, and the party conducting such operations becomes entitled to receive the production attributable to the interest out of which the subsequently created interest is derived, such party shall receive same free and clear of such subsequently created interest. The party creating same shall bear and pay all such subsequently created interests and shall indemnify and hold the other parties hereto free and harmless from any and all liability resulting therefrom.

2. If the owner of the interest from which the subsequently created interest is derived (1) fails to pay, when due, its share of expenses chargeable hereunder, or (2) elects to abandon a well under provisions of Article VI.E. hereof, or (3) elects to surrender a lease under provisions of Article VIII.A. hereof, the subsequently created interest shall be chargeable with the pro rata portion of all expenses hereunder in the same manner as if such interest were a working interest. For purposes of collecting such chargeable expenses, the party or parties who receive assignments as a result of (2) or (3) above shall have the right to enforce all provisions of Article VII.B. hereof against such subsequently created interest.

E. Maintenance of Uniform Interest:

For the purpose of maintaining uniformity of ownership in the oil and gas leasehold interests covered by this agreement, and notwithstanding any other provisions to the contrary, no party shall sell, encumber, transfer or make other disposition of its interest in the leases embraced within the Contract Area and in wells, equipment and production unless such disposition covers either:

1. the entire interest of the party in all leases and equipment and production; or

2. an equal undivided interest in all leases and equipment and production in the Contract Area.

Every such sale, encumbrance, transfer or other disposition made by any party shall be made expressly subject to this agreement, and shall be made without prejudice to the right of the other parties.

If, at any time the interest of any party is divided among and owned by four or more co-owners, Operator, at its discretion, may require such co-owners to appoint a single trustee or agent with full authority to receive notices, approve expenditures, receive billings for and approve and pay such party's share of the joint expenses, and to deal generally with, and with power to bind, the co-owners of such party's interests within the scope of the operations embraced in this agreement; however, all such co-owners shall have the right to enter into and execute all contracts or agreements for the disposition of their respective shares of the oil and gas produced from the Contract Area and they shall have the right to receive, separately, payment of the sale proceeds hereof.

F. Waiver of Right to Partition:

If permitted by the laws of the state or states in which the property covered hereby is located, each party hereto owning an undivided interest in the Contract Area waives any and all rights it may have to partition and have set aside to it in severalty its undivided interest therein.

G. Preferential Right to Purchase:

~~Should any party desire to sell all or any part of its interests under this agreement, or its rights and~~ interests in the Contract Area, it shall promptly give written notice to the other parties, with ~~full~~ information concerning its proposed sale, which shall include the name and address of the prospective purchaser (who must be ready, willing and able to purchase), the purchase price, and all other terms of the offer. The other parties shall then have an optional prior ~~right~~, for a period of ten (10) days after receipt of the notice, to purchase on the same terms and conditions the interest which the other party proposes to sell; and, if this optional right is exercised, the purchasing parties shall share the purchased interest in the proportions that the interest of each bears to the total interest of all purchasing parties. However, there shall be no preferential right to purchase in those cases where any party wishes to mortgage its interests, or to dispose of its interests by merger, reorganization, consolidation, or sale of all or substantially all of its assets to a subsidiary or parent company or to a subsidiary of a parent ~~company, or to any company in which any one party owns a majority of the stock.~~

ARTICLE IX.
INTERNAL REVENUE CODE ELECTION

This agreement is not intended to create, and shall not be construed to create, a relationship of partnership or an association for profit between or among the parties hereto. Notwithstanding any provisions herein that the rights and liabilities hereunder are several and not joint or collective, or that this agreement and operations hereunder shall not constitute a partnership, if, for Federal income tax purposes, this agreement and the operations hereunder are regarded as a partnership, each party hereby affected elects to be excluded from the application of all of the provisions of Subchapter "K", Chapter 1, Subtitle "A", of the Internal Revenue Code of 1954, as permitted and authorized by Section 761 of the Code and the regulations promulgated thereunder. Operator is authorized and directed to execute on behalf of each party hereby affected such evidence of this election as may be required by the Secretary of the Treasury of the United States or the Federal Internal Revenue Service, including specifically, but not by way of limitation, all of the returns, statements, and the data required by Federal Regulations 1.761. Should there be any requirement that each party hereby affected give further evidence of this election, each such party shall execute such documents and furnish such other evidence as may be required by the Federal Internal Revenue Service or as may be necessary to evidence this election. No

such party shall give any notices or take any other action inconsistent with the election made hereby. If any present or future income tax laws of the state or states in which the Contract Area is located or any future income tax laws of the United States contain provisions similar to those in Subchapter "K", Chapter 1, Subtitle "A", of the Internal Revenue Code of 1954, under which an election similar to that provided by Section 761 of the Code is permitted, each party hereby affected shall make such election as may be permitted or required by such laws. In making the foregoing election, each such party states that the income derived by such party from Operations hereunder can be adequately determined without the computation of partnership taxable income.

ARTICLE X.
CLAIMS AND LAWSUITS

. Operator may settle any single damage claim or suit arising from operations hereunder if the expenditure does not exceed Five Thousand Dollars ($ 5,000.00) and if the payment is in complete settlement of such claim or suit. If the amount required for settlement exceeds the above amount, the parties hereto shall assume and take over the further handling of the claim or suit, unless such authority is delegated to Operator. All costs and expense of handling, settling, or otherwise discharging such claim or suit shall be at the joint expense of the parties. If a claim is made against any party or if any party is sued on account of any matter arising from operations hereunder over which such individual has no control because of the rights given Operator by this agreement, the party shall immediately notify Operator, and the claim or suit shall be treated as any other claim or suit involving operations hereunder.

ARTICLE XI.
FORCE MAJEURE

If any party is rendered unable, wholly or in part, by force majeure to carry out its obligations under this agreement, other than the obligation to make money payments, that party shall give to all other parties prompt written notice of the force majeure with reasonably full particulars concerning it; thereupon, the obligations of the party giving the notice, so far as they are affected by the force majeure, shall be suspended during, but no longer than, the continuance of the force majeure. The affected party shall use all reasonable diligence to remove the force majeure situation as quickly as practicable.

The requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts, or other labor difficulty by the party involved, contrary to its wishes; how all such difficulties shall be handled shall be entirely within the discretion of the party concerned.

The term "force majeure", as here employed, shall mean an act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightning, fire, storm, flood, explosion, governmental action, governmental delay, restraint or inaction, unavailability of equipment, and any other cause, whether of the kind specifically enumerated above or otherwise, which is not reasonably within the control of the party claiming suspension.

ARTICLE XII.
NOTICES

All notices authorized or required between the parties, and required by any of the provisions of this agreement, unless otherwise specifically provided, shall be given in writing by United States mail or Western Union telegram, postage or charges prepaid, or by teletype, and addressed to the party to whom the notice is given at the addresses listed on Exhibit "A". The originating notice given under any provision hereof shall be deemed given only when received by the party to whom such notice is directed, and the time for such party to give any notice in response thereto shall run from the date the originating notice is received. The second or any responsive notice shall be deemed given when deposited in the United States mail or with the Western Union Telegraph Company, with postage or charges prepaid, or when sent by teletype. Each party shall have the right to change its address at any time, and from time to time, by giving written notice hereof to all other parties.

ARTICLE XIII.
TERM OF AGREEMENT

This agreement shall remain in full force and effect as to the oil and gas leases and/or oil and gas interests subjected hereto for the period of time selected below; provided, however, no party hereto shall ever be construed as having any right, title or interest in or to any lease, or oil and gas interest contributed by any other party beyond the term of this agreement.

☐ ~~Option No. 1: So long as any of the oil and gas leases subject to this agreement remain or are continued in force as to any part of the Contract Area, whether by production, extension, renewal or otherwise, and/or so long as oil and/or gas production continues from any lease or oil and gas interest.~~

[X] Option No. 2: In the event the well described in Article VI.A., or any subsequent well drilled under any provision of this agreement, results in production of oil and/or gas in paying quantities, this agreement shall continue in force so long as any such well or wells produce, or are capable of production, and for an additional period of 120 days from cessation of all production; provided, however, if, prior to the expiration of such additional period, one or more of the parties hereto are engaged in drilling or reworking a well or wells hereunder, this agreement shall continue in force until such operations have been completed and if production results therefrom, this agreement shall continue in force as provided herein. In the event the well described in Article VI.A., or any subsequent well drilled hereunder, results in a dry hole, and no other well is producing, or capable of producing oil and/or gas from the Contract Area, this agreement shall terminate unless drilling or reworking operations are commenced within 120 days from the date of abandonment of said well.

It is agreed, however, that the termination of this agreement shall not relieve any party hereto from any liability which has accrued or attached prior to the date of such termination.

ARTICLE XIV.
COMPLIANCE WITH LAWS AND REGULATIONS

A. Laws, Regulations and Orders:

This agreement shall be subject to the conservation laws of the state in which the committed acreage is located, to the valid rules, regulations, and orders of any duly constituted regulatory body of said state; and to all other applicable federal, state, and local laws, ordinances, rules, regulations, and orders.

B. Governing Law:

The essential validity of this agreement and all matters pertaining thereto, including, but not limited to, matters of performance, non-performance, breach, remedies, procedures, rights, duties and interpretation or construction, shall be governed and determined by the law of the state in which the Contract Area is located. If the Contract Area is in two or more states, the law of the state where most of the land in the Contract Area is located shall govern.

ARTICLE XV.
OTHER PROVISIONS

A. Operator's Option - Completions

The option herein provided not to participate in a completion attempt shall also be available to Operator. When Operator does not participate in the completion attempt of a "drilling well", it shall have the right, subject to approval of "consenting parties", but not the obligation, to be Operator of such operation. If Operator declines to act as Operator, then the parties bearing the cost of such operation shall designate one of their number to operate same in the capacity of "Interim Operator" and thereafter the Operator named herein shall not have any control or supervision over such operation thereafter conducted. After said well is either plugged and abandoned or completed as a producer of oil and/or gas, the Operator named herein shall assume all subsequent operations and thereafter discharge its duties in that capacity under this agreement.

B. Sale of Royalty Gas

It is recognized by the parties hereto that in addition to each party's share of working interest production, such party shall have the right, subject to existing contracts, to market the royalty gas attributable to each lease which it contributes to the Test Well Proration Unit and to receive payments due for such royalty gas produced from or allocated to such lease or leases. It is agreed that, regardless of whether each party markets or contracts for its share of gas, including the royalty gas under the leases which it contributed to the Test Well Proration Unit, such party agrees to pay or cause to be paid to the royalty owners under its lease or leases the proceeds attributable to their respective royalty interest and to hold all other parties hereto harmless for its failure to do so.

ARTICLE XVI.
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 23rd day of July, 19 79.

OPERATOR

MESA PETROLEUM CO.

By: _____
Attorney-In-Fact

NON-OPERATORS

THE TRUSTEES OF DARTMOUTH COLLEGE

ATTEST:

_____
Assistant Clerk

By: _____
Treasurer

_____
Jack Cook

_____
Ruby Cook Crail

_____
Othal C. Crail

_____
Milas P. Cook, Jr.

_____
Ada Jeane Nichols

STATE OF TEXAS I

COUNTY OF MIDLAND I

The foregoing instrument was acknowledged before me this 24th day of July, 1979, by John A. Huckabay, Attorney-In-Fact of MESA PETROLEUM CO., a Delaware corporation, on behalf of said corporation.

NOTARY PUBLIC COUNTY OF MIDLAND, TEXAS

Loretta B. Porter
Notary Public

My Commission Expires: October 31, 1980

STATE OF NEW HAMPSHIRE I

COUNTY OF GRAFTON I

The foregoing instrument was acknowledged before me this _____ day of _____, 1979, by _____, Treasurer of THE TRUSTEES OF DARTMOUTH COLLEGE, a New Hampshire corporation, on behalf of said corporation.

_____
Notary Public

My Commission Expires:_____

STATE OF _____I

COUNTY OF _____I

The foregoing instrument was acknowledged before me this _____ day of _____, 1979, by Jack Cook.

_____
Notary Public in and for _____
County, _____

My Commission Expires:_____

STATE OF _____I

COUNTY OF _____I

The foregoing instrument was acknowledged before me this _____ day of _____, 1979, by Ruby C. Crail and husband, Othal C. Crail.

_____
Notary Public in and for _____
County, _____

My Commission Expires:_____

STATE OF _____I

COUNTY OF _____I

The foregoing instrument was acknowledged before me this _____ day of _____, 1979, by Milas P. Cook, Jr.

_____
Notary Public in and for _____
County, _____

My Commission Expires:_____

STATE OF _____I

COUNTY OF _____I

The foregoing instrument was acknowledged before me this ____ day of _____, 1979, by Ada Jeane Nichols.

_____
Notary Public in and for _____
County, _____

My Commission Expires:_____

EXHIBIT "A"

Attached to and made a part of Cook Fed. Com. Operating Agreement dated July 23, 1979 between the following:

Operator

Mesa Petroleum Co.
1000 Vaughn Building
Midland, Texas 79701

Attention: John B. Huckabay

Non-Operator

The Trustees of Dartmouth College
P. O. Box 31
Hanover, New Hampshire 03755

Attention: John F. Meck

Jack Cook

Ruby Cook Crail and Othal C. Crail

Milas P. Cook, Jr.

Ada Jeane Nichols

Part I (a) - Lands subject to contract: The East 1/2 of Section 10, Township 16 South, Range 27 East, Eddy County, New Mexico, and being 320 acres.

Part I (b) - Restrictions as to lands: None.

Part II - Working Interest Ownership:

Mesa Petroleum Co.	81.25%
The Trustees of Dartmouth College	6.25%
Jack Cook, et al.	12.50%
	100.00%

EXHIBIT "A" - Part III

Attached to and made a part of Cook Fed. Com. Operating Agreement dated July 23, 1979 between Mesa Petroleum Co., as Operator, and The Trustees of Dartmouth College, et al., Non-Operator.

East ½ Section 10, Township 16 South, Range 27 East, Eddy County, New Mexico

LEASEHOLD INTERESTS

LESSOR	PRESENT LEASEHOLD OWNER	DESCRIPTION	GROSS ACRES	NET ACRES	ROYALTY	ORI	EXPIRATION DATE
U.S.A. NM-4030	Mesa Petroleum Co.	Section 10: SE¼ and other lands not committed to this unit	160.00	160.00	12.5%	7.5%	12-31-79
Midwestern Investment Corp.	Mesa Petroleum Co.	Section 10: W½NE¼	80.00	40.00	18.75%		11-2-79
Bogle Farms, Inc.	Mesa Petroleum Co.	Section 10: W½NE¼	80.00	20.00	18.75%		9-18-79
The Trustees of Dartmouth College	Unleased	Section 10: W½NE¼	80.00	20.00			
Jack Cook, et al.	Unleased	Section 10: E½NE¼	80.00	80.00			
		Total Net Acres		320.00			

COPAS — 1974
Recommended by the Council of Petroleum Accountants Societies of North America
COPAS

EXHIBIT " C "

Attached to and made a part of Cook Fed. Com. Operating Agreement dated July 23, 1979 between Mesa Petroleum Co., as Operator and The Trustees of Dartmouth College, et al., as Non-Operator.

ACCOUNTING PROCEDURE
JOINT OPERATIONS

I. GENERAL PROVISIONS

1. Definitions

"Joint Property" shall mean the real and personal property subject to the agreement to which this Accounting Procedure is attached.

"Joint Operations" shall mean all operations necessary or proper for the development, operation, protection and maintenance of the Joint Property.

"Joint Account" shall mean the account showing the charges paid and credits received in the conduct of the Joint Operations and which are to be shared by the Parties.

"Operator" shall mean the party designated to conduct the Joint Operations.

"Non-Operators" shall mean the parties to this agreement other than the Operator.

"Parties" shall mean Operator and Non-Operators.

"First Level Supervisors" shall mean those employees whose primary function in Joint Operations is the direct supervision of other employees and/or contract labor directly employed on the Joint Property in a field operating capacity.

"Technical Employees" shall mean those employees having special and specific engineering, geological or other professional skills, and whose primary function in Joint Operations is the handling of specific operating conditions and problems for the benefit of the Joint Property.

"Personal Expenses" shall mean travel and other reasonable reimbursable expenses of Operator's employees.

"Material" shall mean personal property, equipment or supplies acquired or held for use on the Joint Property.

"Controllable Material" shall mean Material which at the time is so classified in the Material Classification Manual as most recently recommended by the Council of Petroleum Accountants Societies of North America.

2. Statement and Billings

Operator shall bill Non-Operators on or before the last day of each month for their proportionate share of the Joint Account for the preceding month. Such bills will be accompanied by statements which identify the authority for expenditure, lease or facility, and all charges and credits, summarized by appropriate classifications of investment and expense except that items of Controllable Material and unusual charges and credits shall be separately identified and fully described in detail.

3. Advances and Payments by Non-Operators

Unless otherwise provided for in the agreement, the Operator may require the Non-Operators to advance their share of estimated cash outlay for the succeeding month's operation. Operator shall adjust each monthly billing to reflect advances received from the Non-Operators.

Each Non-Operator shall pay its proportion of all bills within fifteen (15) days after receipt. If payment is not made within such time, the unpaid balance shall bear interest monthly at the rate of twelve percent (12%) per annum or the maximum contract rate permitted by the applicable usury laws in the state in which the Joint Property is located, whichever is the lesser, plus attorney's fees, court costs, and other costs in connection with the collection of unpaid amounts.

4. Adjustments

Payment of any such bills shall not prejudice the right of any Non-Operator to protest or question the correctness thereof; provided, however, all bills and statements rendered to Non-Operators by Operator during any calendar year shall conclusively be presumed to be true and correct after twenty-four (24) months following the end of any such calendar year, unless within the said twenty-four (24) month period a Non-Operator takes written exception thereto and makes claim on Operator for adjustment. No adjustment favorable to Operator shall be made unless it is made within the same prescribed period. The provisions of this paragraph shall not prevent adjustments resulting from a physical inventory of Controllable Material as provided for in Section V.

5. Audits

A. Non-Operator, upon notice in writing to Operator and all other Non-Operators, shall have the right to audit Operator's accounts and records relating to the Joint Account for any calendar year within the twenty-four (24) month period following the end of such calendar year; provided, however, the making of an audit shall not extend the time for the taking of written exception to and the adjustments of accounts as provided for in Paragraph 4 of this Section I. Where there are two or more Non-Operators, the Non-Operators shall make every reasonable effort to conduct joint or simultaneous audits in a manner which will result in a minimum of inconvenience to the Operator. Operator shall bear no portion of the Non-Operators' audit cost incurred under this paragraph unless agreed to by the Operator.

6. Approval by Non-Operators

Where an approval or other agreement of the Parties or Non-Operators is expressly required under other sections of this Accounting Procedure and if the agreement to which this Accounting Procedure is attached contains no contrary provisions in regard thereto, Operator shall notify all Non-Operators of the Operator's proposal, and the agreement or approval of a majority in interest of the Non-Operators shall be controlling on all Non-Operators.

II. DIRECT CHARGES

Operator shall charge the Joint Account with the following items:

1. Rentals and Royalties

Lease rentals and royalties paid by Operator for the Joint Operations.

2. Labor

A. (1) Salaries and wages of Operator's field employees directly employed on the Joint Property in the conduct of Joint Operations.

(2) Salaries of First Level Supervisors in the field.

(3) Salaries and wages of Technical Employees directly employed on the Joint Property if such charges are excluded from the Overhead rates.

B. Operator's cost of holiday, vacation, sickness and disability benefits and other customary allowances paid to employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II. Such costs under this Paragraph 2B may be charged on a "when and as paid basis" or by "percentage assessment" on the amount of salaries and wages chargeable to the Joint Account under Paragraph 2A of this Section II. If percentage assessment is used, the rate shall be based on the Operator's cost experience.

C. Expenditures or contributions made pursuant to assessments imposed by governmental authority which are applicable to Operator's costs chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II.

D. Personal Expenses of those employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II.

3. Employee Benefits

Operator's current costs of established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus, and other benefit plans of a like nature, applicable to Operator's labor cost chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II shall be Operator's actual cost not to exceed ~~twenty percent (20%)~~ twenty-two percent (22%) or percent most recently recommended by the Council of Petroleum Accountants Societies of North America.

4. Material

Material purchased or furnished by Operator for use on the Joint Property as provided under Section IV. Only such Material shall be purchased for or transferred to the Joint Property as may be required for immediate use and is reasonably practical and consistent with efficient and economical operations. The accumulation of surplus stocks shall be avoided.

5. Transportation

Transportation of employees and Material necessary for the Joint Operations but subject to the following limitations:

A. If Material is moved to the Joint Property from the Operator's warehouse or other properties, no charge shall be made to the Joint Account for a distance greater than the distance from the nearest reliable supply store, recognized barge terminal, or railway receiving point where like material is normally available, unless agreed to by the Parties.

B. If surplus Material is moved to Operator's warehouse or other storage point, no charge shall be made to the Joint Account for a distance greater than the distance to the nearest reliable supply store, recognized barge terminal, or railway receiving point unless agreed to by the Parties. No charge shall be made to the Joint Account for moving Material to other properties belonging to Operator, unless agreed to by the Parties.

C. In the application of Subparagraphs A and B above, there shall be no equalization of actual gross trucking cost of $200 or less excluding accessorial charges.

6. Services

The cost of contract services, equipment and utilities provided by outside sources, except services excluded by Paragraph 9 of Section II and Paragraph 1. ii of Section III. The cost of professional consultant services and contract services of technical personnel directly engaged on the Joint Property if such charges are excluded from the Overhead rates. The cost of professional consultant services or contract services of technical personnel not directly engaged on the Joint Property shall not be charged to the Joint Account unless previously agreed to by the Parties.

7. Equipment and Facilities Furnished by Operator

A. Operator shall charge the Joint Account for use of Operator owned equipment and facilities at rates commensurate with costs of ownership and operation. Such rates shall include costs of maintenance, repairs, other operating expense, insurance, taxes, depreciation, and interest on investment not to exceed eight per cent (8%) per annum. Such rates shall not exceed average commercial rates currently prevailing in the immediate area of the Joint Property.

B.. In lieu of charges in Paragraph 7A above, Operator may elect to use average commercial rates prevailing in the immediate area of the Joint Property less 20%. For automotive equipment, Operator may elect to use rates published by the Petroleum Motor Transport Association.

8. Damages and Losses to Joint Property

All costs or expenses necessary for the repair or replacement of Joint Property made necessary because of damages or losses incurred by fire, flood, storm, theft, accident, or other cause, except those resulting from Operator's gross negligence or willful misconduct. Operator shall furnish Non-Operator written notice of damages or losses incurred as soon as practicable after a report thereof has been received by Operator.

9. Legal Expense

Expense of handling, investigating and settling litigation or claims, discharging of liens, payment of judgments and amounts paid for settlement of claims incurred in or resulting from operations under the agreement or necessary to protect or recover the Joint Property, except that no charge for services of Operator's legal staff or fees or expense of outside attorneys shall be made unless previously agreed to by the Parties. All other legal expense is considered to be covered by the overhead provisions of Section III unless otherwise agreed to by the Parties, except as provided in Section I, Paragraph 3.

10. Taxes

All taxes of every kind and nature assessed or levied upon or in connection with the Joint Property, the operation thereof, or the production therefrom, and which taxes have been paid by the Operator for the benefit of the Parties.

11. Insurance

Net premiums paid for insurance required to be carried for the Joint Operations for the protection of the Parties. In the event Joint Operations are conducted in a state in which Operator may act as self-insurer for Workmen's Compensation and/or Employers Liability under the respective state's laws, Operator may, at its election, include the risk under its self-insurance program and in that event, Operator shall include a charge at Operator's cost not to exceed manual rates. (See Exhibit "D" attached)

12. Other Expenditures

Any other expenditure not covered or dealt with in the foregoing provisions of this Section II, or in Section III, and which is incurred by the Operator in the necessary and proper conduct of the Joint Operations.

III. OVERHEAD

1. Overhead - Drilling and Producing Operations

i. As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge drilling and producing operations on either: (See Schedule 1)

(X) Fixed Rate Basis, Paragraph 1A, or
( ) Percentage Basis, Paragraph 1B.

Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Paragraph 2A, Section II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the Overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.

ii. The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property shall ( ) shall not (X) be covered by the Overhead rates.

A. Overhead - Fixed Rate Basis

(1) Operator shall charge the Joint Account at the following rates per well per month:

Drilling Well Rate $ 2,800.00
Producing Well Rate $ 280.00

(2) Application of Overhead - Fixed Rate Basis shall be as follows:

(a) Drilling Well Rate

[1] Charges for onshore drilling wells shall begin on the date the well is spudded and terminate on the date the drilling or completion rig is released, whichever is later, except that no charge shall be made during suspension of drilling operations for fifteen (15) or more consecutive days.

[2] Charges for offshore drilling wells shall begin on the date when drilling or completion equipment arrives on location and terminate on the date the drilling or completion equipment moves off location or rig is released, whichever occurs first, except that no charge shall be made during suspension of drilling operations for fifteen (15) or more consecutive days

[3] Charges for wells undergoing any type of workover or recompletion for a period of five (5) consecutive days or more shall be made at the drilling well rate. Such charges shall be applied for the period from date workover operations, with rig, commence through date of rig release, except that no charge shall be made during suspension of operations for fifteen (15) or more consecutive days.

(b) Producing Well Rates

[1] An active well either produced or injected into for any portion of the month shall be considered as a one-well charge for the entire month.

[2] Each active completion in a multi-completed well in which production is not commingled down hole shall be considered as a one-well charge providing each completion is considered a separate well by the governing regulatory authority.

[3] An inactive gas well shut in because of overproduction or failure of purchaser to take the production shall be considered as a one-well charge providing the gas well is directly connected to a permanent sales outlet.

[4] A one-well charge may be made for the month in which plugging and abandonment operations are completed on any well.

[5] All other inactive wells (including but not limited to inactive wells covered by unit allowable, lease allowable, transferred allowable, etc.) shall not qualify for an overhead charge.

(3) The well rates shall be adjusted as of the first day of April each year following the effective date of the agreement to which this Accounting Procedure is attached. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in the average weekly earnings of Crude Petroleum and Gas Production Workers for the last calendar year compared to the calendar year preceding as shown by the index of average weekly earnings of Crude Petroleum and Gas Fields Production Workers as published by the United States Department of Labor, Bureau of Labor Statistics, or the equivalent Canadian index as published by Statistics Canada, as applicable. The adjusted rates shall be the rates currently in use, plus or minus the computed adjustment.

~~B. Overhead - Percentage Basis~~

~~(1) Operator shall charge the Joint Account at the following rates:~~

(a) Development

_____ Percent (%) of the cost of Development of the Joint Property exclusive of costs provided under Paragraph 9 of Section II and all salvage credits.

(b) Operating

_____ Percent (%) of the cost of Operating the Joint Property exclusive of costs provided under Paragraphs 1 and 9 of Section II, all salvage credits, the value of injected substances purchased for secondary recovery and all taxes and assessments which are levied, assessed and paid upon the mineral interest in and to the Joint Property.

(2) Application of Overhead - Percentage Basis shall be as follows:
For the purpose of determining charges on a percentage basis under Paragraph 1B of this Section III, development shall include all costs in connection with drilling, redrilling, deepening or any remedial operations on any or all wells involving the use of drilling crew and equipment; also, preliminary expenditures necessary in preparation for drilling and expenditures incurred in abandoning when the well is not completed as a producer, and original cost of construction or installation of fixed assets, the expansion of fixed assets and any other project clearly discernible as a fixed asset, except Major Construction as defined in ~~Paragraph 2 of this Section III. All other costs shall be considered as Operating~~.

2. Overhead - Major Construction

To compensate Operator for overhead costs incurred in the construction and installation of fixed assets, the expansion of fixed assets, and any other project clearly discernible as a fixed asset required for the development and operation of the Joint Property, Operator shall ~~either~~ negotiate a rate prior to the beginning of construction, ~~or shall charge the Joint Account for Overhead based on the following rates for any Major Construction project in excess of $_____~~:

~~A. _____% of total costs if such costs are more than $_____ but less than $_____; plus~~

B. _____% of total ~~costs~~ in excess of $_____ but less than ~~$1,000,000~~; ~~plus~~

C. _____% of total costs in excess of ~~$1,000,000~~

Total cost shall mean the gross cost of any one project. For the purpose of this ~~paragraph~~, the component parts ~~of a single project shall not be treated separately and the cost of drilling and workover wells shall be excluded.~~

3. Amendment of Rates

The Overhead rates provided for in this Section III may be amended from time to time only by mutual agreement between the Parties hereto if, in practice, the rates are found to be insufficient or excessive.

IV. PRICING OF JOINT ACCOUNT MATERIAL PURCHASES, TRANSFERS AND DISPOSITIONS

Operator is responsible for Joint Account Material and shall make proper and timely charges and credits for all material movements affecting the Joint Property. Operator shall provide all Material for use on the Joint Property; however, at Operator's option, such Material may be supplied by the Non-Operator. Operator shall make timely disposition of idle and/or surplus Material, such disposal being made either through sale to Operator or Non-Operator, division in kind, or sale to outsiders. Operator may purchase, but shall be under no obligation to purchase, interest of Non-Operators in surplus condition A or B Material. The disposal of surplus Controllable Material not purchased by the Operator shall be agreed to by the Parties.

1. Purchases

Material purchased shall be charged at the price paid by Operator after deduction of all discounts received. In case of Material found to be defective or returned to vendor for any other reason, credit shall be passed to the Joint Account when adjustment has been received by the Operator.

2. Transfers and Dispositions

Material furnished to the Joint Property and Material transferred from the Joint Property or disposed of by the Operator, unless otherwise agreed to by the Parties, shall be priced on the following bases exclusive of cash discounts:

A. New Material (Condition A)

(1) Tubular goods, except line pipe, shall be priced at the current new price in effect on date of movement on a maximum carload or barge load weight basis, regardless of quantity transferred, equalized to the lowest published price f.o.b. railway receiving point or recognized barge terminal nearest the Joint Property where such Material is normally available.

(2) Line Pipe

(a) Movement of less than 30,000 pounds shall be priced at the current new price, in effect at date of movement, as listed by a reliable supply store nearest the Joint Property where such Material is normally available.

(b) Movement of 30,000 pounds or more shall be priced under provisions of tubular goods pricing in Paragraph 2A (1) of this Section IV.

(3) Other Material shall be priced at the current new price, in effect at date of movement, as listed by a reliable supply store or f.o.b. railway receiving point nearest the Joint Property where such Material is normally available.

B. Good Used Material (Condition B)

Material in sound and serviceable condition and suitable for reuse without reconditioning:

(1) Material moved to the Joint Property

(a) At seventy-five percent (75%) of current new price, as determined by Paragraph 2A of this Section IV.

(2) Material moved from the Joint Property

(a) At seventy-five percent (75%) of current new price, as determined by Paragraph 2A of this Section IV, if Material was originally charged to the Joint Account as new Material, or

(b) at sixty-five percent (65%) of current new price, as determined by Paragraph 2A of this Section IV, if Material was originally charged to the Joint Account as good used Material at seventy-five percent (75%) of current new price.

The cost of reconditioning, if any, shall be absorbed by the transferring property.

C. Other Used Material (Condition C and D)

(1) Condition C

Material which is not in sound and serviceable condition and not suitable for its original function until after reconditioning shall be priced at fifty percent (50%) of current new price as determined by Paragraph 2A of this Section IV. The cost of reconditioning shall be charged to the receiving property, provided Condition C value plus cost of reconditioning does not exceed Condition B value.

(2) Condition D

All other Material, including junk, shall be priced at a value commensurate with its use or at prevailing prices. Material no longer suitable for its original purpose but usable for some other purpose, shall be priced on a basis comparable with that of items normally used for such other purpose. Operator may dispose of Condition D Material under procedures normally utilized by the Operator without prior approval of Non-Operators.

D. Obsolete Material

Material which is serviceable and usable for its original function but condition and/or value of such Material is not equivalent to that which would justify a price as provided above may be specially priced as agreed to by the Parties. Such price should result in the Joint Account being charged with the value of the service rendered by such Material.

E. Pricing Conditions

(1) Loading and unloading costs may be charged to the Joint Account at the rate of fifteen cents (15¢) per hundred weight on all tubular goods movements, in lieu of loading and unloading costs sustained, when actual hauling cost of such tubular goods are equalized under provisions of Paragraph 5 of Section II.

(2) Material involving erection costs shall be charged at applicable percentage of the current knocked-down price of new Material.

3. Premium Prices

Whenever Material is not readily obtainable at published or listed prices because of national emergencies, strikes or other unusual causes over which the Operator has no control, the Operator may charge the Joint Account for the required Material at the Operator's actual cost incurred in providing such Material, in making it suitable for use, and in moving it to the Joint Property; provided notice in writing is furnished to Non-Operators of the proposed charge prior to billing Non-Operators for such Material. Each Non-Operator shall have the right, by so electing and notifying Operator within ten days after receiving notice from Operator, to furnish in kind all or part of his share of such Material suitable for use and acceptable to Operator.

4. Warranty of Material Furnished by Operator

Operator does not warrant the Material furnished. In case of defective Material, credit shall not be passed to the Joint Account until adjustment has been received by Operator from the manufacturers or their agents.

V. INVENTORIES

The Operator shall maintain detailed records of Controllable Material.

1. Periodic Inventories, Notice and Representation

At reasonable intervals, Inventories shall be taken by Operator of the Joint Account Controllable Material. Written notice of intention to take inventory shall be given by Operator at least thirty (30) days before any inventory is to begin so that Non-Operators may be represented when any inventory is taken. Failure of Non-Operators to be represented at an inventory shall bind Non-Operators to accept the inventory taken by Operator.

2. Reconciliation and Adjustment of Inventories

Reconciliation of a physical inventory with the Joint Account shall be made, and a list of overages and shortages shall be furnished to the Non-Operators within six months following the taking of the inventory. Inventory adjustments shall be made by Operator with the Joint Account for overages and shortages, but Operator shall be held accountable only for shortages due to lack of reasonable diligence.

3. Special Inventories

Special Inventories may be taken whenever there is any sale or change of interest in the Joint Property. It shall be the duty of the party selling to notify all other Parties as quickly as possible after the transfer of interest takes place. In such cases, both the seller and the purchaser shall be governed by such inventory.

4. Expense of Conducting Periodic Inventories

The expense of conducting periodic Inventories shall not be charged to the Joint Account unless agreed to by the Parties.

SCHEDULE I

Attached to and made a part of Cook Fed. Com. Operating Agreement dated July 23, 1979 between Mesa Petroleum Co., as Operator, and The Trustees of Dartmouth College, et al., as Non-Operator.

The Combined Fixed Rates, as heretofore provided under Section III, Paragraph A. of the COPAS-1974 Accounting Procedure to which this schedule is attached, shall be in lieu of all charges to the Joint Account for the indirect costs and expenses incurred by Operator in providing the joint operations with the producing and development functions and services hereinafter identified as Compensation for Administrative, Supervision, Office Services and Warehousing costs.

The following reflects a representative abridged listing of the functions and/or services which shall be considered as included in the Operator's District Expense and Warehousing, and should serve as a guide for similar functions intended to be covered by the Combined Fixed Rates even though some of the functions may be contract services performed by third parties.

Salaries, Benefits and Related Costs of Field, Area and/or District:
- Managers and/or Superintendents
- Foremen - Superintendent
  - Drilling - (Except when permitted as a direct charge under Para. 1.ii, Sec. III)
  - Production - (Except when permitted as a direct charge under Para. 1.ii, Sec. III)
  - Construction - (Except when permitted as a direct charge under Para. 1.ii, Sec. III)
- Production Engineers - (Except when permitted as a direct charge under Para. 1.ii, Sec. III)
- Production Geologists - (Except when permitted as a direct charge under Para. 1.ii, Sec. III)
- Other Technical Employees - (Except when permitted as a direct charge under Para. 1.ii, Sec. III)
- Office Stenographers
- Office Clerks
  - Time Keeping
  - Preparation of Boat, Automotive and Other Vehicle Reports
  - Local Purchasing (Field Orders)
  - Preparation and coding of invoices
  - Preparation of Material Requisitions
  - Preparation of Field Transfers
  - Preparation of Field Receiving Reports
  - Posting of Production Reports
  - Preparation of Over and Short Reports
  - Reading and Integration of Charts
  - Preparation of Field Gas Production and Consumption Report
  - Preparation of Field Office Reports to State and Federal Regulatory Bodies
  - Miscellaneous Routine Field Office Clerical Duties
  - Field Office Inventory Men
    - Conducting Physical Inventories
    - Preparation of Field Inventory Records
  - Warehousemen and/or Clerks

Office Equipment, Supplies, Stationery and Forms

Maps, Photostats and Blueprints, when required for general District Use.

Rentals
- Rentals paid for buildings, office and storage space used by District employees.

Rentals paid in connection with sites for District production offices, camps, warehouses and other facilities used specifically for District purposes.

Ad Valorem Taxes
Taxes paid on buildings and equipment charged to Operator's Field, Area, and/or District investment accounts.

Insurance
Net cost of all types of insurance, including workmen's compensation and public liability insurance; when such insurance is applicable to the District.

The following reflects a representative abridged listing of the functions and/or services which shall be considered as included in the Operator's Administrative Overhead, and should serve as a guide for similar functions intended to be covered by the combined Fixed Rates even though some of the functions may be contract services performed by third parties.

General Management

General Operating Administration
Drilling Managers and/or Superintendents and Office Staffs
Production Managers and/or Superintendents and Office Staffs
Civil Engineers - (Except when permitted as a direct charge under Para. 1.ii, Sec. III)
Reservoir Analysis and Engineering
Petroleum Engineers - (Except when permitted as a direct charge under Para. 1.ii, Sec. III)
Negotiation of Production and Residue Gas Sales
Negotiation of Major Gas Sales
Preparation and Negotiation of Joint Operation Agreements
Preparation of General Production Records
Traveling and Transportation Expense of Home, Division, Area, Region, or similar Administrative Office Employees

General Accounting and Services
Checking of invoices
Preparation of Paychecks
Responsibility of Account Distribution or Coding
Payment of Vendor's Invoices
Maintaining Property Investment Records
Maintaining Joint Interest Cost Records
Preparation of Joint Interest Billing
Preparation of Royalty Checks
Machine Accounting and Data Processing Functions
Photostat and Other Reproduction Service
Ad Valorem Tax Service and/or Counsel
Systems and Procedures
Internal Auditing

Communications Expense - Telephone, telegraph and teletype service rendered to the district; also operating expenses of radio communication systems which serve the district and which are not chargeable to any particular lease or facility operation. The costs applicable to communication service and/or equipment directly employed on and serving the joint property shall be a direct charge to the joint property.

Area and/or District Office Utility Services

Local Field, Area and/or District Recreational Facilities

Safety Meetings and/or Dinners

Area and/or District Office Safety Equipment

First Aid Supplies

Physical and Medical Examinations - Cost of pre-employment and medical examinations of personnel to be employed in the district, including costs of annual or periodic examinations and immunizations.

Transportation, Including freight and express costs when such costs are incurred directly in the operation and/or maintenance of district offices, buildings, and facilities.

Traveling Expense of district employees when such expense is for the sole benefit of the district. Traveling and personal expenses of district employees attending oil shows, API meetings, and company training schools, etc., which are for the primary benefit of the Operator shall be borne solely by the Operator.

Moving Expenses - Costs of moving and transfer of district employees including relocation expenses such as real estate fees, closing costs, compensation for loss on sale of home, carpeting and draperies, etc., when transferred within or into the district. Costs incurred for the primary benefit of the Operator, such as transfer of trainees, shall be borne solely by the Operator.

Memberships, dues and Subscriptions for Field, Area and/or District Personnel.

Depreciation on Operator's wholly-owned Field, Area, and/or District production offices, equipment, buildings, camps, roads, fences, canals, docks, marine terminals, and slips, etc., used for District purposes.

Repair and Maintenance on Operator's wholly-owned Field, Area, and/or District production offices, equipment, buildings, camps, roads, fences, canals, docks, marine terminals, and slips, etc. including the cost of small tools and supplies used specifically for District purposes.

Warehouse - wholly-owned
- Depreciation
- Operating and Maintenance Expense
- Cost of Storing and Handling Material

Title Record and Division Order Administration
- Landmen and Titlemen
- Maintenance of Division of Interest Records
- Obtaining Royalty Signatures

Exploration Administration
- Geologists - (Except when permitted as a direct charge under Para. 1.ii, Sec. III)
- General Research
- Geophysicists

General Purchasing Administration

Industrial and Public Relation Administration
- Employee Relation Counselor
- Safety Engineer
- Industrial Nurse and/or Doctor
- Dinners, Parties, etc.
- Safety Awards
- Incentive Awards
- Thanksgiving Turkeys or Christmas Baskets
- Contributions to Charity and/or Civic Organizations
- Special Investigators
- Administration of Benefit Plans

General Oil and Gas Well Proration and Pricing Administration
- Preparation of Reports to and Representation before Governmental Agencies

General Legal Counsel
- Preparation of Contracts
- Claims and Litigation
- Title and Other Opinions

Transportation and Traffic Administration

Insurance Administration

EXHIBIT "D" ONSHORE

Attached to and made a part of Cook Fed. Com. Operating Agreement dated July 23, 1979 between Mesa Petroleum Co., as Operator, and The Trustees of Dartmouth College, et al., as Non-Operator.

INSURANCE

The Operator shall carry for the benefit of the joint account insurance to cover drilling operations and producing operations on the jointly owned acreage as follows:

I. Workmen's Compensation and Employer's Liability covering the employees of Operator engaged in operations hereunder in compliance with all applicable Federal Laws and the laws of the State of New Mexico, with Employers Liability limit of not less than $100,000 per person and $100,000 per occurrence.

II. Operator shall carry of its interest and for the interest of any non-operator so electing to participate in writing, within 60 days of the date of the Operating Agreement, the following types and limits of insurance:

(A) Comprehensive General Liability covering operations conducted hereunder by Operator for the Parties with limits of:

Combined Bodily Injury & Property Damage	$1,000,000 per occurrence $1,000,000 Aggregate

(B) Automobile Liability covering all vehicles owned, non-owned, or hired and used in connection with operations conducted hereunder by Operator for the joint account with limits of:

Combined Bodily Injury & Property Damage	$1,000,000 per occurrence $1,000,000 Aggregate

The premiums for all such insurance so carried in paragraph II shall be paid by Operator and may be charged directly to such non-operators as elect to participate to the extent that their interest is insured.

EXHIBIT "E"

GAS STORAGE AND BALANCING AGREEMENT

Attached to and made a part of Cook Fed. Com. Operating Agreement dated July 23, 1979 between Mesa Petroleum Co., as Operator, and The Trustees of Dartmouth College, et al., as Non-Operator.

---

1. The parties to the Operating Agreement to which this gas storage and balancing agreement is attached own the working interest in the gas rights underlying the Unit Area covered by such agreement in accordance with the percentages of participation as set forth in Exhibit "A" to the Operating Agreement.

2. In accordance with the terms of the Operating Agreement, each party thereto has the right to take its share of gas produced from the Unit Area and market the same. In the event any of the parties hereto is not at any time taking or marketing its share of gas or has contracted to sell its share of gas produced from the Unit Area to a purchaser which does not at any time while the Operating Agreement is in effect take the share of gas attributable to the interest of such party, the terms of this agreement shall automatically become effective.

3. During the period or periods when any party hereto has no market or fails to take its share of gas produced from any proration unit within the Unit Area, or its purchaser does not take its share of gas produced from such proration unit, the other parties shall be entitled to produce each month one hundred percent of the allowable gas production (including lawful tolerances) assigned to such proration unit by the regulatory body having jurisdiction and shall be entitled to take and deliver to its or their purchaser all of such gas production, except, however, that no party shall be entitled to take or deliver to a purchaser gas production in excess of three hundred percent of its share of such allowable unless that party has gas in storage. All parties hereto shall share in and own the liquid hydrocarbons recovered from such gas by lease equipment in accordance with their respective interests and subject to the Operating Agreement to which this agreement is attached, but the party or parties taking such gas shall own all of the gas delivered to its or their purchaser.

4. On a cumulative basis, each party not taking or marketing its share of the gas produced shall be credited with gas in storage equal to its share of the gas produced under the Operating Agreement, less its share of gas used in lease operations, vented or lost. The Operator will maintain a current account of the gas balance between the parties and will furnish all parties hereto monthly statements showing the total quantity of gas produced, the amount used in lease operations, vented or lost, and the total quantity of liquid hydrocarbons recovered therefrom.

5. At all times while gas is produced from the Unit Area, each party hereto will make settlement with the respective royalty owners to whom they are each accountable, just as if each party were taking or delivering to a purchaser its share, and

its share only, of such gas production. Each party hereto agrees to hold each other party harmless from any and all claims for royalty payments asserted by royalty owners to whom each party is accountable. The term "royalty owner" shall include owners of royalty, overriding royalties, production payments and similar interests.

6. It is the intent that each party be entitled to gas produced in the proportion that its ownership interest bears to the sum of the ownership interests. It is the intent that the Unit Operator have the duty of controlling gas well production and the responsibility of administering the provisions of this agreement. Unit Operator shall cause deliveries to be made to the gas purchasers at such rates as may be required to give effect to the intent that the gas production accounts of all parties are to be brought into balance under the provisions contained herein.

7. To give effect to the intent of this agreement, the Unit Operator shall be governed by the following rights of each party.

(a) When the well's current production is less than the well allowable due to either the capacity of the well to produce or the Unit Operator causing the well to produce below allowable in order to properly balance well allowable overproduction:

(1) Each underproduced party (a party who has taken a lesser volume of gas than the quantity such party is herein entitled) shall have the right to take a greater amount of gas than its proportionate share of the well's current production, provided that the right to take such greater amount shall be in proportion that its interest bears to the total interest of all underproduced parties desiring to take more than their proportionate share of the well's current production.

(2) Each overproduced party (a party who has taken a greater volume of gas than the quantity such party is herein entitled) shall reduce its respective take in the proportion that such party's interest bears to the total interest of all overproduced parties, but in no event shall any overproduced party be required to reduce its take to less than seventy-five percent (75%) of such overproduced party's proportionate share of the well's current production.

(b) When the well's current production is less than the well allowable due to combined pipeline takes or for reasons other than in subparagraph (a) above:

(1) Each underproduced party shall have the right as in subparagraph (a) (1) above.

(2) Each overproduced party shall reduce its respective take in the proportion that such party's interest bears to the total interest of all overproduced parties, but in no event shall any overproduced party be required to reduce its take to less than seventy-five percent (75%) of such overproduced party's proportionate share of the well allowable.

(c) When the well's current production is equal to or greater than the well allowable:

(1) Each underproduced party shall have the right to take a greater amount of gas than its proportionate share of the well allowable, provided that the right to take such greater amount shall be in proportion that its interest bears to the total interests of all underproduced parties desiring to take more than their proportionate share of the well allowable.

(2) Each overproduced party shall have the right as in subparagraph (a) (2) above.

(d) The Unit Operator, at the request of any party, may produce the entire well stream, if necessary, for a deliverability test not to exceed seventy-two (72) hours' duration required under such requesting party's gas sales contract and may overproduce in any other situation provided that such overproducing would be consistent with prudent operations.

8. Each party taking gas shall furnish, or cause to be furnished, the Unit Operator a monthly statement of gas taken. After commencement of production, Unit Operator shall furnish a current account monthly of the gas balance between parties hereto including the total quantity of gas produced, the portion hereof used in Unit operations, vented or lost, and the total quantity of gas delivered to a market.

9. Each party taking or delivering gas to its purchaser shall pay any and all production taxes due on such gas.

10. The provisions of this agreement shall constitute a separate agreement and be separately applicable to each proration unit and/or reservoir to the end that production from one reservoir in a gas well may not be utilized for the purpose of balancing underproduction from other reservoirs.

11. When gas sales from a reservoir in a gas well permanently cease, Unit Operator shall be responsible to determine the final accounting of underproduction and overproduction and each overproduced party shall account to and compensate each underproduced party with a sum of money equal to the amount actually received, less applicable taxes, by any overproduced party from the sale of that part of the total cumulative volume of gas produced which the underproduced party was entitled to take and payment for such overproduction shall be in the order of accrual.

12. The term "proration unit" means the area or portion of the Unit Area fixed for the producing reservoir by applicable field rules or, in the absence thereof, the area established in statewide rules and regulations by the regulatory body having jurisdiction.

EXHIBIT "F"

Attached to and made a part of Cook Fed. Com. Operating Agreement dated July 23, 1979 between Mesa Petroleum Co., as Operator, and The Trustees of Dartmouth College, et al., as Non_operator.

CONTRACTOR'S CERTIFICATION FOR

MESA PETROLEUM CO.

A. EQUAL EMPLOYMENT OPPORTUNITY

It is hereby agreed that the following provisions, which are also set forth in Section 202 of Executive Order 11246, are made a part of each agreement and purchase order presently existing or which may be entered into hereafter, between Contractor and Mesa Petroleum Co.

1. Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: Employment, upgrading, demotion or transfer, recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Contractor agrees to post in conspicuous places, available to employees and applicants of employment, notices to be provided by the contracting officer, setting forth the provisions of this nondiscrimination clause.

2. Contractor will, in all solicitations or advertisements for employees placed by or on behalf of Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

3. Contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided by the agency contracting officer, advising the labor union or workers' representatives of the Operator's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

4. Contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.

5. Contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

6. In the event of Contractor's non-compliance with the nondiscrimination clauses of this contract or with any of such rules, regulations or orders, this contract may be cancelled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in said Executive Order No. 11246 of September 24, 1965, or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.

7. Contractor will include the provisions of Paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. Contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions, including sanctions for noncompliance; provided, however, that in the event Contractor becomes involved in, or is threatened with litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the Contractor may request the United States to enter into such litigation to protect the interest of the United States.

B. EQUAL EMPLOYMENT OPPORTUNITY REPORTING

Contractor agrees to file with the appropriate federal agency a complete and accurate report on Standard Form 100 (EEO-1) within 30 days after the signing of this agreement or the award of any such purchase order, as the case may be, (unless such a report has been filed in the last 12 months), and agrees to continue to file such reports annually, on or before March 31. (41 CFR 60-1.7 (a))

C. AFFIRMATIVE ACTION COMPLIANCE PROGRAM

Contractor agrees to develop and maintain a current written affirmative action compliance program for each of its establishments in accordance with the regulations of the Secretary of Labor promulgated under Executive Order No. 11246, as amended. (41 CFR 60-1.40)

D. CERTIFICATION OF NONSEGREGATED FACILITIES

Contractor, by entering into this contract, certifies that it does not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. It certifies further that it will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it will not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained.

Contractor agrees that a breach of this certification is a violation of the Equal Opportunity clause in this contract. As used in this certification, the term "segregated facilities" means, but is not limited to, any waiting rooms, work areas, restrooms and washrooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, creed, color, or national origin, because of habit, local custom, or otherwise. It further agrees that (except where it has obtained identical certifications from proposed subcontractors for specific time periods) it will obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding $10,000 which are not exempt from the provisions of the Equal Opportunity clause; that it will retain such certifications in its files; and that it will forward the following notice to such proposed subcontractors (except where the proposed subcontractors have submitted identical certifications for specific time periods):

NOTICE TO PROSPECTIVE SUBCONTRACTORS
OF REQUIREMENT FOR CERTIFICATIONS
OF NONSEGREGATED FACILITIES

A Certification of Nonsegregated Facilities, as required by the May 9, 1967 Order (32 F.R. 7439, May 19, 1967) on Elimination of Segregated Facilities, by the Secretary of Labor, must be submitted prior to the award of a subcontract exceeding $10,000 which is not exempt from the provisions of the Equal Opportunity Clause. The certification may be submitted either for each subcontract or for all subcontracts during a period (i.e. quarterly, semi-annually, or annually).

E. EMPLOYMENT OF VETERANS

1. The Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era Clause set forth at Section 60-250.4 of Title 41 Code of Federal Regulations is hereby incorporated herein by reference. (This clause is applicable to all contracts or purchase orders for $10,000 or more.)

2. Contractor agrees further to place the above provisions in any subcontract nonexempt under the rules and regulations promulgated by the Secretary under the Vietnam Era Veterans Readjustment Assistance Act of 1974.

F. EMPLOYMENT OF HANDICAPPED PERSONS

1. The Affirmative Action for Handicapped Workers Clause set forth in Section 60-741.41 of Title 41 Code of Federal Regulations is hereby incorporated herein by reference. (This clause is applicable to all contracts or purchase orders for $2,500 or more.)

2. Contractor agrees further to place the above provision in any subcontract nonexempt under the rules and regulations promulgated by the Secretary under the Rehabilitation Act of 1973.

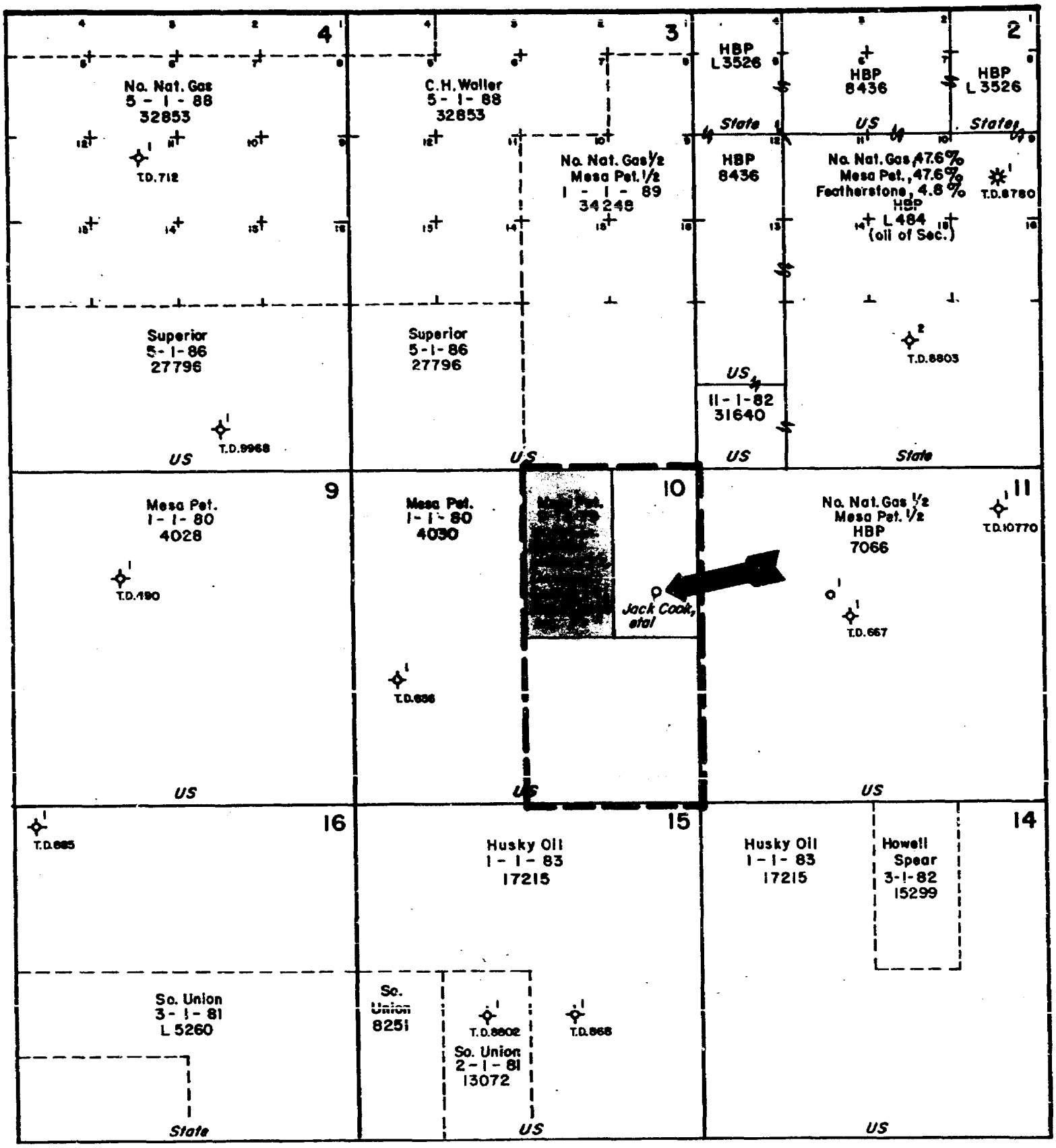
EXHIBIT I

Case No. 6600

MESA PETROLEUM CO.
COMPULSORY POOLING

E½ Section 10, T-16-S, R-27-E
Eddy County, New Mexico

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
Mesa EXHIBIT NO. 1
CASE NO. 6600



T 16 S ; R 27 E

MESA LEASEHOLD-Section 10

- Full Interest
- Partial Interest
- Open

EXHIBIT II

Case No. 6600

MESA PETROLEUM CO.
COMPULSORY POOLING

E½ Section 10, T-16-S, R-27-E
Eddy County, New Mexico

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
Mesa EXHIBIT NO. 2
CASE NO. 6600

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SANTA FE		
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U.S.G.S.		
LAND OFFICE		
OPERATOR		

NEW MEXICO OIL CONSERVATION COMMISSION

Form C-101
Revised 1-1-65

5A. Indicate Type of Lease STATE [ ] FEE [X]

5. State Oil & Gas Lease No.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work
DRILL [X] DEEPEN [ ] PLUG BACK [ ]

b. Type of Well
OIL WELL [ ] GAS WELL [X] OTHER SINGLE ZONE [X] MULTIPLE ZONE [ ]

7. Unit Agreement Name

8. Farm or Lease Name
Cook Fed Com

2. Name of Operator
Mesa Petroleum Co

9. Well No.
1

3. Address of Operator
1000 Vaughn Building/Midland, Texas 79701

10. Field and Pool, or Wildcat
Undesignated

4. Location of Well
UNIT LETTER J LOCATED 1980 FEET FROM THE North LINE
AND 660 FEET FROM THE East LINE OF SEC. 10 TWP. 16S RGE. 27E NMPM

12. County
Eddy

19. Proposed Depth	19A. Formation	20. Rotary or C.T.
8800	Morrow	Rotary

21. Elevations (Show whether DF, RT, etc.)	21A. Kind & Status Plug. Bond	21B. Drilling Contractor	22. Approx. Date Work will start
3574.5 GR	Blanket	Moranco	September 1, 1979

23.

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
17-1/2"	13-3/8"	48	300	400	Circ to surface
11"	8-5/8"	24	1600	650	Circ to surface
7-7/8"	4-1/2"	10.5 - 11.6	8800	750	5000' or suf. to cover all pay.

Propose to drill surface hole to 300' without BOP's. After cementing casing and installing bradenhead, will nipple up 12" API 3000 psi BOP's and drill intermediate hole to 1600'. Will set 8-5/8" casing and cement with volume adequate to raise cement to surface. Will nipple up 12" API 3000 psi BOP's and drill to total depth with cut brine. Maximum mud weight should not exceed 9.3 ppg based upon similar area wells.

Operator's gas sales are not dedicated.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

Signed R. L. Mathis Title Regulatory Coordinator Date July 20, 1979

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

ILS MEC GBH JWJ FILE, NMOCD

NEW MEXICO OIL CONSERVATION COMMISSION

WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section

Operator	Lease	Well No.
MESA PETROLEUM CO.	COOK FED. COM.	1

Unit Letter	Section	Township	Range	County
H	10	16 SOUTH	27 EAST	EDDY

Actual Footage Location of Well:
1930 feet from the NORTH line and 660 feet from the EAST line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
3574.5	Atoka-Morrow	Undesignated	E/2 320 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

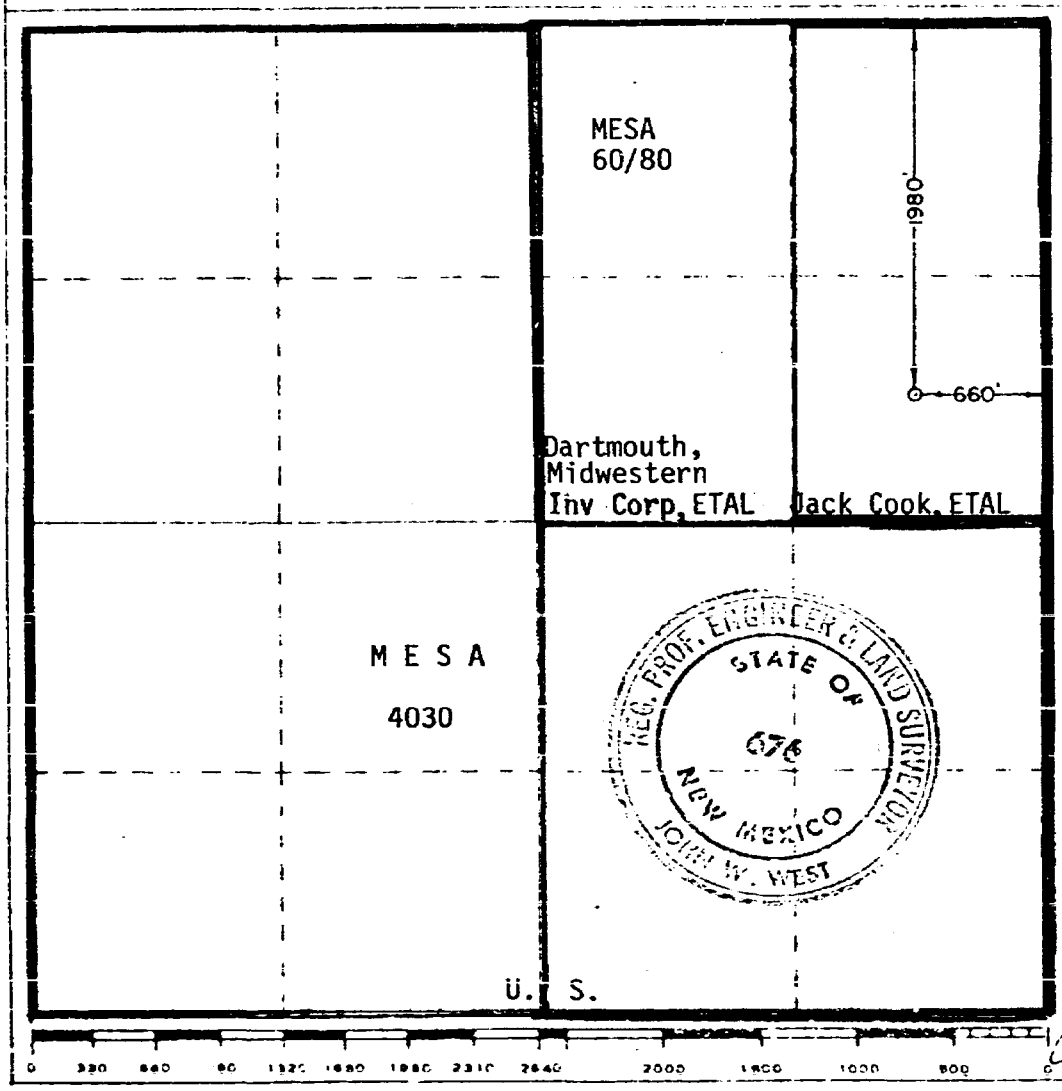
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☒ No If answer is "yes" type of consolidation Force-pooling hearing sched 25 Jul 79

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) Dartmouth College and Cook etal to be forced-pooled

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

R. E. MATHIS

Regulatory Coordinator

Mesa Petroleum Co.

July 20, 1979

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 supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
JULY 9TH, 1979

Registered Professional Engineer and/or Land Surveyor

Certificate No. John W West 676
Ronald J. Eidson 3239

EXHIBIT III

Case No. 6600

MESA PETROLEUM CO.
COMPULSORY POOLING

E½ Section 10, T-16-S, R-27-E
Eddy County, New Mexico

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
Mesa EXHIBIT NO. 3
CASE NO. 6600

GLEN AARON & ASSOCIATES, INC. *Petroleum Landmen*

PHONE 915-684-4491 P. O. BOX 2391 MIDLAND, TEXAS 79702

October 18, 1978

McLane, Graf, Greene, Raulerson & Middleton
P. O. Box 326
Manchester, New Hampshire 03105

Attention: Mr. Kenneth H. Graf:

Re: Proposed Oil & Gas Lease
Dartmouth College
South Lake Arthur Prospect
Eddy County, New Mexico

Gentlemen:

We have attempted to contact you by telephone and have talked with your secretary regarding the oil and gas lease covering captioned land.

Enclosed is the Dartmouth College completed lease, RDO and Draft. As explained in our letter to you of September 25, 1978, we have deleted Subparagraphs #2 and #3, Page 5 and added the Pugh Clause.

The lease represents $25.00 per acre bonus, 3/16 royalty, $1.00 per acre delay rental for a three (3) year term (20 net acres x $25.00 per acre bonus = $500.00 bonus amount).

If you approve, please have the authorized person execute the lease and RDO and endorse the draft. Then place in the college depository bank as a collection item. Their bank and The Midland National Bank will transfer the draft amount into their account before releasing the instruments to us.

Thank you for your consideration of this offer. Please contact us if you have any questions.

Yours very truly,

Glen Aaron (sa)

Glen Aaron

/sa
Enclosures
cc: Mesa Petroleum Co.

DRAFT
Courtesy Of
THE MIDLAND NATIONAL BANK
MIDLAND, TEXAS

No. _____ Midland, Texas (PLACE) October 13 19 78

Xerox Copy

30 DAYS AFTER SIGHT AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF The Trustees of Dartmouth College

$ 500.00

Five Hundred and No/100 ---------- DOLLARS
WITHOUT EXCHANGE

For Bonus consideration for O&G Lse, dated 10-13-78, covering a mineral interest in W/2 NE/4 of Sec. 10, T-16-S, R-27-E, Eddy County, New Mexico

DO NOT HANDLE AS CASH ITEM.

To MESA PETROLEUM CO.
The Midland National Bank
Midland, Texas

Glen Aaron (684-4401)

The Trustees of Dartmouth College

By: _____

Tax ID# _____

OIL AND GAS LEASE

AGREEMENT made and entered into this 13th day of October 19 78 by and between THE TRUSTEES OF DARTMOUTH COLLEGE, a New Hampshire Corporation, acting herein by and through its proper corporate officers hereunto duly authorized, Hanover, New Hampshire, Party of the first part, hereinafter called Lessor (whether one or more) and MESA PETROLEUM CO.

Party of the second part, hereinafter called Lessee:

WITNESSETH, That the said Lessor, for and in consideration of TEN Dollars ($10.00) and other cash consideration in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of Lessee to be paid, kept and performed, but SUBJECT TO the exceptions and reservations hereinafter made and set out, has GRANTED, DEMISED, LEASED and LET and by these presents does GRANT, DEMISE, LEASE and LET unto the said Lessee, for the sole and only purpose of exploring by geophysical and other methods, mining and operating for oil and gas to all depths beneath the surface of the hereinafter described land, and laying pipe lines, and building tanks, power stations and structures thereon to produce, save and take care of said products, all that certain tract of land situate in the County of Eddy State of New Mexico described as follows, to wit:

Township 16 South, Range 27 East, NMPM
Section 10: West Half Northeast Quarter (W/2 NE/4)

from the surface thereof down to and including all depths beneath the surface of said land.

It is agreed that this lease shall remain in force for a term of three (3) years from date, (called "primary term"), and as long thereafter as oil or gas, or either of them, is produced from said land by the Lessee in paying quantities.

In consideration of the premises the said Lessee covenants and agrees:

FIRST: The Lessee shall deliver to the credit of Lessor as royalty, free of cost in the pipe line to which Lessee may connect its wells, the equal 3/16 part of all oil produced and saved from the leased premises, or, at Lessee's option, may buy or sell such 3/16 royalty and pay Lessor the market price for oil of like grade and gravity prevailing in the field on the day such oil is run into pipe lines or into storage tanks.

SECOND: To pay Lessor for gas from each well where gas only is found, the equal 3/16 of the gross proceeds at the prevailing market rate, for all gas used on or off the premises.

THIRD: To pay Lessor for gas produced from any oil well and used on or off the premises, or for the manufacture of casinghead gasoline or dry commercial gas, 3/16 of the gross proceeds at the prevailing market rate for the gas during which time such gas shall be used.

If no well be commenced on said land on or before one year from this date, this lease shall terminate as to both parties, unless the Lessee on or before that date shall pay or tender to the Lessor Eighty and No/100 -- ---------- Dollars, which shall operate as a rental and cover the privilege of deferring the commencement of a well for twelve (12) months from said date. In like manner and upon like payments or tenders the commencement of a well may be further deferred for like periods of twelve (12) months successively during the primary term of this lease. And it is understood and agreed that the consideration first recited therein, the down payment, covers not only the privileges granted to date when said first rental is payable as aforesaid, but also the Lessee's option of extending that period as aforesaid and any and all other rights conferred. Delay rentals and tenders and all other payments or tenders herein authorized or required may be made in currency, by check or draft of Lessee payable to Lessor by depositing such currency, check or draft in any United States post office on or before the due date, in an envelope with sufficient postage thereon, addressed to Lessor at the Office of its Treasurer, Hanover, New Hampshire.

If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid the Lessor only in proportion which his interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for its operation thereon, except water from wells and tanks of Lessor.

When requested by the Lessor, Lessee shall bury his pipe lines below plow depth.

Lessee shall pay for damages caused by its operations to growing grass and crops on said lands.

Lessee shall have the right within a reasonable time from and after the termination of this lease to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

If the Lessee shall commence to drill a well within the term of this lease or any extension thereof, the Lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of months herein first mentioned.

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors, or assigns but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the Lessee until after the Lessee has been furnished with a written transfer or assignment or a certified copy thereof. And it is hereby agreed in the event this lease shall be assigned as to a part or parts of the above described lands and the assignee or assignees of such part or parts shall fail or make default in the payment of the proportionate part of the rents due from him or them, such default shall not operate to defeat or affect this lease insofar as it covers

a part or parts of said lands upon which the said Lessee or any assignee thereof shall make due payment of said rentals.

Compliance with any now or hereafter existing act, bill or statute purporting to be enacted by any Federal or State legislative authority, or with orders, judgments, decrees, rules, regulations made or promulgated by State or Federal courts, State or Federal offices, boards, commissions or committees purporting to be made under authority of any such act, bill or statute, shall not constitute a violation of any of the terms of this lease or be considered a breach of any clause, obligation, covenant, undertaking, condition or stipulation contained herein, nor shall it be or constitute a cause for the termination, forfeiture, revision or revesting of any estate or interest herein and hereby created and set out, nor shall any such compliance confer any right of entry or become the basis of any action for damages or suit for the forfeiture or cancellation hereof; and while any such purport to be in force and effect they shall, when complied with by Lessee or assigns, to the extent of such compliance operate as modifications of the terms and conditions of this lease where inconsistent therewith.

Lessee agrees to furnish Lessor with copies of all electrical logs and surveys of all wells drilled, together with copies of all completion and other well data, all such copies to be mailed to Lessor at the office of its Treasurer, Hanover, New Hampshire.

Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgage, taxes or other liens on the above described lands in the event of default of payment by Lessor, and be subrogated to the rights of the holder thereof.

NOTWITHSTANDING any and all provisions hereof to the contrary, Lessor hereby EXCEPTS from this lease and RESERVES to and unto itself and

its successors and assigns:

(1) All valuable minerals, matters, materials, solutions and substances (whether known, unknown or subsequently discovered) SAVE and EXCEPT oil and gas, on, in and under or that may be produced from all of the land described in and covered by this lease at all depths, and from all strata, horizons, and formations thereon, therein and thereunder;

~~(2) All oil and gas on, in and under, or that may be produced from~~ all of the land described in and covered ~~by this~~ lease at all depths, and from all ~~strata~~, horizons and formations, below ~~a depth of feet beneath the surface of said land; and~~

~~(3) The dominant surface and subsurface estates of, on, in and~~ under all of the land described in and covered ~~by~~ this lease for the purposes of conducting ~~exploratory~~, producing, transporting, treating, ~~processing~~, refining, marketing, and primary, ~~as well~~ as secondary, recovery operations thereon ~~and therein.~~

IN TESTIMONY WHEREOF, we sign the day and year first above written.

ATTEST: THE TRUSTEES OF DARTMOUTH COLLEGE

_____ BY _____

Assistant Clerk Treasurer

THE STATE OF NEW HAMPSHIRE

COUNTY OF GRAFTON

The foregoing instrument was acknowledged before me this day of 19 by , Treasurer of The Trustees of Dartmouth College, a New Hampshire corporation, on behalf of said corporation.

_____

Notary Public

My Commission Expires:_____

If a portion or portions of the land covered by this lease, and not all of the land, shall be included in any proration unit or pool, then as to that part of the land covered by this lease which is not in a unit or pool, Lessee shall drill thereon or pay delay rentals during the primary term any part of the land included in this lease is not included in a proration unit upon which there are drilling operations or production, then this lease shall terminate as to that part of the leased land upon which there are no drilling operations or production or which is not in such proration unit upon which there are drilling operations or production.

The Trustees of Dartmouth College

By:_____

RATIFICATION AND RENTAL DIVISION ORDER

STATE OF TEXAS NEW MEXICO
COUNTY OF EDDY

WHEREAS, Under date of October 13, 1978,
The Trustees of Dartmouth College

as lessor, executed and delivered to MESA PETROLEUM CO.

as lessee, an oil, gas and mineral lease which is recorded in Volume _____, Page _____, of the _____ Records of Eddy County, New Mexico, covering certain land which is described in said lease. Reference to said lease and the record thereof is here made for all purposes; and

WHEREAS, said lease and all rights and privileges thereunder are now owned by Mesa Petroleum Co.

_____, in so far as said lease covers

Township 16 South, Range 27 East, NMPM
Section 10: West Half Northeast Quarter (W/2 NE/4)

and

WHEREAS, the undersigned desire to adopt, ratify and confirm said lease in so far as it covers the right, title and interest of the undersigned in and to the above described land, and to set out the division of interests in and to any rental payments which may be made under said lease:

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby adopt, ratify and confirm said lease as of the date of its execution and recognize the full validity of the same in so far as it affects the right, title and interest of the undersigned in and to the above described land, and the undersigned hereby grant, lease and let to Mesa Petroleum Co. the above described tract of land, subject to and in accordance with all of the terms and conditions set forth in said above described lease.

The undersigned further authorize Mesa Petroleum Co. to pay any rentals which may be paid under the terms of said lease in the proportions set out below and to the respective depositories herein specified or, at lessee's option, to the depositories named in said lease, and payments so made will fully protect said lease as to the respective interests of the undersigned, each of whom certifies as to the interest set opposite his name only:

CREDIT TO	FRACTIONAL INTEREST	AMOUNT	DEPOSITORY
The Trustees of Dartmouth College Hanover, New Hampshire	1/4 (20 acres)	$20.00	_____ Bank Acct. # _____

The above division covers the payment of delay rentals only and does not purport to cover royalties.

This agreement is binding upon the heirs, executors, administrators and assigns of the undersigned as to the fractional interests in rentals set forth above, but shall not operate to change the depository named in the lease as to any of its assigns. This instrument is binding on all of the undersigned regardless of whether all parties named in the above division of interests join in its execution.

IN TESTIMONY WHEREOF, we have hereunto subscribed our signatures and affixed our seals as of the _____ day of _____ 1978

ATTEST:

The Trustees of Dartmouth College
By:

THE STATE OF TEXAS,
COUNTY OF_____

TEXAS SINGLE ACKNOWLEDGMENT

Before me, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared_____
known to me to be the person_____ whose name_____ subscribed to the foregoing instrument, and acknowledged to me that __he__ executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office, this the_____day of_____, A. D. 19____.

Notary Public in and for_____County, Texas.

THE STATE OF TEXAS,
COUNTY OF_____

TEXAS WIFE'S SEPARATE ACKNOWLEDGMENT

Before me, the undersigned authority, a Notary Public, in and for said County and State, on this day personally appeared_____ wife of_____
known to me to be the person whose name is subscribed to the foregoing instrument, and having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said wife, acknowledged the same to be her act and deed, and declared that she had willingly executed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office, this the_____day of_____, A. D. 19____.

Notary Public in and for_____County, Texas.

THE STATE OF TEXAS,
COUNTY OF_____

TEXAS JOINT ACKNOWLEDGMENT

Before me, the undersigned, a Notary Public in and for said County and State, on this day personally appeared_____
_____and_____husband and wife, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed.

And the said wife, having been examined by me privily and apart from her husband, and having had said instrument fully explained to her, she, the said wife, acknowledged the same to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office, this the_____day of_____, A. D. 19____.

Notary Public in and for_____County, Texas.

THE STATE OF TEXAS,
COUNTY OF_____

TEXAS JOINT ACKNOWLEDGMENT

Before me, the undersigned, a Notary Public in and for said County and State, on this day personally appeared_____
_____and_____husband and wife, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed.

And the said wife, having been examined by me privily and apart from her husband, and having had said instrument fully explained to her, she, the said wife, acknowledged the same to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office, this the_____day of_____, A. D. 19____.

Notary Public in and for_____County, Texas.

TATE OF NEW HAMPSHIRE

F OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1978, _____, a _____ of Dartmouth College, a ration on behalf of said corporation.

_____
Notary Public

mission Expires: _____

Ratification and Rental Division Order

No._____

FROM _____

TO _____

Dated_____, 19____

_____County, Texas

This instrument was filed for record on the_____ day of_____, 19____, at_____ o'clock_____M., and duly recorded in Book_____ Page_____ Records of this office.

_____
(Official Title)

By_____ Deputy

When Recorded return to

GLEN AARON & ASSOCIATES, INC. *Petroleum Landmen*

PHONE 915-684-4481 P. O. BOX 2381 MIDLAND, TEXAS 79702

September 25, 1978

RECEIVED
SEP 28 1978
MESA • PBD

McLane, Graf, Greene, Raulerson & Middleton
Professional Association
P. O. Box 326
Manchester, New Hampshire 03105

Attention: Mr. Kenneth H. Graf

Subject: Proposed Oil & Gas Lease
Dartmouth College
South Lake Arthur Prospect
Eddy County, New Mexico

Gentlemen:

Please refer to your letter to us dated September 19, 1978 wherein you stated that Dartmouth would execute a lease to our client, Mesa Petroleum Co., on Dartmouth's own form.

We have discussed the above mentioned form with your secretary, Ms. Dorothy Poor, during your absence from your office. Mesa's attorneys have agreed to accept the Dartmouth lease form except for two provisions which I shall attempt to explain:

Lessor excepts from the lease Page 5, Subparagrph (3) provides "The dominant surface and subsurface estates, etc".

Mesa's attorneys construe this paragraph as revoking lease provisions granted in the lease and request your concurrence on deleting all of numerical paragraph (3).

Dartmouth's lease does not provide for pooling. Usually pooling is not necessary if the tract to be leased contains 320 acres or more. However, the lease proposal to Dartmouth for the W/2 of NE/4 of Section 10 is an 80 acre tract. In the event of gas production (this is a gas prospect) the acre tract could not be included in a total proration unit. The normal gas proration unit in Eddy County is 160 to 320 acres based on depth. If the well was drilled on Dartmouth's interest and the interest not committed to a total unit, the interest would be penalized or shorted as to interest over total acreage in the unit. In the event Dartmouth granted pooling, then its interest would be in proportion to the total acreage in the proration unit. The operator or company drilling and producing the well does not set the size of a proration unit. The company recommends a proration unit to the New Mexico Oil Commission and in turn the commission sets the size of a proration unit based on the acreage that can be efficiently drained by one well.

We hope that the above explains Dartmouth's and our need to pool in the event of gas production. With this in mind, we request that you consider a "Pugh Clause Rider" which grants permission to pool with the provision that 2 years after the end of the primary term all acreage not dedicated to an official proration unit will revert to the lessor (Dartmouth). In effect this provision will give Mesa a chance to get the acreage in a unit and if not done Dartmouth will get its interest back within 5 years.

We will contact you via phone after your return to your office. In the meantime, if you have questions please contact us.

Yours very truly,

Glen Aaron

GA/sa

Lec: Mesa Petroleum Co.

GLEN ARON & ASSOCIATES INC.

P. O. BOX 2391 • MIDLAND, TEXAS 79702 • PHONE 915/684-4491

MESSAGE	REPLY
TO Mesa Petroleum Co. 1000 Vaughn Bldg. Midland, Texas 79701 Attention: Mr. John Huckabay	DATE RECEIVED SEP 22 1978 MESA - PBD
DATE 9-22-78 Re: Dartmouth College Lease Eddy County, New Mexico S. Lake Arthur Project	
Gentlemen: Attached is letter from Kenneth F. Graf, Attorney for Dartmouth College, along with copy of lease form. Please advise if the lease form is acceptable. If so, we shall prepare the lease, RDO and Draft and forward to Dartmouth College. Sadie Alther Sadie Alther	
BY sa	SIGNED

Form N-873® The Drawing Board, Inc., Box 505, Dallas, Texas

INSTRUCTIONS TO SENDER:

1. KEEP YELLOW COPY. 2. SEND WHITE AND PINK COPIES WITH CARBON INTACT.

INSTRUCTIONS TO RECEIVER:

1. WRITE REPLY. 2. DETACH STUB. KEEP PINK COPY. RETURN WHITE COPY TO SENDER.

6238
622 Res

McLANE, GRAF, GREENE, RAULERSON & MIDDLETON
PROFESSIONAL ASSOCIATION
BOX 326
FORTY STARK STREET
MANCHESTER, NEW HAMPSHIRE 03105

TELEPHONE (603) 625-6464

KENNETH F. GRAF
HARRIET E. MANSFIELD
JOHN R. McLANE, JR.
ROBERT A. RAULERSON
JACK B. MIDDLETON
PETER GUENTHER
JOHN A. GRAF
CHARLES A. DeGRANDPRE
JAMES R. MUIRHEAD
PETER B. ROTCH
ARTHUR G. GREENE
ROBERT A. WELLS
R. DAVID DePUY
JAMES C. HOOD
BRUCE W. FELMLY
STEPHEN J. SELDEN
RICHARD B. SNIERSON
J. CHRISTOPHER MARSHALL
STEPHEN E. BOROFSKY
EDWARD L. CROSS
ROBERT E. JAURON
WAYNE C. BEYER

JOHN R. McLANE
(1912-1969)
JOHN P. CARLETON
(1899-1977)
ARTHUR A. GREENE
OF COUNSEL

3:00 6 Nov.

September 19, 1978

Ms. Sadie Alther
Glen Aaron & Associates, Inc.
P. O. Box 2391
Midland, Texas 79702

Re: Oil & Gas Lease
Dartmouth College
Eddy County, New Mexico
South Lake Arthur Project

Dear Ms. Alther:

Pursuant to our telephone talk today, I am enclosing herein form of lease issued by Dartmouth College with respect to oil and gas transactions in New Mexico.

Dartmouth College is willing to enter into this form of lease on the basis of a $25 per acre bonus for the 20 net mineral acres together with a 3/16 royalty and $1 per acre delay rental for a 3-year term. Likewise, there is no limit on the drilling depth beneath the surface of the land.

However, in the past we have rejected the pooling and other limiting provisions that you requested be added to the lease. If you have further questions, do not hesitate to get in touch with me.

Yours very truly,

Kenneth F. Graf

KFG/kjs
Enclosure

OIL AND GAS LEASE

AGREEMENT made and entered into this day of 19 by and between THE TRUSTEES OF DARTMOUTH COLLEGE, a New Hampshire Corporation, acting herein by and through its proper corporate officers hereunto duly authorized, Hanover, New Hampshire, Party of the first part, hereinafter called Lessor (whether one or more) and

Party of the second part, hereinafter called Lessee:

WITNESSETH, That the said Lessor, for and in consideration of TEN Dollars ($10.00) and other cash consideration in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of Lessee to be paid, kept and performed, but SUBJECT TO the exceptions and reservations hereinafter made and set out, has GRANTED, DEMISED, LEASED and LET and by these presents does GRANT, DEMISE, LEASE and LET unto the said Lessee, for the sole and only purpose of exploring by geophysical and other methods, mining and operating for oil and gas above the depth of feet beneath the surface of the hereinafter described land, and laying pipe lines, and building tanks, power stations and structures thereon to produce, save and take care of said products, all that certain tract of land situate in the County of State of described as follows, to wit:

from the surface thereof down to and including but not below a depth of feet beneath the surface of said land.

It is agreed that this lease shall remain in force for a term of from date, (called "primary term"), and as long thereafter as oil or gas, or either of them, is produced from said land by the Lessee in paying quantities.

In consideration of the premises the said Lessee covenants and agrees:

FIRST: The Lessee shall deliver to the credit of Lessor as royalty, free of cost in the pipe line to which Lessee may connect its wells, the equal 3/16 part of all oil produced and saved from the leased premises, or, at Lessee's option, may buy or sell such 3/16 royalty and pay Lessor the market price for oil of like grade and gravity prevailing in the field on the day such oil is run into pipe lines or into storage tanks.

SECOND: To pay Lessor for gas from each well where gas only is found, the equal 3/16 of the gross proceeds at the prevailing market rate, for all gas used on or off the premises.

THIRD: To pay Lessor for gas produced from any oil well and used on or off the premises, or for the manufacture of casinghead gasoline or dry commercial gas, 3/16 of the gross proceeds at the prevailing market rate for the gas during which time such gas shall be used.

If no well be commenced on said land on or before one year from this date, this lease shall terminate as to both parties, unless the Lessee on or before that date shall pay or tender to the Lessor

Dollars, which shall operate as a rental and cover the privilege of deferring the commencement of a well for twelve (12) months from said date. In like manner and upon like payments or tenders the commencement of a well may be further deferred for like periods of twelve (12) months successively during the primary term of this lease. And it is understood and agreed that the consideration first recited therein, the down payment, covers not only the privileges granted to date when said first rental is payable as aforesaid, but also the Lessee's option of extending that period as aforesaid and any and all other rights conferred. Delay rentals and tenders and all other payments or tenders herein authorized or required may be made in currency, by check or draft of Lessee payable to Lessor by depositing such currency, check or draft in any United States post office on or before the due date, in an envelope with sufficient postage thereon, addressed to Lessor at the Office of its Treasurer, Hanover, New Hampshire.

If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid the Lessor only in proportion which his interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for its operation thereon, except water from wells and tanks of Lessor.

When requested by the Lessor, Lessee shall bury his pipe lines below plow depth.

Lessee shall pay for damages caused by its operations to growing grass and crops on said lands.

Lessee shall have the right within a reasonable time from and after the termination of this lease to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

If the Lessee shall commence to drill a well within the term of this lease or any extension thereof, the Lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of months herein first mentioned.

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors, or assigns but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the Lessee until after the Lessee has been furnished with a written transfer or assignment or a certified copy thereof. And it is hereby agreed in the event this lease shall be assigned as to a part or parts of the above described lands and the assignee or assignees of such part or parts shall fail or make default in the payment of the proportionate part of the rents due from him or them, such default shall not operate to defeat or affect this lease insofar as it covers

a part or parts of said lands upon which the said Lessee or any assignee thereof shall make due payment of said rentals.

Compliance with any now or hereafter existing act, bill or statute purporting to be enacted by any Federal or State legislative authority, or with orders, judgments, decrees, rules, regulations made or promulgated by State or Federal courts, State or Federal offices, boards, commissions or committees purporting to be made under authority of any such act, bill or statute, shall not constitute a violation of any of the terms of this lease or be considered a breach of any clause, obligation, covenant, undertaking, condition or stipulation contained herein, nor shall it be or constitute a cause for the termination, forfeiture, revision or revesting of any estate or interest herein and hereby created and set out, nor shall any such compliance confer any right of entry or become the basis of any action for damages or suit for the forfeiture or cancellation hereof; and while any such purport to be in force and effect they shall, when complied with by Lessee or assigns, to the extent of such compliance operate as modifications of the terms and conditions of this lease where inconsistent therewith.

Lessee agrees to furnish Lessor with copies of all electrical logs and surveys of all wells drilled, together with copies of all completion and other well data, all such copies to be mailed to Lessor at the office of its Treasurer, Hanover, New Hampshire.

Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgage, taxes or other liens on the above described lands in the event of default of payment by Lessor, and be subrogated to the rights of the holder thereof.

NOTWITHSTANDING any and all provisions hereof to the contrary, Lessor hereby EXCEPTS from this lease and RESERVES to and unto itself and

its successors and assigns:

(1) All valuable minerals, matters, materials, solutions and substances (whether known, unknown or subsequently discovered) SAVE and EXCEPT oil and gas, on, in and under or that may be produced from all of the land described in and covered by this lease at all depths, and from all strata, horizons, and formations thereon, therein and thereunder;

(2) All oil and gas on, in and under, or that may be produced from all of the land described in and covered by this lease at all depths, and from all strata, horizons and formations, below a depth of feet beneath the surface of said land; and

(3) The dominant surface and subsurface estates of, on, in and under all of the land described in and covered by this lease for the purposes of conducting exploratory, producing, transporting, treating, processing, refining, marketing, and primary, as well as secondary, recovery operations thereon and therein.

IN TESTIMONY WHEREOF, we sign the day and year first above written.

ATTEST: THE TRUSTEES OF DARTMOUTH COLLEGE

_____ BY _____

Assistant Clerk Treasurer

THE STATE OF NEW HAMPSHIRE

COUNTY OF GRAFTON

The foregoing instrument was acknowledged before me this day of 19 by , Treasurer of The Trustees of Dartmouth College, a New Hampshire corporation, on behalf of said corporation.

_____

Notary Public

My Commission Expires: _____

file

GLEN AARON & ASSOCIATES, INC. *Petroleum Landmen*

PHONE 915-684-4491 P. O. BOX 2391 MIDLAND, TEXAS 79702

September 14, 1978

RECEIVED
SEP 18 1978
MESA - PBD

Mr. Kenneth F. Graf
McLane, Graf, Greene, Raulerson & Middleton
P. O. Box 326
Manchester, New Hampshire 03105

Re: Oil & Gas Lease
Dartmouth College
Eddy County, New Mexico
South Lake Arthur Project

Dear Mr. Graf:

We have made numerous telephone calls to your office and have been unable to talk to you in regard to an oil and gas lease for minerals owned by Dartmouth College in the W/2 of NE/4 of Section 10, T-16-S, R-27-E, NMPM, Eddy County, New Mexico.

We have previously attempted to negotiate a lease with you covering the above described acreage for one of our clients, Murphy Minerals Corporation. Murphy Minerals has now sold this project to Mesa Petroleum Co.

Mesa, whom we also represent, would like to lease the 20 net mineral acres for $25.00 per acre bonus, 3/16 royalty, $1.00 per acre delay rental for a three (3) year term.

If you approve of the above terms, please forward the college lease form to us. We will complete the lease form, prepare a Ratification and Rental Division Order and Bank Draft and send back to you for your review and execution.

Please contact us if you have any questions.

Yours very truly,

Sadie Alther

Sadie Alther

/sa

cc: Mesa Petroleum Co.

HA

GLEN AARON & ASSOCIATES, INC.

P. O. BOX 2391 • MIDLAND, TEXAS 79702 • PHONE 915/684-4491

MESSAGE	REPLY
TO Mesa Petroleum Co. 1000 Vaughn Building Midland, Texas 79701 Attention: Mr. John Huckabay	DATE
DATE 9-8-78 Re: Copies of Correspondence S. Lake Arthur Project Eddy County, New Mexico	RECEIVED SEP 11 1978 MESA • PBD
Gentlemen: In response to your request, enclosed are copies of correspondence attempting to lease the NE/4 of Sec. 10, T-16-S, R-27-E, NMPM, Eddy County, New Mexico. Please contact us if you have any questions. Glen Aaron (sa) Glen Aaron	
BY SS	SIGNED

Set to file work for "Yom" 3rd qtr '78 NE/4 10

Form N-8738 The Drawing Board, Inc., Box 505, Dallas, Texas

INSTRUCTIONS TO SENDER:
1. KEEP YELLOW COPY. 2. SEND WHITE AND PINK COPIES WITH CARBON INTACT.

INSTRUCTIONS TO RECEIVER:
1. WRITE REPLY. 2. DETACH STUB, KEEP PINK COPY, RETURN WHITE COPY TO SENDER.

June 9, 1978

Mr. Kenneth F. Graf
McLane, Graf, Greene, Raulerson & Middleton
P. O. Box 326
Manchester, New Hampshire 02105

Re: Oil and Gas Lease
Dartmouth College
Eddy County, New Mexico
South Lake Arthur Project

Dear Mr. Graf:

On May 4, 1978, we wrote you concerning the Dartmouth College Lease covering 20 net mineral acres in the West Half of the Northeast Quarter of Section 10, T-16-S, R-27-E, NMPM, Eddy County, New Mexico.

Enclosed with the May 4th letter was a Pugh Clause to be attached to the lease and we stated that it was agreeable for you to eliminate the pooling clause which was sent you previously.

To date, we have not received the lease nor had a reply from you. We would appreciate hearing from you regarding the status of the lease.

Thank you for your anticipated cooperation in this matter.

Yours very truly,

Sadie Alther

cc: Murphy Minerals Corporation

May 4, 1978

Mr. Kenneth F. Graf
McLane, Graf, Greene, Raulerson & Middleton
P. O. Box 326
Manchester, New Hampshire 03105

Re: Oil and Gas Lease
Dartmouth College
Eddy County, New Mexico
South Lake Arthur Project

Dear Mr. Graf:

Pursuant to our telephone conversation of May 2, 1978, it is agreeable for you to eliminate the pooling clause attached to your lease.

The West Half of the Northeast Quarter of Section 10, T-16-S, R-27-E, NMPM, Eddy County, New Mexico in which the 20 acre tract of Dartmouth College lies is in a 160 acre proration unit as set by the laws of New Mexico. Therefore, we are enclosing a Pugh Clause which states that if at the end of the primary term any part of the land included in the lease that is not included in a proration unit upon which there are drilling operations or production, then that part of the land will revert back to Dartmouth College.

We hope this will be acceptable to you. If so, please attach it to the Oil and Gas Lease. Thank you for your cooperation in this matter.

Please contact us if you have any questions.

Yours very truly,

Glen Aaron

/sa
Enclosure
cc: ~~Mesa Petroleum Co.~~
Murphy Minerals Corporation

To Sadie

Date 5-2-78 Time 1:50

WHILE YOU WERE OUT

Mr GRIF - ATTORNEY

of

Phone 603 625-6464
Area Code Number Extension

TELEPHONED	X	PLEASE CALL	X
CALLED TO SEE YOU		WILL CALL AGAIN	
WANTS TO SEE YOU		URGENT	
RETURNED YOUR CALL			

Message Mr. Graf says they will not permit pooling provision as we have attached.

RR
Operator

EFFICIENCY® LINE NO. 4725 AN AMPAD PRODUCT

April 27, 1978

Mr. Kenneth F. Graf
McLane, Graf, Greene, Raulerson & Middleton
P. O. Box 326
Manchester, New Hampshire 03105

Re: Oilsand Gas Lease
Dartmouth College
Eddy County, New Mexico
South Lake Arthur Project

Dear Mr. Graf:

Pursuant to our telephone conversation of this date, enclosed is an Oil and Gas Lease between The Trustees of Dartmouth College, lessor, and Murphy Minerals Corporation, Lessee, covering the W/2 NE/4 of Section 10, T-16-S, R-27-E, NMPM, Eddy County, New Mexico.

A pooling provision clause and shut-in royalty clause have been attached which we feel are necessary as stated in our letter of April 11, 1978.

If you approve, please have authorized persons execute the lease and RDO and endorse the draft (RDO and draft were sent to you with April 11, 1978 letter). Then place all instruments in the College bank for collection. They and The First National Bank of Midland, Texas will transfer the draft amount into the college account before releasing the instrument to us.

Thank you for your consideration of our offer. Please contact us if you have any questions.

Yours very truly,

Glen Aaron & Associates, Inc.

By: _____
Sadie Alther (Mrs.)

sa
Enclosures
cc: Murphy Minerals Corporation
Mr. Tommy Welch

OIL AND GAS LEASE

AGREEMENT made and entered into this 11th day of April 19 78 by and between THE TRUSTEES OF DARTMOUTH COLLEGE, a New Hampshire Corporation, acting herein by and through its proper corporate officers hereunto duly authorized, Hanover, New Hampshire, Party of the first part, hereinafter called Lessor (whether one or more) and MURPHY MINERALS CORPORATION

Party of the second part, hereinafter called Lessee:

WITNESSETH, That the said Lessor, for and in consideration of TEN Dollars ($10.00) and other cash consideration in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of Lessee to be paid, kept and performed, but SUBJECT TO the exceptions and reservations hereinafter made and set out, has GRANTED, DEMISED, LEASED and LET and by these presents does GRANT, DEMISE, LEASE and LET unto the said Lessee, for the sole and only purpose of exploring by geophysical and other methods, mining and operating for oil and gas, to all depths beneath the surface of the hereinafter described land, and laying pipe lines, and building tanks, power stations and structures thereon to produce, save and take care of said products, all that certain tract of land situate in the County of Eddy State of New Mexico described as follows, to wit:

Township 16 South, Range 27 East, NMPM
Section 10: West Half Northeast Quarter (W/2 NE/4)

from the surface thereof down to and including all depths beneath the surface of said land.

It is agreed that this lease shall remain in force for a term of three (3) years from date, (called "primary term"), and as long thereafter as oil or gas, or either of them, is produced from said land by the Lessee in paying quantities.

In consideration of the premises the said Lessee covenants and agrees:

FIRST: The Lessee shall deliver to the credit of Lessor as royalty, free of cost in the pipe line to which Lessee may connect its wells, the equal 3/16 part of all oil produced and saved from the leased premises, or, at Lessee's option, may buy or sell such 3/16 royalty and pay Lessor the market price for oil of like grade and gravity prevailing in the field on the day such oil is run into pipe lines or into storage tanks.

SECOND: To pay Lessor for gas from each well where gas only is found, the equal 3/16 of the gross proceeds at the prevailing market rate, for all gas used on or off the premises.

THIRD: To pay Lessor for gas produced from any oil well and used on or off the premises, or for the manufacture of casinghead gasoline or dry commercial gas, 3/16 of the gross proceeds at the prevailing market rate for the gas during which time such gas shall be used.

If no well be commenced on said land on or before one year from this date, this lease shall terminate as to both parties, unless the Lessee on or before that date shall pay or tender to the Lessor Eighty and No/100 ($80.00) ~~~~~~~~~~~~~~~~ Dollars, which shall operate as a rental and cover the privilege of deferring the commencement of a well for twelve (12) months from said date. In like manner and upon like payments or tenders the commencement of a well may be further deferred for like periods of twelve (12) months successively during the primary term of this lease. And it is understood and agreed that the consideration first recited therein, the down payment, covers not only the privileges granted to date when said first rental is payable as aforesaid, but also the Lessee's option of extending that period as aforesaid and any and all other rights conferred. Delay rentals and tenders and all other payments or tenders herein authorized or required may be made in currency, by check or draft of Lessee payable to Lessor by depositing such currency, check or draft in any United States post office on or before the due date, in an envelope with sufficient postage thereon, addressed to Lessor at the Office of its Treasurer, Hanover, New Hampshire.

If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid the Lessor only in proportion which his interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for its operation thereon, except water from wells and tanks of Lessor.

When requested by the Lessor, Lessee shall bury his pipe lines below plow depth.

Lessee shall pay for damages caused by its operations to growing grass and crops on said lands.

Lessee shall have the right within a reasonable time from and after the termination of this lease to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

If the Lessee shall commence to drill a well within the term of this lease or any extension thereof, the Lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of months herein first mentioned.

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors, or assigns but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the Lessee until after the Lessee has been furnished with a written transfer or assignment or a certified copy thereof. And it is hereby agreed in the event this lease shall be assigned as to a part or parts of the above described lands and the assignee or assignees of such part or parts shall fail or make default in the payment of the proportionate part of the rents due from him or them, such default shall not operate to defeat or affect this lease insofar as it covers

a part or parts of said lands upon which the said Lessee or any assignee thereof shall make due payment of said rentals.

Compliance with any now or hereafter existing act, bill or statute purporting to be enacted by any Federal or State legislative authority, or with orders, judgments, decrees, rules, regulations made or promulgated by State or Federal courts, State or Federal offices, boards, commissions or committees purporting to be made under authority of any such act, bill or statute, shall not constitute a violation of any of the terms of this lease or be considered a breach of any clause, obligation, covenant, undertaking, condition or stipulation contained herein, nor shall it be or constitute a cause for the termination, forfeiture, revision or revesting of any estate or interest herein and hereby created and set out, nor shall any such compliance confer any right of entry or become the basis of any action for damages or suit for the forfeiture or cancellation hereof; and while any such purport to be in force and effect they shall, when complied with by Lessee or assigns, to the extent of such compliance operate as modifications of the terms and conditions of this lease where inconsistent therewith.

Lessee agrees to furnish Lessor with copies of all electrical logs and surveys of all wells drilled, together with copies of all completion and other well data, all such copies to be mailed to Lessor at the office of its Treasurer, Hanover, New Hampshire.

Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgage, taxes or other liens on the above described lands in the event of default of payment by Lessor, and be subrogated to the rights of the holder thereof.

NOTWITHSTANDING any and all provisions hereof to the contrary, Lessor hereby EXCEPTS from this lease and RESERVES to and unto itself and

its successors and assigns:

(1) All valuable minerals, matters, materials, solutions and substances (whether known, unknown or subsequently discovered) SAVE and EXCEPT oil and gas, on, in and under or that may be produced from all of the land described in and covered by this lease at all depths, and from all strata, horizons, and formations thereon, therein and thereunder;

~~(2) All oil and gas on, in and under, or that may be produced from~~ all of the land described in and ~~covered by this~~ lease at all depths, and ~~from all strata~~, horizons and formations, below ~~a depth of feet beneath the surface of said land; and~~

(3) The dominant surface and subsurface estates of, on, in and under all of the land described in and covered by this lease for the purposes of conducting exploratory, producing, transporting, treating, processing, refining, marketing, and primary, as well as secondary, recovery operations thereon and therein.

IN TESTIMONY WHEREOF, we sign the day and year first above written.

ATTEST: THE TRUSTEES OF DARTMOUTH COLLEGE

_____ BY _____

Assistant Clerk Treasurer

THE STATE OF NEW HAMPSHIRE

COUNTY OF GRAFTON

The foregoing instrument was acknowledged before me this day of 19 by , Treasurer of The Trustees of Dartmouth College, a New Hampshire corporation, on behalf of said corporation.

_____

Notary Public

My Commission Expires:_____

is a gas and/or condensate well on said land, or land pooled therewith, but gas and/or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut-in, and thereafter at annual intervals, lessee may pay or tender an advance annual shut-in royalty equal to the amount of delay rentals provided for in this lease for the acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered this lease shall not terminate and it will be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing, or be paid or tendered to the credit of such party or parties in the depository bank and in the manner hereinafter provided for the payment of rentals.

Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, lease, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the New Mexico Oil Conservation Commission or by other lawful authority for the pool or area in which said land is situated, plus a tolerance of 10%. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the number of surface acres in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment of delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

The Trustees of Dartmouth College

By:_____

April 11, 1978

Mr. Kenneth F. Graf
McLane, Graf, Greene, Raulerson & Middleton
P. O. Box 326
Manchester, New Hampshire 03105

Re: Lease Proposal
Dartmouth College
Eddy County, New Mexico
South Lake Arthur Project

Dear Mr. Graf:

Pursuant to our recent telephone conversations, we have not received a reply from you regarding our offer to lease the 1/4 mineral interest (20 net acres) of Dartmouth College in the W/2 NE/4, Section 10, T-16-S, R-27-E, NMPM, Eddy County, New Mexico.

Our client, Murphy Minerals Corporation, has authorized us to offer you $25.00 per acre bonus, 3/16 royalty, $1.00 per acre delay rental for a three (3) year term.

You submitted to us with your July 11, 1977 letter a standard lease form used by the College. The lease form is satisfactory but we feel the following clauses are necessary to add:

1. Pooling provision allowing us to pool this acreage up to a 320 acre proration unit. The size of this proration unit was established by the State of New Mexico. A clause could also be added which states that 2 years after the end of the primary term, any acreage not included in the proration unit would not be held by production of the unit.

2. Shut-in royalty payment clause - Necessary because of the problem of availability of pipelines. No gas purchaser will put in a pipeline unless it is economicably feasible and drilling is the only way to determine this.

3. We are interested in leasing to all depths.

If you approve of these additions, please proceed with the preparation of the lease on the College form adding the above clauses by means of a rider. We are enclosing a Ratification and Rental Division Order and Bank Draft in the amount of $500.00. Please execute the Ratification and Rental Division Order before a Notary

Public and endorse the draft. Then place all instruments in the College bank for collection. Your bank and The First National Bank of Midland, Texas will transfer the draft amount in the designated bank before releasing the instruments to us.

Thank you for your consideration of the above terms. Your prompt attention will be appreciated.

Please contact us if you have any questions.

Yours very truly,

Glen Aaron & Associates, Inc.

By: _____
Sadie Alther (Mrs.)

cc: Murphy Minerals Corporation

KENNETH F. GRAF
HARRIET E. MANSFIELD
JOHN R. McLANE, JR.
ROBERT A. RAULERSON
JACK B. MIDDLETON
PETER GUENTHER
JOHN A. GRAF
CHARLES A. DeGRANDPRE
JAMES R. MUIRHEAD
PETER B. ROTCH
ARTHUR G. GREENE
ROBERT A. WELLS
R. DAVID DePUY
JAMES C. HOOD
BRUCE W. FELMLY
STEPHEN J. SELDEN
RICHARD B. SNIERSON
J. CHRISTOPHER MARSHALL
STEPHEN E. BOROFSKY
EDWARD L. CROSS
ROBERT E. JAURON

McLANE, GRAF, GREENE, RAULERSON & MIDDLETON
PROFESSIONAL ASSOCIATION
BOX 326
FORTY STARK STREET
MANCHESTER, NEW HAMPSHIRE 03105
TELEPHONE (603) 625-6464

Project: South Lake Arthur
Client mmc

JOHN R. McLANE
(1912-1968)
JOHN P. CARLETON
(1898-1977)
ARTHUR A. GREENE
OF COUNSEL

February 15, 1978

RECEIVED
FEB 20 1978
EEE

Glen Aaron & Associates, Inc.
P. O. Box 2391
Midland, Texas 79702

Attention: Sandra R. Tidwell

Re: Lease Proposal
Dartmouth College
Eddy County, New Mexico
South Lake Arthur Project

Dear Mrs. Tidwell:

This material recently came across my desk for re-examination and I am writing to you to see whether or not there is still any interest in the matters covered by your letter to me of July 26, 1977.

Yours very truly,

Kenneth F. Graf

Kenneth F. Graf

KFG:dp

GLEN AARON & ASSOCIATES, INC. *Petroleum Landmen*

PHONE 915-684-4491 P. O. BOX 2391 MIDLAND, TEXAS 79702

July 26, 1977

Mr. Kenneth F. Graf
McLane, Graf, Greene, Raulerson
& Middleton
P. O. Box 326
Manchester, New Hampshire 03105

Re: Lease Proposal
Dartmouth College
Eddy County, New Mexico
South Lake Arthur Project

Dear Mr. Graf:

We have reviewed the lease form you submitted to us regarding our offer to lease the interest of Dartmouth College in the W/2 NE/4, Section 10, T-16-S, R-27-E, NMPM, Eddy County, New Mexico.

The terms agreed on previously by the College were $15.00 per acre bonus, 3/16 royalty, $1.00 per acre delay rental for a three (3) year term.

In addition to those provisions in the lease form you submitted, we feel that the following clauses are necessary to this lease:

1. Pooling provision allowing us to pool this acreage up to a 320 acre proration unit. The size of this proration unit was established by the State of New Mexico. A clause could also be added which states that 2 years after the end of the primary term, any acreage not included in the proration unit would not be held by production of the unit.

2. Shut-in royalty payment clause - Necessary because of the problem of availability of pipelines. No gas purchaser will put in a pipeline unless it is economicably feasible and drilling is the only way to determine this.

3. We are interested in leasing to all depths.

If you approve of these additions, please proceed with the preparation of the lease on the College form adding the above clauses by means of a rider. The draft should be in the amount of $300.00 to The First National Bank of Midland, Texas.

Thank you for your consideration of the above terms and please contact us if you have any questions.

Yours very truly,

Sandra R. Tidwell

Sandra R. Tidwell

ert

KENNETH F. GRAF
HARRIET E. MANSFIELD
JOHN R. McLANE, JR.
ARTHUR A. GREENE
ROBERT A. RAULERSON
JACK B. MIDDLETON
PETER GUENTHER
JOHN A. GRAF
CHARLES A. DeGRANDPRE
JAMES R. MUIRHEAD
PETER B. ROTCH
ARTHUR B. GREENE
ROBERT A. WELLS
R. DAVID DePUY
GRENVILLE CLARK, III
JAMES C. HOOD
BRUCE W. FELMLY
STEPHEN J. SELDEN
RICHARD S. SNIERSON
J. CHRISTOPHER MARSHALL
STEPHEN E. BOROFSKY
JON GROETZINGER, JR.
EDWARD L. CROSS
ROBERT E. JAURON

McLANE, GRAF, GREENE, RAULERSON & MIDDLETON
PROFESSIONAL ASSOCIATION
BOX 326
FORTY STARK STREET
MANCHESTER, NEW HAMPSHIRE 03105
TELEPHONE (603) 625-6464

JOHN R. McLANE
(1912-1969)
JOHN P. CARLETON
(RETIRED)

RECEIVED
JUL 15 1977
EXE

July 11, 1977

File
Prospect Dartmouth

Glen Aaron & Associates, Inc.
P. O. Box 2391
Midland, Texas 79702

Attention: Sandra R. Tidwell

Re: Murphy Minerals Corporation Proposed Lease

Gentlemen:

I represent Dartmouth College and your letter to it dated May 13, 1977 concerning a proposed oil and gas lease in Eddy County, New Mexico, has been submitted to me for consideration.

In the past the College has utilized its own standard form of lease, a copy of which is enclosed. If you are interested in executing a lease in this form, with a 3/16th royalty, a $25 per acre bonus, and a $1.00 per acre delay rental for a 3-year term, we will prepare such a lease.

Yours very truly,

Kenneth F. Graf

KFG:dp
cc: Dartmouth College
Enclosure

Tommy Glass no to $25. Ok w for Graf to call me. This was not my agreement w/ Mick. He agreed to $15 max + 3/16

July 5, 1977

Mr. John F. Meck
Dartmouth College
P. O. Box 31
Hanover, New Hampshire 03755

Re: Oil & Gas Lease
W/2 NE/4 Section 10
Eddy County, New Mexico
South Lake Arthur Project

Dear Mr. Meck:

Pursuant to your letter of June 21, 1977, regarding a 3/16 royalty in place of a 1/8 royalty, enclosed are two copies of a rider putting forth this change. The rider is numbered "12" and should be fastened to the bottom of the lease right after Number 11.

do not record

If you now approve of the lease terms of $15.00 per acre bonus, 3/16 royalty, $1.00 per acre delay rental for a three (3) year term, please have the lease executed before a Notary Public, along with the Ratification and Rental Division Order. Then endorse the draft, and place the properly executed instruments in your depository bank for collection to your account. Your bank and The First National Bank of Midland, Texas, will transfer the draft amount into your account before releasing the instruments to us. Please remember to fill in the Title Questionnaire and place it in the bank along with the other papers.

Thank you for your consideration of this offer, and please contact us if you have any questions.

Yours very truly,

Sandra R. Tidwell

srt
Enclosures
cc: Murphy Minerals Corporation

Dartmouth College HANOVER · NEW HAMPSHIRE · 03755

P.O. Box 31 · TEL. (603) 646-2443

JOHN F. MECK
Vice President and Chairman of the Investment Committee

RECEIVED
JUN 27 1977

June 21, 1977

Ms. Sandra R. Tidwell
Glen Aaron & Assoc., Inc.
P.O. Box 2391
Midland, Texas 79702

Re: Oil & Gas Lease
W/2 NE/4 Section 10
Eddy County, New Mexico
South Lake Arthur Project

Dear Ms. Tidwell:

This is a follow up on our telephone conversation some time ago in response to your letter May 13 enclosing a proposed oil and gas lease for Dartmouth Colleges examination and consideration. As you will recall when we talked on the telephone I said I was going to Rosewell, New Mexico and would endeavor to call you while I was out there. I did endeavor to reach you from Denver but you were out of the office and either then or in a later attempt I left a message that Dartmouth had been making leases on the basis of a 3/16 rather than 1/8. I asked if your client Murphy Minerals Corporation would be interested on that basis.

I will hold the lease and the other documents until I hear from you.

Very truly yours,

John F. Meck

JFM:sb

P.S. I just found a telephone message that you had called on June 10. I think I will send this letter anyway and await word from you.

EXHIBIT IV

Case No. 6600

MESA PETROLEUM CO.
COMPULSORY POOLING

E½ Section 10, T-16-S, R-27-E
Eddy County, New Mexico

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
Mesa EXHIBIT NO. 4
CASE NO. 6600

GLEN AARON & ASSOCIATES, INC.

P. O. BOX 2391 • MIDLAND, TEXAS 79702 • PHONE 915/684-4491

MESSAGE	REPLY
TO Mesa Petroleum Co. 1000 Vaughn Bldg. Midland, Texas 79701 Attention: Mr. John Huckabay	DATE RECEIVED OCT 04 1978 MESA • PBD
DATE 10-2-78 Re: Address Request Othal C. or Ruby Cook Crail South Lake Arthur Prospect Eddy County, New Mexico	

Gentlemen:

Enclosed is our answer from Oklahoma DPS for an address of Othal C. or Ruby Cook Crail in subject prospect.

We have exhausted all leads in trying to locate these people and the other lessors connected with this lease.

If you have any suggestions or advice, please contact us.

Sadie Alther

BY Sadie Alther SIGNED

Form N-273® The Drawing Board, Inc., Box 505, Dallas, Texas

INSTRUCTIONS TO SENDER:
1. KEEP YELLOW COPY. 2. SEND WHITE AND PINK COPIES WITH CARBON INTACT.

INSTRUCTIONS TO RECEIVER:
1. WRITE REPLY. 2. DETACH STUB, KEEP PINK COPY, RETURN WHITE COPY TO SENDE

DATE	RECEIVED FROM	AMOUNT
9-27-78	Glen Aaron & Assoc.	3.00

OKLAHOMA DEPARTMENT OF PUBLIC SAFETY **No. 25457**

P.O. BOX 11415

OKLAHOMA CITY, OKLAHOMA 73111

ACCIDENT RECORDS ☐

FINANCIAL RESPONSIBILITY ☐

DRIVERS RECORDS ☑

VEHICLE INSPECTION DIVISION ☐

BY ag

DEPARTMENT OF PUBLIC SAFETY

Driver Records Service, Box 11415
Oklahoma City, Oklahoma 73111

Each request must be prepaid by check or money order -- Fee $3.00 per request

Information to be furnished by Requesting Agency

INFORMATION REQUEST ON: (Type or Print)

NAME Crail, Othel C. or Ruby
Last First Middle or Maiden

ADDRESS _____

CITY _____

BIRTHDATE: _____ Driver License No. _____ Exp.
Mo. Day Year

Type of License [ ] Opr. [ ] Chauf. [ ] C. Chauf.

REQUEST BY: (Type or Print)

Name _____

Address _____

City _____

Information furnished by Department of Public Safety

[XX] No driver license or record in name and license no. given.

[ ] No traffic violations, accidents, or dept. action on state file.

NOTICE:

Oklahoma State Law requires the Department of Public Safety to record all motor vehicle accidents without regard to fault.

Accident involvement indicated on this report does not mean this individual was at fault or given a citation.

REPORT OF VIOLATIONS AND ACCIDENTS DURING PAST FIVE YEARS

DATE	OFFENSE/INCIDENT Where There Was A P.G./B.F./or Con.	COURT	LOCATION

RECEIVED
OCT 2 1978

Departmental Action

9-28-78 kd
DATE CHECK WAS MADE

DL-99
CF-DPS Rev.76-22-10

GLEN AARON & ASSOCIATES, INC.

Petroleum Landmen

PHONE 915-684-4491 P. O. BOX 2391 MIDLAND, TEXAS 79702

RECEIVED
SEP 28 1978
MESA • PBD

September 25, 1978

Oklahoma Department of Public Safety
P. O. Box 11415
Oklahoma City, Oklahoma 73136

Re: Address for Othal C. Crail or
Ruby Cook Crail
S. Lake Arthur Project
Eddy County, New Mexico

Gentlemen:

Enclosed is our check in the amount of $3.00 covering your fee to furnish us with an address of Othal C. Crail or Ruby Cook Crail.

We have no other information on these people other than their names. We do not know their driver license numbers or dates of birth.

Any information you can give us regarding the location of the Crails will be appreciated.

Yours very truly,

Sadie Alther

Sadie Alther

/sa

cc: Mesa Petroleum Co.

Oklahoma Department of Public Safety

P.O. BOX 11415
OKLAHOMA CITY, OKLA. 73136

GEORGE STRATTON
Commissioner

DARRELL WIEMERS
Assistant Commissioner

RECEIVED
SEP 25 1978

September 21, 1978

Glen Aaron & Associates, Inc.
P.O. Box 2391
Midland, TX 79702

RE: Current Address-Othal C. Crail
Ruby Cook Crail

Gentlemen:

In reference to your letter of Sept. 19, 1978 we wish to inform you that this Department charges a fee of $3.00 per request for our services. Please furnish this office with the full name, driver license number and date of birth for positive identification.

We are holding your letter awaiting arrival of the required fee. Please make your remittance to the Department of Public Safety and upon receipt of same, we shall continue with your request.

Please refer to this letter when replying.

Yours very truly,

FOR THE COMMISSIONER

Charles R Hughes

CHARLES R. HUGHES, Director
Central Files Division

CRH/kd

cc: Holding

DL-47

GLEN AARON & ASSOCIATES, INC. *Petroleum Landmen*

PHONE 915-684-4491 P. O. BOX 2391 MIDLAND, TEXAS 79702

September 19, 1978

RECEIVED
SEP 20 1978
MESA - PBD

Department of Motor Vehicles
Driver Services Division
3600 N. Eastern
Oklahoma City, Oklahoma 73100

Attention: Drivers License Department

Re: Address of Othal C. Crail
or Ruby Cook Crail
South Lake Arthur Prospect
Eddy County, New Mexico

Gentlemen:

We are trying to locate Othal C. Crail or Ruby Cook Crail for the purpose of leasing a mineral interest in some land in New Mexico. The last lease signed by them gave an Oklahoma bank as their depository bank.

Would it be possible to refer to your drivers license records to see if these people have a current drivers license address or perhaps you could locate an address on an expired license?

We have made a thorough search for the location of these people in New Mexico. Any information you can provide will be appreciated. A self addressed envelope is enclosed for your convenience in replying. If there is a charge for this service, please invoice us. Or if you prefer, we will send payment in advance of receiving the information.

Thank you for your cooperation.

Yours very truly,

Sadie Alther

Sadie Alther

/sa

cc: Mesa Petroleum Co.

STATE OF NEW MEXICO
DEPARTMENT OF MOTOR VEHICLES
MANUEL LUJAN SR. BUILDING, SANTA FE, NEW MEXICO 87503

RECEIVED
JUN 15 1977
G. A. & A.

File
Prospect Glen Aaron
Client mmc

June 13, 1977

Glen Aaron & Associates, Inc.
Attn: Sandra R. Tidwell
P.O. Box 2391
Midland, Texas 79701

RE/ Miles P. Cook, Jr.
Jack Cook
Ada J. Nichols
JOANNE

Dear Ms. Tidwell:

We have researched our files for the above mentioned individuals and only find information on (2) two persons with the name Jack Cook.

We found Jack E. Cook (No phone) with a date of birth of June 3, 1942, address is 3501 Juan Tabo, North East, Albuquerque, New Mexico, 87111. The other being, a ~~Mr. Jack P. Cook,~~ date of birth February 27, 1932, address 11400 Constitution, North East, Albuquerque, New Mexico, 87112.

If you wish photo-copies of any one of these, the cost is ($3.00) three dollars per copy.

Sincerely,

Joe M. Dominguez, Director
Driver Services Division

JRD:MLS:so

JACK COOK
ROYAL PROUD COLA. TABO
SAMOAS 3501 JUAN TABO

DAVID CODIC
3501 JUAN TABO N/O PHONE
87111

June 6, 1977

Department of Motor Vehicles
Driver Services Division
Manuel Lujan, Sr., Building
Santa Fe, New Mexico 87503

Re: Address Request
Miles P. Cook, Jr.
Ada Jeanne Nichols
Eddy County, New Mexico
South Lake Arthur Project

Gentlemen:

Pursuant to your request, enclosed is the form you sent us along with our check in the amount of $2.20 to cover the cost for providing addresses on Miles P. (M. P.) Cook, Jr. and Ada Jeanne Nichols.

We have no information on either except their names and the belief that both reside somewhere in New Mexico. As mentioned in previous correspondence, we are interested in leasing for oil and gas their mineral interest in some lands located in Eddy County, New Mexico.

Any information or assistance you can provide will be greatly appreciated.

Thank you for your cooperation.

Yours very truly,

Sandra R. Tidwell

srt
Enclosure

cc: Murphy Minerals Corporation

STATE OF NEW MEXICO
DEPARTMENT OF MOTOR VEHICLES
MANUEL LUJAN SR. BUILDING, SANTA FE, NEW MEXICO 87503

June 1, 1977

Glen Aaron & Associates Inc
P.O. Box 2391
Midland, Texas 79702

"PLEASE RETURN THIS FORM IN ORDER TO PROCESS YOUR REQUEST"

- ☐ DRIVING RECORD
- ☐ CLEARANCE LETTER
- ☐ COPY OF DRIVER'S LICENSE
- ☐ PHOTO COPIES OF CITATIONS
- ☐ EXTENSION on EXPIRED OR LOST LICENSE

"THE FOLLOWING INFORMATION IS NEEDED ON BLOCK(S) CHECKED"

- ☐ COMPLETE NAME: COOK, M.P. Miles P Cook, Jr. AND NICHOLS ADA JEANNE
- ☒ ~~XX~~ DATE OF BIRTH ?
- ☒ ~~XX~~ SOCIAL SEC.# ?

"FEE'S REQUIRED AS CHECKED"

		$2.20
☒ ~~XX~~	DRIVING RECORD: FOR INSURANCE PURPOSES (3yr. HISTORY)	$1.10
☐	CLEARANCE LETTER: TO APPLY FOR LICENSE IN THAT STATE.	$1.10
☐	COPY OF DRIVER'S LICENSE: THIS IS ONLY A PHOTO-COPY.	$3.00
☐	EXTENSION LETTER: 15 DAY'S IN WHICH TO DRIVE BACK HOME ON (ONLY)	$1.10
☒	ADDRESS INFORMATION: ONLY	$1.10
☐	PHOTO-COPIES OF CITATIONS:	$3.00
	additional copies	50¢

RETURN TO:

DEPARTMENT OF MOTOR VEHICLES
DRIVER SERVICES DIVISION
MANUEL LUJAN, SR., BLDG.
SANTA FE, NEW MEXICO 87503

Required
DMV—10037
Driver Services Div.
Revised Jun. 76

May 27, 1977

Department of Motor Vehicles
Manuel Lujon Building
Santa Fe, New Mexico 87501

Attention: Drivers License Department

Re: M. P. Cook
South Lake Arthur Project
Eddy County, New Mexico

Gentlemen:

We are trying to locate several residents of Albuquerque and Portales by the names of M. P. Cook, Jr. and Jack Cook both of Albuquerque and Ada Jeanne Nichols of Portales.

M. P. Cook and his heirs have a mineral interest in some land in Eddy County, New Mexico and we are interested in leasing this interest.

Would it be possible to refer to your drivers license records to see if these people have a current drivers license address or perhaps you could locate an address on an expired license.

We have made a thorough search for the location of these people. As you can see, we certainly could use any information you could provide. A self-addressed envelope is enclosed for your convenience in replying to this inquiry.

Thank you for your anticipated cooperation.

Yours very truly,

C. M. Tilley

By:_____
Charles Northington

CN/sa

cc: Murphy Minerals Corporation

EXHIBIT V

Case No. 6600

MESA PETROLEUM CO.
COMPULSORY POOLING

E½ Section 10, T-16-S, R-27-E
Eddy County, New Mexico

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
Mesa EXHIBIT NO. 5
CASE NO. 6600

MESA PETROLEUM CO.

AFE/COST ESTIMATE

Permian Basin
Co./Div./Subsid./Dept.

AFE = 79-363
ID = 01-05-NM-0947-0010-001-0
Code General Account =
Exploratory ____ Development X

LEASE, WELL NAME, AND LOCATION Cook Fed Com #1 1980' FNL & 660' FEL, Sec 10, T16S, R27E, Eddy County, New Mexico

DESCRIPTION Cost estimate to drill and complete an 8800' flowing Morrow gas well, complete with anticipated production equipment and storage tank.

Sub Acct. Codes	ITEM DESCRIPTION	Dry Hole Cost	Completion Cost	Producer/ Other
X01	DRILLING—FOOTAGE Ft. At $ Ft.	$	$	$
X02	DRILLING or COMPLETION RIG MI-RU, RD-MO—DAY WORK	17,000		17,000
	(A) DAY WORK 35 DAYS at $ 4400 /DAY	154,000	6,000	160,000
X03	DRILLING or COMPLETION RIG			
	(A) BOILER DAYS At $ /DAY			
	(B) CAMP & CATERING DAYS At $ /DAY			
	(C) OTHER DAYS At $ /DAY			
X04	CEMENTING SERVICES, CEMENT & ACCESSORIES	12,000	10,000	22,000
X05	MUD, CHEMICALS, SERVICES & EQUIP. (A) MUD, CHEM., OIL	15,000		15,000
	(B) MUD ENGINEER			
	(C) WATER	8,000	2,000	10,000
X06	LOGS, TESTING & MUD LOGGING UNIT	25,000		25,000
X07	DRILL STEM TEST & RELATED TESTING EQUIPMENT	4,000		4,000
X08	PERFORATING, WELL STIMULATION SERVICES		15,000	15,000
X09	LOCATION, ROADS, SURVEYS, AIRSTRIPS	15,000	1,000	16,000
X10	LABOR, SUPERVISION, ENGINEERING & OVERHEAD	7,000	3,000	10,000
X11	RENTAL EQUIPMENT & TOOLS	5,000	2,000	7,000
X12	ROCK BITS, HOLE OPENERS, REAMERS, STABILIZERS	20,000		20,000
X13	HAULING & FREIGHT	5,000	3,000	8,000
X14	MOBILIZATION - INSTALLATION			
X15	DEMOBILIZATION - DISMANTLING & SALVAGE			
X16	SUPPLYBOATS, CREWBOATS, BARGES, TUGS			
X17	FUEL, LUBES, POWER	15,000		15,000
X18	SHOREBASE, OFFICE, DOCK FEE & CRANES			
X19	AIRCRAFT RENTALS—HELICOPTERS, FIXED WING			
X20	DIVERS AND RELATED EQUIPMENT			
X21	MISCELLANEOUS	20,000	5,000	25,000
X22	COST to ABANDON (NOT INCLUDED IN PRODUCER TOTAL)	10,000 *		
	Total Intangible & Non-Controllable Costs	$ 332,000	$ 47,000	$ 369,000 *
X41	BUOYS AND MARKERS	$	$	$
X42	CASING/TUBULARS			
	(A) 400 FT. OF 13-3/8" OD $ 15.00 /FT.	6,000		6,000
	(B) 1600 FT. OF 8-5/8" OD $ 9.00 /FT.	14,400		14,400
	(C) 8800 FT. OF 4-1/2" OD $ 5.00 /FT.		44,000	44,000
	(D) FT. OF " OD $ /FT.			
	(E) 8800 FT. OF 2-3/8" OD $ 3.00 /FT.		26,400	26,400
X43	WELL HEAD & GUIDE STRUCTURE	3,000	11,000	14,000
X44	SUB-SURFACE WELL EQUIPMENT		4,000	4,000
X45	SURFACE WELL EQUIPMENT		2,000	2,000
X46	OTHER MAJOR EQUIPMENT			
	(A) Gas Production Unit		15,000	15,000
	(B) 300 bbl production stock tank		4,000	4,000
	(C)			
X47	BUILDINGS			
X48	ELECTRICAL & INSTRUMENTATION EQUIPMENT			
X49	INSTALLATION, MATERIALS, & SERVICES		5,000	5,000
	Total Tangible Controllable & Non-Controllable Costs	$ 23,400	$ 111,400	$ 134,800
	Total Costs	$ 355,400	$ 158,400	$ 503,800 *

Steve Douglas	Engineer	7-23-79	Mesa WI	%
Prepared By	Title	Date	Others WI	%
	Operations Mgr.			%
Mesa Approved	Title	Date		%
	V.P. Operations			%
Mesa Approved	Title	Date		%
Mesa Approved	Title	Date		%
Well Approval Company	By	Title	Date	

EXHIBIT VI

Case No. 6600

MESA PETROLEUM CO.
COMPULSORY POOLING

E½ Section 10, T-16-S, R-27-E
Eddy County, New Mexico

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
Mesa EXHIBIT NO. 6
CASE NO. 6600

A.A.P.L. FORM 610 - 1977

MODEL FORM OPERATING AGREEMENT

COOK FED. COM.

OPERATING AGREEMENT

DATED

July 23, , 1979 ,

OPERATOR MESA PETROLEUM CO.

CONTRACT AREA E½ Section 10, Township 16 South, Range 27 East

COUNTY OR PARISH OF Eddy STATE OF New Mexico

COPYRIGHT 1977 — ALL RIGHTS RESERVED
AMERICAN ASSOCIATION OF PETROLEUM LANDMEN
APPROVED FORM. A.A.P.L. NO. 610 - 1977 REVISED
MAY BE ORDERED DIRECTLY FROM THE PUBLISHER
KRAFTBILT PRODUCTS, BOX 800, TULSA 74101

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OPERATING AGREEMENT

THIS AGREEMENT, entered into by and between Mesa Petroleum Co., hereinafter designated and referred to as "Operator", and the signatory party or parties other than Operator, sometimes hereinafter referred to individually herein as "Non-Operator", and collectively as "Non-Operators",

WITNESSETH:

WHEREAS, the parties to this agreement are owners of oil and gas leases and/or oil and gas interests in the land identified in Exhibit "A", and the parties hereto have reached an agreement to explore and develop these leases and/or oil and gas interests for the production of oil and gas to the extent and as hereinafter provided:

NOW, THEREFORE, it is agreed as follows:

ARTICLE I.
DEFINITIONS

As used in this agreement, the following words and terms shall have the meanings here ascribed to them:

A. The term "oil and gas" shall mean oil, gas, casinghead gas, gas condensate, and all other liquid or gaseous hydrocarbons and other marketable substances produced therewith, unless an intent to limit the inclusiveness of this term is specifically stated.

B. The terms "oil and gas lease", "lease" and "leasehold" shall mean the oil and gas leases covering tracts of land lying within the Contract Area which are owned by the parties to this agreement.

C. The term "oil and gas interests" shall mean unleased fee and mineral interests in tracts of land lying within the Contract Area which are owned by parties to this agreement.

D. The term "Contract Area" shall mean all of the lands, oil and gas leasehold interests and oil and gas interests intended to be developed and operated for oil and gas purposes under this agreement. Such lands, oil and gas leasehold interests and oil and gas interests are described in Exhibit "A".

E. The term "drilling unit" shall mean the area fixed for the drilling of one well by order or rule of any state or federal body having authority. If a drilling unit is not fixed by any such rule or order, a drilling unit shall be the drilling unit as established by the pattern of drilling in the Contract Area or as fixed by express agreement of the Drilling Parties.

F. The term "drillsite" shall mean the oil and gas lease or interest on which a proposed well is to be located.

G. The terms "Drilling Party" and "Consenting Party" shall mean a party who agrees to join in and pay its share of the cost of any operation conducted under the provisions of this agreement.

H. The terms "Non-Drilling Party" and "Non-Consenting Party" shall mean a party who elects not to participate in a proposed operation.

Unless the context otherwise clearly indicates, words used in the singular include the plural, the plural includes the singular, and the neuter gender includes the masculine and the feminine.

ARTICLE II.
EXHIBITS

The following exhibits, as indicated below and attached hereto, are incorporated in and made a part hereof:

[X] A. Exhibit "A", shall include the following information:
- (1) Identification of lands subject to agreement,
- (2) Restrictions, if any, as to depths or formations,
- (3) Percentages or fractional interests of parties to this agreement,
- (4) Oil and gas leases and/or oil and gas interests subject to this agreement,
- (5) Addresses of parties for notice purposes.

[ ] ~~B. Exhibit "B", Form of Lease.~~

[X] C. Exhibit "C", Accounting Procedure.

[X] D. Exhibit "D", Insurance.

[X] E. Exhibit "E", Gas Balancing Agreement.

[X] F. Exhibit "F", Non-Discrimination and Certification of Non-Segregated Facilities.

If any provision of any exhibit, except Exhibit "E", is inconsistent with any provision contained in the body of this agreement, the provisions in the body of this agreement shall prevail.

ARTICLE III.
INTERESTS OF PARTIES

A. Oil and Gas Interests:

If any party owns an unleased oil and gas interest in the Contract Area, that interest shall be treated for the purpose of this agreement and during the term hereof as if it were a leased interest under the form of oil and gas lease attached as Exhibit "B". As to such interest, the owner shall receive royalty on production as prescribed in the form of oil and gas lease attached hereto as Exhibit "B". Such party shall, however, be subject to all of the provisions of this agreement relating to lessees, to the extent that it owns the lessee interest.

B. Interest of Parties in Costs and Production:

Exhibit "A" lists all of the parties and their respective percentage or fractional interests under this agreement. Unless changed by other provisions, all costs and liabilities incurred in operations under this agreement shall be borne and paid, and all equipment and material acquired in operations on the Contract Area shall be owned by the parties as their interests are shown in Exhibit "A". All production of oil and gas from the Contract Area, subject to the payment of lessor's royalties which will be borne by the Joint Account, shall also be owned by the parties in the same manner during the term hereof; provided, however, this shall not be deemed an assignment or cross-assignment of interests covered hereby.

ARTICLE IV.
TITLES

A. Title Examination:

Title examination shall be made on the drillsite of any proposed well prior to commencement of drilling operations or, if the Drilling Parties so request, title examination shall be made on the leases and/or oil and gas interests included, or planned to be included, in the drilling unit around such well. The opinion will include the ownership of the working interest, minerals, royalty, overriding royalty and production payments under the applicable leases. At the time a well is proposed, each party contributing leases and/or oil and gas interests to the drillsite, or to be included in such drilling unit, shall furnish to Operator all abstracts (including Federal Lease Status Reports), title opinions, title papers and curative material in its possession free of charge. All such information not in the possession of or made available to Operator by the parties, but necessary for the examination of title, shall be obtained by Operator. Operator shall cause title to be examined by attorneys on its staff or by outside attorneys. Copies of all title opinions shall be furnished to each party hereto. The cost incurred by Operator in this title program shall be borne as follows:

☐ ~~Option No. 1: Costs incurred by Operator in procuring abstracts and title examination (including~~ preliminary, supplemental, shut-in gas royalty opinions and ~~division order title~~ opinions) shall be a part of the administrative ~~overhead as provided~~ in Exhibit "C," and shall not be a direct charge, whether ~~performed by Operator's staff attorneys or by outside attorneys~~.

☒ Option No. 2: Costs incurred by Operator in procuring abstracts and fees paid outside attorneys for title examination (including preliminary, supplemental, shut-in gas royalty opinions and division order title opinions) shall be borne by the Drilling Parties in the proportion that the interest of each Drilling Party bears to the total interest of all Drilling Parties as such interests appear in Exhibit "A". Operator shall make no charge for services rendered by its staff attorneys or other personnel in the performance of the above functions.

Each party shall be responsible for securing curative matter and pooling amendments or agreements required in connection with leases or oil and gas interests contributed by such party. The Operator shall be responsible for the preparation and recording of Pooling Designations or Declarations as well as the conduct of hearings before Governmental Agencies for the securing of spacing or pooling orders. This shall not prevent any party from appearing on its own behalf at any such hearing.

No well shall be drilled on the Contract Area until after (1) the title to the drillsite or drilling unit has been examined as above provided, and (2) the title has been approved by the examining attorney or title has been accepted by all of the parties who are to participate in the drilling of the well.

B. Loss of Title:

1. Failure of Title: Should any oil and gas interest or lease, or interest therein, be lost through failure of title, which loss results in a reduction of interest from that shown on Exhibit "A", this agreement, nevertheless, shall continue in force as to all remaining oil and gas leases and interests, and

(a) The party whose oil and gas lease or interest is affected by the title failure shall bear alone the entire loss and it shall not be entitled to recover from Operator or the other parties any development

or operating costs which it may have theretofore paid, but there shall be no monetary liability on its part to the other parties hereto for drilling, development, operating or other similar costs by reason of such title failure; and

(b) There shall be no retroactive adjustment of expenses incurred or revenues received from the operation of the interest which has been lost, but the interests of the parties shall be revised on an acreage basis, as of the time it is determined finally that title failure has occurred, so that the interest of the party whose lease or interest is affected by the title failure will thereafter be reduced in the Contract Area by the amount of the interest lost; and

(c) If the proportionate interest of the other parties hereto in any producing well theretofore drilled on the Contract Area is increased by reason of the title failure, the party whose title has failed shall receive the proceeds attributable to the increase in such interests (less costs and burdens attributable thereto) until it has been reimbursed for unrecovered costs paid by it in connection with such well; and

(d) Should any person not a party to this agreement, who is determined to be the owner of any interest in the title which has failed, pay in any manner any part of the cost of operation, development, or equipment, such amount shall be paid to the party or parties who bore the costs which are so refunded; and

(e) Any liability to account to a third party for prior production of oil and gas which arises by reason of title failure shall be borne by the party or parties in the same proportions in which they shared in such prior production; and

(f) No charge shall be made to the joint account for legal expenses, fees or salaries, in connection with the defense of the interest claimed by any party hereto, it being the intention of the parties hereto that each shall defend title to its interest and bear all expenses in connection therewith.

2. Loss by Non-Payment or Erroneous Payment of Amount Due: If, through mistake or oversight, any rental, shut-in well payment, minimum royalty or royalty payment, is not paid or is erroneously paid, and as a result a lease or interest therein terminates, there shall be no monetary liability against the party who failed to make such payment. Unless the party who failed to make the required payment secures a new lease covering the same interest within ninety (90) days from the discovery of the failure to make proper payment, which acquisition will not be subject to Article VIII.B., the interests of the parties shall be revised on an acreage basis, effective as of the date of termination of the lease involved, and the party who failed to make proper payment will no longer be credited with an interest in the Contract Area on account of ownership of the lease or interest which has terminated. In the event the party who failed to make the required payment shall not have been fully reimbursed, at the time of the loss, from the proceeds of the sale of oil and gas attributable to the lost interest, calculated on an acreage basis, for the development and operating costs theretofore paid on account of such interest, it shall be reimbursed for unrecovered actual costs theretofore paid by it (but not for its share of the cost of any dry hole previously drilled or wells previously abandoned) from so much of the following as is necessary to effect reimbursement:

(a) Proceeds of oil and gas, less operating expenses, theretofore accrued to the credit of the lost interest, on an acreage basis, up to the amount of unrecovered costs;

(b) Proceeds, less operating expenses, thereafter accrued attributable to the lost interest on an acreage basis, of that portion of oil and gas thereafter produced and marketed (excluding production from any wells thereafter drilled) which, in the absence of such lease termination, would be attributable to the lost interest on an acreage basis, up to the amount of unrecovered costs, the proceeds of said portion of the oil and gas to be contributed by the other parties in proportion to their respective interests; and

(c) Any monies, up to the amount of unrecovered costs, that may be paid by any party who is, or becomes, the owner of the interest lost, for the privilege of participating in the Contract Area or becoming a party to this agreement.

3. Other Losses: All losses incurred, other than those set forth in Articles IV.B.1. and IV.B.2. above, shall not be considered failure of title but shall be joint losses and shall be borne by all parties in proportion to their interests. There shall be no readjustment of interests in the remaining portion of the Contract Area.

ARTICLE V.
OPERATOR

A. DESIGNATION AND RESPONSIBILITIES OF OPERATOR:

Mesa Petroleum Co. shall be the Operator of the Contract Area, and shall conduct and direct and have full control of all operations on the Contract Area as permitted and required by, and within the limits of, this agreement. It shall conduct all such operations in a good and workmanlike manner, but it shall have no liability as Operator to the other parties for losses sustained or liabilities incurred, except such as may result from gross negligence or willful misconduct.

B. Resignation or Removal of Operator and Selection of Successor:

1. Resignation or Removal of Operator: Operator may resign at any time by giving written notice thereof to Non-Operators. If Operator terminates its legal existence, no longer owns an interest in the Contract Area, or is no longer capable of serving as Operator, it shall cease to be Operator without any action by Non-Operator, except the selection of a successor. Operator may be removed if it fails or refuses to carry out its duties hereunder, or becomes insolvent, bankrupt or is placed in receivership, by the affirmative vote of two (2) or more Non-Operators owning a majority interest based on ownership as shown on Exhibit "A", and not on the number of parties remaining after excluding the voting interest of Operator. Such resignation or removal shall not become effective until 7:00 o'clock A.M. on the first day of the calendar month following the expiration of ninety (90) days after the giving of notice of resignation by Operator or action by the Non-Operators to remove Operator, unless a successor Operator has been selected and assumes the duties of Operator at an earlier date. Operator, after effective date of resignation or removal, shall be bound by the terms hereof as a Non-Operator. A change of a corporate name or structure of Operator or transfer of Operator's interest to any single subsidiary, parent or successor corporation shall not be the basis for removal of Operator.

2. Selection of Successor Operator: Upon the resignation or removal of Operator, a successor Operator shall be selected by the Parties. The successor Operator shall be selected from the parties owning an interest in the Contract Area at the time such successor Operator is selected. If the Operator that is removed fails to vote or votes only to succeed itself, the successor Operator shall be selected by the affirmative vote of two (2) or more parties owning a majority interest based on ownership as shown on Exhibit "A", and not on the number of parties remaining after excluding the voting interest of the Operator that was removed.

C. Employees:

The number of employees used by Operator in conducting operations hereunder, their selection, and the hours of labor and the compensation for services performed, shall be determined by Operator, and all such employees shall be the employees of Operator.

D. Drilling Contracts:

All wells drilled on the Contract Area shall be drilled on a competitive contract basis at the usual rates prevailing in the area. If it so desires, Operator may employ its own tools and equipment in the drilling of wells, but its charges therefor shall not exceed the prevailing rates in the area and the rate of such charges shall be agreed upon by the parties in writing before drilling operations are commenced, and such work shall be performed by Operator under the same terms and conditions as are customary and usual in the area in contracts of independent contractors who are doing work of a similar nature.

ARTICLE VI.
DRILLING AND DEVELOPMENT

A. Initial Well:

On or before the 18th day of September, 1979, Operator shall commence the drilling of a well for oil and gas at the following location:

1980' FNL & 660' FEL of Section 10-16S-27E, Eddy County, New Mexico

and shall thereafter continue the drilling of the well with due diligence to a depth of 8800' or to a depth sufficient to test the Morrow Formation, whichever is the lessor depth,

unless granite or other practically impenetrable substance or condition in the hole, which renders further drilling impractical, is encountered at a lesser depth, or unless all parties agree to complete or abandon the well at a lesser depth.

Operator shall make reasonable tests of all formations encountered during drilling which give indication of containing oil and gas in quantities sufficient to test, unless this agreement shall be limited in its application to a specific formation or formations, in which event Operator shall be required to test only the formation or formations to which this agreement may apply.

If, in Operator's judgment, the well will not produce oil or gas in paying quantities, and it wishes to plug and abandon the well as a dry hole, it shall first secure the consent of all parties and shall plug and abandon same as provided in Article VI.E.1. hereof.

B. Subsequent Operations:

1. Proposed Operations: Should any party hereto desire to drill any well on the Contract Area other than the well provided for in Article VI.A., or to rework, deepen or plug back a dry hole drilled at the joint expense of all parties or a well jointly owned by all the parties and not then producing in paying quantities, the party desiring to drill, rework, deepen or plug back such a well shall give the other parties written notice of the proposed operation, specifying the work to be performed, the location, proposed depth, objective formation and the estimated cost of the operation. The parties receiving such a notice shall have thirty (30) days after receipt of the notice within which to notify the parties wishing to do the work whether they elect to participate in the cost of the proposed operation. If a drilling rig is on location, notice of proposal to rework, plug back or drill deeper may be given by telephone and the response period shall be limited to forty-eight (48) hours, exclusive of Saturday, Sunday or legal holidays. Failure of a party receiving such notice to reply within the period above fixed shall constitute an election by that party not to participate in the cost of the proposed operation. Any notice or response given by telephone shall be promptly confirmed in writing.

2. Operations by Less than All Parties: If any party receiving such notice as provided in Article VI.B.1. or VI.E.1. elects not to participate in the proposed operation, then, in order to be entitled to the benefits of this article, the party or parties giving the notice and such other parties as shall elect to participate in the operation shall, within sixty (60) days after the expiration of the notice period of thirty (30) days (or as promptly as possible after the expiration of the forty-eight (48) hour period where the drilling rig is on location, as the case may be) actually commence work on the proposed operation and complete it with due diligence. Operator shall perform all work for the account of the Consenting Parties; provided, however, if no drilling rig or other equipment is on location, and if Operator is a Non-Consenting Party, the Consenting Parties shall either: (a) request Operator to perform the work required by such proposed operation for the account of the Consenting Parties, or (b) designate one (1) of the Consenting Parties as Operator to perform such work. Consenting Parties, when conducting operations on the Contract Area pursuant to this Article VI.B.2., shall comply with all terms and conditions of this agreement.

If less than all parties approve any proposed operation, the proposing party, immediately after the expiration of the applicable notice period, shall advise the Consenting Parties of (a) the total interest of the parties approving such operation, and (b) its recommendation as to whether the Consenting Parties should proceed with the operation as proposed. Each Consenting Party, within forty-eight (48) hours (exclusive of Saturday, Sunday or legal holidays) after receipt of such notice, shall advise the proposing party of its desire to (a) limit participation to such party's interest as shown on Exhibit "A", or (b) carry its proportionate part of Non-Consenting Parties' interest. The proposing party, at its election, may withdraw such proposal if there is insufficient participation, and shall promptly notify all parties of such decision.

The entire cost and risk of conducting such operations shall be borne by the Consenting Parties in the proportions they have elected to bear same under the terms of the preceding paragraph. Consenting Parties shall keep the leasehold estates involved in such operations free and clear of all liens and encumbrances of every kind created by or arising from the operations of the Consenting Parties. If such an operation results in a dry hole, the Consenting Parties shall plug and abandon the well at their sole cost, risk and expense. If any well drilled, reworked, deepened or plugged back under the provisions of this Article results in a producer of oil and/or gas in paying quantities, the Consenting Parties shall complete and equip the well to produce at their sole cost and risk, and the well shall then be turned over to Operator and shall be operated by it at the expense and for the account of the Consenting Parties. Upon commencement of operations for the drilling, reworking, deepening or plugging back of any such well by Consenting Parties in accordance with the provisions of this Article, each Non-Consenting Party shall be deemed to have relinquished to Consenting Parties, and the Consenting Parties shall own and be entitled to receive, in proportion to their respective interests, all of such Non-Consenting Party's interest in the well and share of production therefrom until the proceeds of the sale of such share, calculated at the well, or market value thereof if such share is not sold (after deducting production taxes, royalty, overriding royalty and other interests existing on the effective date hereof, payable out of or measured by the production from such well accruing with respect to such interest until it reverts) shall equal the total of the following:

(a) 100% of each such Non-Consenting Party's share of the cost of any newly acquired surface equipment beyond the wellhead connections (including, but not limited to, stock tanks, separators, treaters, pumping equipment and piping), plus 100% of each such Non-Consenting Party's share of the cost of operation of the well commencing with first production and continuing until each such Non-Consenting Party's relinquished interest shall revert to it under other provisions of this Article, it being agreed that each Non-Consenting Party's share of such costs and equipment will be that interest which would have been chargeable to each Non-Consenting Party had it participated in the well from the beginning of the operation; and

(b) 300 % of that portion of the costs and expenses of drilling reworking, deepening, or plugging back, testing and completing, after deducting any cash contributions received under Article VIII.C., and

300 % of that portion of the cost of newly acquired equipment in the well (to and including the well-head connections), which would have been chargeable to such Non-Consenting Party if it had participated therein.

Gas production attributable to any Non - Consenting Party's relinquished interest upon such Party's election, shall be sold to its purchaser, if available, under the terms of its existing gas sales contract. Such Non - Consenting Party shall direct its purchaser to remit the proceeds receivable from such sale direct to the Consenting Parties until the amounts provided for in this Article are recovered from the Non - Consenting Party's relinquished interest. If such Non - Consenting Party has not contracted for sale of its gas at the time such gas is available for delivery, or has not made the election as provided above, the Consenting Parties shall own and be entitled to receive and sell such Non-Consenting Party's share of gas as hereinabove provided during the recoupment period.

During the period of time Consenting Parties are entitled to receive Non-Consenting Party's share of production, or the proceeds therefrom, Consenting Parties shall be responsible for the payment of all production, severance, gathering and other taxes, and all royalty, overriding royalty and other burdens applicable to Non-Consenting Party's share of production.

In the case of any reworking, plugging back or deeper drilling operation, the Consenting Parties shall be permitted to use, free of cost, all casing, tubing and other equipment in the well, but the ownership of all such equipment shall remain unchanged; and upon abandonment of a well after such reworking, plugging back or deeper drilling, the Consenting Parties shall account for all such equipment to the owners thereof, with each party receiving its proportionate part in kind or in value, less cost of salvage.

Within sixty (60) days after the completion of any operation under this Article, the party conducting the operations for the Consenting Parties shall furnish each Non-Consenting Party with an inventory of the equipment in and connected to the well, and an itemized statement of the cost of drilling, deepening, plugging back, testing, completing, and equipping the well for production; or, at its option, the operating party, in lieu of an itemized statement of such costs of operation, may submit a detailed statement of monthly billings. Each month thereafter, during the time the Consenting Parties are being reimbursed as provided above, the Party conducting the operations for the Consenting Parties shall furnish the Non-Consenting Parties with an itemized statement of all costs and liabilities incurred in the operation of the well, together with a statement of the quantity of oil and gas produced from it and the amount of proceeds realized from the sale of the well's working interest production during the preceding month. In determining the quantity of oil and gas produced during any month, Consenting Parties shall use industry accepted methods such as, but not limited to, metering or periodic well tests. Any amount realized from the sale or other disposition of equipment newly acquired in connection with any such operation which would have been owned by a Non-Consenting Party had it participated therein shall be credited against the total unreturned costs of the work done and of the equipment purchased, in determining when the interest of such Non-Consenting Party shall revert to it as above provided; and if there is a credit balance, it shall be paid to such Non-Consenting party.

If and when the Consenting Parties recover from a Non-Consenting Party's relinquished interest the amounts provided for above, the relinquished interests of such Non-Consenting Party shall automatically revert to it, and, from and after such reversion, such Non-Consenting Party shall own the same interest in such well, the material and equipment in or pertaining thereto, and the production therefrom as such Non-Consenting Party would have been entitled to had it participated in the drilling, reworking, deepening or plugging back of said well. Thereafter, such Non-Consenting Party shall be charged with and shall pay its proportionate part of the further costs of the operation of said well in accordance with the terms of this agreement and the Accounting Procedure, attached hereto.

Notwithstanding the provisions of this Article VI.B.2., it is agreed that without the mutual consent of all parties, no wells shall be completed in or produced from a source of supply from which a well located elsewhere on the Contract Area is producing, unless such well conforms to the then-existing well spacing pattern for such source of supply.

The provisions of this Article shall have no application whatsoever to the drilling of the initial well described in Article VI.A. except (a) when Option 2, Article VII.D.1., has been selected, or (b) to the reworking, deepening and plugging back of such initial well, if such well is or thereafter shall prove to be a dry hole or non-commercial well, after having been drilled to the depth specified in Article VI.A.

C. Right to Take Production in Kind:

Each party shall have the right to take in kind or separately dispose of its proportionate share of all oil and gas produced from the Contract Area, exclusive of production which may be used in development and producing operations and in preparing and treating oil for marketing purposes and production unavoidably lost. Any extra expenditure incurred in the taking in kind or separate disposition by any party of its proportionate share of the production shall be borne by such party. Any

party taking its share of production in kind shall be required to pay for only its proportionate share of such part of Operator's surface facilities which it uses.

Each party shall execute such division orders and contracts as may be necessary for the sale of its interest in production from the Contract Area, and, except as provided in Article VII.B., shall be entitled to receive payment direct from the purchaser thereof for its share of all production.

In the event any party shall fail to make the arrangements necessary to take in kind or separately dispose of its proportionate share of the oil and gas produced from the Contract Area, Operator shall have the right, subject to the revocation at will by the party owning it, but not the obligation, to purchase such oil and gas or sell it to others at any time and from time to time, for the account of the non-taking party at the best price obtainable in the area for such production. Any such purchase or sale by Operator shall be subject always to the right of the owner of the production to exercise at any time its right to take in kind, or separately dispose of, its share of all oil and gas not previously delivered to a purchaser. Any purchase or sale by Operator of any other party's share of oil and gas shall be only for such reasonable periods of time as are consistent with the minimum needs of the industry under the particular circumstances, but in no event for a period in excess of one (1) year. Notwithstanding the foregoing, Operator shall not make a sale, including one into interstate commerce, of any other party's share of gas production without first giving such other party thirty (30) days notice of such intended sale.

In the event one or more parties' separate disposition of its share of the gas causes split-stream deliveries to separate pipelines and/or deliveries which on a day-to-day basis for any reason are not exactly equal to a party's respective proportionate share of total gas sales to be allocated to it, the balancing or accounting between the respective accounts of the parties shall be in accordance with any Gas Balancing Agreement between the parties hereto, whether such Agreement is attached as Exhibit "E", or is a separate Agreement.

D. Access to Contract Area and Information:

Each party shall have access to the Contract Area at all reasonable times, at its sole risk to inspect or observe operations, and shall have access at reasonable times to information pertaining to the development or operation thereof, including Operator's books and records relating thereto. Operator, upon request, shall furnish each of the other parties with copies of all forms or reports filed with governmental agencies, daily drilling reports, well logs, tank tables, daily gauge and run tickets and reports of stock on hand at the first of each month, and shall make available samples of any cores or cuttings taken from any well drilled on the Contract Area. The cost of gathering and furnishing information to Non-Operator, other than that specified above, shall be charged to the Non-Operator that requests the information.

E. Abandonment of Wells:

1. Abandonment of Dry Holes: Except for any well drilled pursuant to Article VI.B.2., any well which has been drilled under the terms of this agreement and is proposed to be completed as a dry hole shall not be plugged and abandoned without the consent of all parties. Should Operator, after diligent effort, be unable to contact any party, or should any party fail to reply within forty-eight (48) hours (exclusive of Saturday, Sunday or legal holidays) after receipt of notice of the proposal to plug and abandon such well, such party shall be deemed to have consented to the proposed abandonment. All such wells shall be plugged and abandoned in accordance with applicable regulations and at the cost, risk and expense of the parties who participated in the cost of drilling of such well. Any party who objects to the plugging and abandoning such well shall have the right to take over the well and conduct further operations in search of oil and/or gas subject to the provisions of Article VI.B.

2. Abandonment of Wells that have Produced: Except for any well which has been drilled or reworked pursuant to Article VI.B.2. hereof for which the Consenting Parties have not been fully reimbursed as therein provided, any well which has been completed as a producer shall not be plugged and abandoned without the consent of all parties. If all parties consent to such abandonment, the well shall be plugged and abandoned in accordance with applicable regulations and at the cost, risk and expense of all the parties hereto. If, within thirty (30) days after receipt of notice of the proposed abandonment of such well, all parties do not agree to the abandonment of any well, those wishing to continue its operation shall tender to each of the other parties its proportionate share of the value of the well's salvable material and equipment, determined in accordance with the provisions of Exhibit "C", less the estimated cost of salvaging and the estimated cost of plugging and abandoning. Each abandoning party shall assign to the non-abandoning parties, without warranty, express or implied, as to title or as to quantity, quality, or fitness for use of the equipment and material, all of its interest in the well and related equipment, together with its interest in the leasehold estate as to, but only as to, the interval or intervals of the formation or formations then open to production. If the interest of the abandoning party is or includes an oil and gas interest, such party shall execute and deliver to the non-abandoning party or parties an oil and gas lease, limited to the interval or intervals of the formation or formations then open to production, for a term of one year and so long thereafter as oil and/or gas is produced from the interval or inter-

vals of the formation or formations covered thereby, such lease to be on the form attached as Exhibit "B". The assignments or leases so limited shall encompass the "drilling unit" upon which the well is located. The payments by, and the assignments or leases to, the assignees shall be in a ratio based upon the relationship of their respective percentages of participation in the Contract Area to the aggregate of the percentages of participation in the Contract Area of all assignees. There shall be no readjustment of interest in the remaining portion of the Contract Area.

Thereafter, abandoning parties shall have no further responsibility, liability, or interest in the operation of or production from the well in the interval or intervals then open other than the royalties retained in any lease made under the terms of this Article. Upon request, Operator shall continue to operate the assigned well for the account of the non-abandoning parties at the rates and charges contemplated by this agreement, plus any additional cost and charges which may arise as the result of the separate ownership of the assigned well.

ARTICLE VII.
EXPENDITURES AND LIABILITY OF PARTIES

A. Liability of Parties:

The liability of the parties shall be several, not joint or collective. Each party shall be responsible only for its obligations, and shall be liable only for its proportionate share of the costs of developing and operating the Contract Area. Accordingly, the liens granted among the parties in Article VII.B. are given to secure only the debts of each severally. It is not the intention of the parties to create, nor shall this agreement be construed as creating, a mining or other partnership or association, or to render the parties liable as partners.

B. Liens and Payment Defaults:

Each Non-Operator grants to Operator a lien upon ~~its oil and gas rights in the Contract Area, and~~ a security interest in its share of oil and/or gas when extracted and its interest in all equipment, to secure payment of its share of expense, together with interest thereon at the rate provided in the Accounting Procedure attached hereto as Exhibit "C". To the extent that Operator has a security interest under the Uniform Commercial Code of the State, Operator shall be entitled to exercise the rights and remedies of a secured party under the Code. The bringing of a suit and the obtaining of judgment by Operator for the secured indebtedness shall not be deemed an election of remedies or otherwise affect the lien rights or security interest as security for the payment thereof. In addition, upon default by any Non-Operator in the payment of its share of expense, Operator shall have the right, without prejudice to other rights or remedies, to collect from the purchaser the proceeds from the sale of such Non-Operator's share of oil and/or gas until the amount owed by such Non-Operator, plus interest has been paid. Each purchaser shall be entitled to rely upon Operator's written statement concerning the amount of any default. Operator grants a like lien and security interest to the Non-Operators to secure payment of Operator's proportionate share of expense.

If any party fails or is unable to pay its share of expense within sixty (60) days after rendition of a statement therefor by Operator, the non-defaulting parties, including Operator, shall, upon request by Operator, pay the unpaid amount in the proportion that the interest of each such party bears to the interest of all such parties. Each party so paying its share of the unpaid amount shall, to obtain reimbursement thereof, be subrogated to the security rights described in the foregoing paragraph.

C. Payments and Accounting:

Except as herein otherwise specifically provided, Operator shall promptly pay and discharge expenses incurred in the development and operation of the Contract Area pursuant to this agreement and shall charge each of the parties hereto with their respective proportionate shares upon the expense basis provided in the Accounting Procedure attached hereto as Exhibit "C". Operator shall keep an accurate record of the joint account hereunder, showing expenses incurred and charges and credits made and received.

Operator, at its election, shall have the right from time to time to demand and receive from the other parties payment in advance of their respective shares of the estimated amount of the expense to be incurred in operations hereunder during the next succeeding month, which right may be exercised only by submission to each such party of an itemized statement of such estimated expense, together with an invoice for its share thereof. Each such statement and invoice for the payment in advance of estimated expense shall be submitted on or before the 20th day of the next preceding month. Each party shall pay to Operator its proportionate share of such estimate within fifteen (15) days after such estimate and invoice is received. If any party fails to pay its share of said estimate within said time, the amount due shall bear interest as provided in Exhibit "C" until paid. Proper adjustment shall be made monthly between advances and actual expense to the end that each party shall bear and pay its proportionate share of actual expenses incurred, and no more.

D. Limitation of Expenditures:

1. Drill or Deepen: Without the consent of all parties, no well shall be drilled or deepened, except any well drilled or deepened pursuant to the provisions of Article VI.B.2. of this Agreement, it being understood that the consent to the drilling or deepening shall include:

☐ Option No. 1: All necessary expenditures for the drilling or deepening, testing, completing and equipping of the well, including necessary tankage and/or surface facilities.

☒ Option No. 2: All necessary expenditures for the drilling or deepening and testing of the well. When such well has reached its authorized depth, and all tests have been completed, Operator shall give immediate notice to the Non-Operators who have the right to participate in the completion costs. The parties receiving such notice shall have forty-eight (48) hours (exclusive of Saturday, Sunday and legal holidays) in which to elect to participate in the setting of casing and the completion attempt. Such election, when made, shall include consent to all necessary expenditures for the completing and equipping of such well, including necessary tankage and/or surface facilities. Failure of any party receiving such notice to reply within the period above fixed shall constitute an election by that party not to participate in the cost of the completion attempt. If one or more, but less than all of the parties, elect to set pipe and to attempt a completion, the provisions of Article VI.B.2. hereof (the phrase "reworking, deepening or plugging back" as contained in Article VI.B.2. shall be deemed to include "completing") shall apply to the operations thereafter conducted by less than all parties.

2. Rework or Plug Back: Without the consent of all parties, no well shall be reworked or plugged back except a well reworked or plugged back pursuant to the provisions of Article VI.B.2. of this agreement, it being understood that the consent to the reworking or plugging back of a well shall include consent to all necessary expenditures in conducting such operations and completing and equipping of said well, including necessary tankage and/or surface facilities.

3. Other Operations: Operator shall not undertake any single project reasonably estimated to require an expenditure in excess of Fifteen Thousand Dollars ($ 15,000.00) except in connection with a well, the drilling, reworking, deepening, completing, recompleting, or plugging back of which has been previously authorized by or pursuant to this agreement; provided, however, that, in case of explosion, fire, flood or other sudden emergency, whether of the same or different nature, Operator may take such steps and incur such expenses as in its opinion are required to deal with the emergency to safeguard life and property but Operator, as promptly as possible, shall report the emergency to the other parties. If Operator prepares "Authority for Expenditures" for its own use, Operator, upon request, shall furnish copies of its "Authority for Expenditures" for any single project costing in excess of Ten Thousand Dollars ($ 10,000.00).

E. Royalties, Overriding Royalties and Other Payments:

Each party shall pay or deliver, or cause to be paid or delivered, all royalties to the extent of one-eighth (1/8) due on its share of production and shall hold the other parties free from any liability therefor. If the interest of any party in any oil and gas lease covered by this agreement is subject to any royalty, overriding royalty, production payment, or other charge over and above the aforesaid royalty, such party shall assume and alone bear all such obligations and shall account for or cause to be accounted for, such interest to the owners thereof.

No party shall ever be responsible, on any price basis higher than the price received by such party, to any other party's lessor or royalty owner; and if any such other party's lessor or royalty owner should demand and receive settlements on a higher price basis, the party contributing such lease shall bear the royalty burden insofar as such higher price is concerned.

F. Rentals, Shut-in Well Payments and Minimum Royalties:

Rentals, shut-in well payments and minimum royalties which may be required under the terms of any lease shall be paid by the party or parties who subjected such lease to this agreement at its or their expense. In the event two or more parties own and have contributed interests in the same lease to this agreement, such parties may designate one of such parties to make said payments for and on behalf of all such parties. Any party may request, and shall be entitled to receive, proper evidence of all such payments. In the event of failure to make proper payment of any rental, shut-in well payment or minimum royalty through mistake or oversight where such payment is required to continue the lease in force, any loss which results from such non-payment shall be borne in accordance with the provisions of Article IV.B.2.

Operator shall notify Non-Operator of the anticipated completion of a shut-in gas well, or the shutting in or return to production of a producing gas well, at least five (5) days (excluding Saturday, Sunday and holidays), or at the earliest opportunity permitted by circumstances, prior to taking such action, but assumes no liability for failure to do so. In the event of failure by Operator to so notify Non-Operator, the loss of any lease contributed hereto by Non-Operator for failure to make timely payments

of any shut-in well payment shall be borne jointly by the parties hereto under the provisions of Article IV.B.3.

G. Taxes:

Beginning with the first calendar year after the effective date hereof, Operator shall render for ad valorem taxation all property subject to this agreement which by law should be rendered for such taxes, and it shall pay all such taxes assessed thereon before they become delinquent. Prior to the rendition date, each Non-Operator shall furnish Operator information as to burdens (to include, but not be limited to, royalties, overriding royalties and production payments) on leases and oil and gas interests contributed by such Non-Operator. If the assessed valuation of any leasehold estate is reduced by reason of its being subject to outstanding excess royalties, overriding royalties or production payments, the reduction in ad valorem taxes resulting therefrom shall inure to the benefit of the owner or owners of such leasehold estate, and Operator shall adjust the charge to such owner or owners so as to reflect the benefit of such reduction. Operator shall bill other parties for their proportionate share of all tax payments in the manner provided in Exhibit "C".

If Operator considers any tax assessment improper, Operator may, at its discretion, protest within the time and manner prescribed by law, and prosecute the protest to a final determination, unless all parties agree to abandon the protest prior to final determination. During the pendency of administrative or judicial proceedings, Operator may elect to pay, under protest, all such taxes and any interest and penalty. When any such protested assessment shall have been finally determined, Operator shall pay the tax for the joint account, together with any interest and penalty accrued, and the total cost shall then be assessed against the parties, and be paid by them, as provided in Exhibit "C".

Each party shall pay or cause to be paid all production, severance, gathering and other taxes imposed upon or with respect to the production or handling of such party's share of oil and/or gas produced under the terms of this agreement.

H. Insurance:

At all times while operations are conducted hereunder, Operator shall comply with the Workmen's Compensation Law of the State where the operations are being conducted; provided, however, that Operator may be a self-insurer for liability under said compensation laws in which event the only charge that shall be made to the joint account shall be an amount equivalent to the premium which would have been paid had such insurance been obtained. Operator shall also carry or provide insurance for the benefit of the joint account of the parties as outlined in Exhibit "D", attached to and made a part hereof. Operator shall require all contractors engaged in work on or for the Contract Area to comply with the Workmen's Compensation Law of the State where the operations are being conducted and to maintain such other insurance as Operator may require.

In the event Automobile Public Liability Insurance is specified in said Exhibit "D", or subsequently receives the approval of the parties, no direct charge shall be made by Operator for premiums paid for such insurance for Operator's fully owned automotive equipment.

ARTICLE VIII.
ACQUISITION, MAINTENANCE OR TRANSFER OF INTEREST

A. Surrender of Leases:

The leases covered by this agreement, insofar as they embrace acreage in the Contract Area, shall not be surrendered in whole or in part unless all parties consent thereto.

However, should any party desire to surrender its interest in any lease or in any portion thereof, and other parties do not agree or consent thereto, the party desiring to surrender shall assign, without express or implied warranty of title, all of its interest in such lease, or portion thereof, and any well, material and equipment which may be located thereon and any rights in production thereafter secured, to the parties not desiring to surrender it. If the interest of the assigning party includes an oil and gas interest, the assigning party shall execute and deliver to the party or parties not desiring to surrender an oil and gas lease covering such oil and gas interest for a term of one year and so long thereafter as oil and/or gas is produced from the land covered thereby, such lease to be on the form attached hereto as Exhibit "B". Upon such assignment, the assigning party shall be relieved from all obligations thereafter accruing, but not theretofore accrued, with respect to the acreage assigned and the operation of any well thereon, and the assigning party shall have no further interest in the lease assigned and its equipment and production other than the royalties retained in any lease made under the terms of this Article. The parties assignee shall pay to the party assignor the reasonable salvage value of the latter's interest in any wells and equipment on the assigned acreage. The value of all material shall be determined in accordance with the provisions of Exhibit "C", less the estimated cost of salvaging and the estimated cost of plugging and abandoning. If the assignment is in favor of more than one party, the assigned interest shall

be shared by the parties assignee in the proportions that the interest of each bears to the interest of all parties assignee.

Any assignment or surrender made under this provision shall not reduce or change the assignor's or surrendering parties' interest, as it was immediately before the assignment, in the balance of the Contract Area; and the acreage assigned or surrendered, and subsequent operations thereon, shall not thereafter be subject to the terms and provisions of this agreement.

B. Renewal or Extension of Leases:

If any party secures a renewal of any oil and gas lease subject to this Agreement, all other parties shall be notified promptly, and shall have the right for a period of thirty (30) days following receipt of such notice in which to elect to participate in the ownership of the renewal lease, insofar as such lease affects lands within the Contract Area, by paying to the party who acquired it their several proper proportionate shares of the acquisition cost allocated to that part of such lease within the Contract Area, which shall be in proportion to the interests held at that time by the parties in the Contract Area.

If some, but less than all, of the parties elect to participate in the purchase of a renewal lease, it shall be owned by the parties who elect to participate therein, in a ratio based upon the relationship of their respective percentage of participation in the Contract Area to the aggregate of the percentages of participation in the Contract Area of all parties participating in the purchase of such renewal lease. Any renewal lease in which less than all parties elect to participate shall not be subject to this agreement.

Each party who participates in the purchase of a renewal lease shall be given an assignment of its proportionate interest therein by the acquiring party.

The provisions of this Article shall apply to renewal leases whether they are for the entire interest covered by the expiring lease or cover only a portion of its area or an interest therein. Any renewal lease taken before the expiration of its predecessor lease, or taken or contracted for within six (6) months after the expiration of the existing lease shall be subject to this provision; but any lease taken or contracted for more than six (6) months after the expiration of an existing lease shall not be deemed a renewal lease and shall not be subject to the provisions of this agreement.

The provisions in this Article shall apply also and in like manner to extensions of oil and gas leases.

C. Acreage or Cash Contributions:

While this agreement is in force, if any party contracts for a contribution of cash toward the drilling of a well or any other operation on the Contract Area, such contribution shall be paid to the party who conducted the drilling or other operation and shall be applied by it against the cost of such drilling or other operation. If the contribution be in the form of acreage, the party to whom the contribution is made shall promptly tender an assignment of the acreage, without warranty of title, to the Drilling Parties in the proportions said Drilling Parties shared the cost of drilling the well. If all parties hereto are Drilling Parties and accept such tender, such acreage shall become a part of the Contract Area and be governed by the provisions of this agreement. If less than all parties hereto are Drilling Parties and accept such tender, such acreage shall not become a part of the Contract Area. Each party shall promptly notify all other parties of all acreage or money contributions it may obtain in support of any well or any other operation on the Contract Area.

If any party contracts for any consideration relating to disposition of such party's share of substances produced hereunder, such consideration shall not be deemed a contribution as contemplated in this Article VIII.C.

D. Subsequently Created Interest:

Notwithstanding the provisions of Article VIII.E. and VIII.G., if any party hereto shall, subsequent to execution of this agreement, create an overriding royalty, production payment, or net proceeds interest, which such interests are hereinafter referred to as "subsequently created interest", such subsequently created interest shall be specifically made subject to all of the terms and provisions of this agreement, as follows:

1. If non-consent operations are conducted pursuant to any provision of this agreement, and the party conducting such operations becomes entitled to receive the production attributable to the interest out of which the subsequently created interest is derived, such party shall receive same free and clear of such subsequently created interest. The party creating same shall bear and pay all such subsequently created interests and shall indemnify and hold the other parties hereto free and harmless from any and all liability resulting therefrom.

2. If the owner of the interest from which the subsequently created interest is derived (1) fails to pay, when due, its share of expenses chargeable hereunder, or (2) elects to abandon a well under provisions of Article VI.E. hereof, or (3) elects to surrender a lease under provisions of Article VIII.A. hereof, the subsequently created interest shall be chargeable with the pro rata portion of all expenses hereunder in the same manner as if such interest were a working interest. For purposes of collecting such chargeable expenses, the party or parties who receive assignments as a result of (2) or (3) above shall have the right to enforce all provisions of Article VII.B. hereof against such subsequently created interest.

E. Maintenance of Uniform Interest:

For the purpose of maintaining uniformity of ownership in the oil and gas leasehold interests covered by this agreement, and notwithstanding any other provisions to the contrary, no party shall sell, encumber, transfer or make other disposition of its interest in the leases embraced within the Contract Area and in wells, equipment and production unless such disposition covers either:

1. the entire interest of the party in all leases and equipment and production; or

2. an equal undivided interest in all leases and equipment and production in the Contract Area.

Every such sale, encumbrance, transfer or other disposition made by any party shall be made expressly subject to this agreement, and shall be made without prejudice to the right of the other parties.

If, at any time the interest of any party is divided among and owned by four or more co-owners, Operator, at its discretion, may require such co-owners to appoint a single trustee or agent with full authority to receive notices, approve expenditures, receive billings for and approve and pay such party's share of the joint expenses, and to deal generally with, and with power to bind, the co-owners of such party's interests within the scope of the operations embraced in this agreement; however, all such co-owners shall have the right to enter into and execute all contracts or agreements for the disposition of their respective shares of the oil and gas produced from the Contract Area and they shall have the right to receive, separately, payment of the sale proceeds hereof.

F. Waiver of Right to Partition:

If permitted by the laws of the state or states in which the property covered hereby is located, each party hereto owning an undivided interest in the Contract Area waives any and all rights it may have to partition and have set aside to it in severalty its undivided interest therein.

G. Preferential Right to Purchase:

~~Should any party desire to sell all or any part of its interests under this agreement, or its rights and~~ interests in the Contract Area, it shall promptly give written notice to the other parties, with ~~full~~ information concerning its proposed sale, which shall include the name and address of the prospective purchaser ~~(who must be ready, willing and able to purchase)~~, the purchase price, and all other terms of the offer. The other parties shall then have an optional prior ~~right~~, for a period of ten (10) days after receipt of the notice, to purchase on the same terms and conditions the interest which the other party proposes to sell; and, if this optional right is exercised, the purchasing parties shall share the purchased interest in the proportions that the interest of each bears to the total interest of all purchasing parties. However, there shall be no preferential right to purchase in those cases where any party wishes to mortgage its interests, or to dispose of its interests by merger, reorganization, consolidation, or sale of all or substantially all of its assets to a subsidiary or parent company or to a subsidiary of a parent ~~company, or to any company in which any one party owns a majority of the stock.~~

ARTICLE IX.
INTERNAL REVENUE CODE ELECTION

This agreement is not intended to create, and shall not be construed to create, a relationship of partnership or an association for profit between or among the parties hereto. Notwithstanding any provisions herein that the rights and liabilities hereunder are several and not joint or collective, or that this agreement and operations hereunder shall not constitute a partnership, if, for Federal income tax purposes, this agreement and the operations hereunder are regarded as a partnership, each party hereby affected elects to be excluded from the application of all of the provisions of Subchapter "K", Chapter 1, Subtitle "A", of the Internal Revenue Code of 1954, as permitted and authorized by Section 761 of the Code and the regulations promulgated thereunder. Operator is authorized and directed to execute on behalf of each party hereby affected such evidence of this election as may be required by the Secretary of the Treasury of the United States or the Federal Internal Revenue Service, including specifically, but not by way of limitation, all of the returns, statements, and the data required by Federal Regulations 1.761. Should there be any requirement that each party hereby affected give further evidence of this election, each such party shall execute such documents and furnish such other evidence as may be required by the Federal Internal Revenue Service or as may be necessary to evidence this election. No

such party shall give any notices or take any other action inconsistent with the election made hereby. If any present or future income tax laws of the state or states in which the Contract Area is located or any future income tax laws of the United States contain provisions similar to those in Subchapter "K", Chapter 1, Subtitle "A", of the Internal Revenue Code of 1954, under which an election similar to that provided by Section 761 of the Code is permitted, each party hereby affected shall make such election as may be permitted or required by such laws. In making the foregoing election, each such party states that the income derived by such party from Operations hereunder can be adequately determined without the computation of partnership taxable income.

ARTICLE X.
CLAIMS AND LAWSUITS

. Operator may settle any single damage claim or suit arising from operations hereunder if the expenditure does not exceed Five Thousand Dollars ($ 5,000.00) and if the payment is in complete settlement of such claim or suit. If the amount required for settlement exceeds the above amount, the parties hereto shall assume and take over the further handling of the claim or suit, unless such authority is delegated to Operator. All costs and expense of handling, settling, or otherwise discharging such claim or suit shall be at the joint expense of the parties. If a claim is made against any party or if any party is sued on account of any matter arising from operations hereunder over which such individual has no control because of the rights given Operator by this agreement, the party shall immediately notify Operator, and the claim or suit shall be treated as any other claim or suit involving operations hereunder.

ARTICLE XI.
FORCE MAJEURE

If any party is rendered unable, wholly or in part, by force majeure to carry out its obligations under this agreement, other than the obligation to make money payments, that party shall give to all other parties prompt written notice of the force majeure with reasonably full particulars concerning it; thereupon, the obligations of the party giving the notice, so far as they are affected by the force majeure, shall be suspended during, but no longer than, the continuance of the force majeure. The affected party shall use all reasonable diligence to remove the force majeure situation as quickly as practicable.

The requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts, or other labor difficulty by the party involved, contrary to its wishes; how all such difficulties shall be handled shall be entirely within the discretion of the party concerned.

The term "force majeure", as here employed, shall mean an act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightning, fire, storm, flood, explosion, governmental action, governmental delay, restraint or inaction, unavailability of equipment, and any other cause, whether of the kind specifically enumerated above or otherwise, which is not reasonably within the control of the party claiming suspension.

ARTICLE XII.
NOTICES

All notices authorized or required between the parties, and required by any of the provisions of this agreement, unless otherwise specifically provided, shall be given in writing by United States mail or Western Union telegram, postage or charges prepaid, or by teletype, and addressed to the party to whom the notice is given at the addresses listed on Exhibit "A". The originating notice given under any provision hereof shall be deemed given only when received by the party to whom such notice is directed, and the time for such party to give any notice in response thereto shall run from the date the originating notice is received. The second or any responsive notice shall be deemed given when deposited in the United States mail or with the Western Union Telegraph Company, with postage or charges prepaid, or when sent by teletype. Each party shall have the right to change its address at any time, and from time to time, by giving written notice hereof to all other parties.

ARTICLE XIII.
TERM OF AGREEMENT

This agreement shall remain in full force and effect as to the oil and gas leases and/or oil and gas interests subjected hereto for the period of time selected below; provided, however, no party hereto shall ever be construed as having any right, title or interest in or to any lease, or oil and gas interest contributed by any other party beyond the term of this agreement.

~~☐ Option No. 1: So long as any of the oil and gas leases subject to this agreement remain or are continued in force as to any part of the Contract Area, whether by production, extension, renewal or otherwise, and/or so long as oil and/or gas production continues from any lease or oil and gas interest.~~

☒ Option No. 2: In the event the well described in Article VI.A., or any subsequent well drilled under any provision of this agreement, results in production of oil and/or gas in paying quantities, this agreement shall continue in force so long as any such well or wells produce, or are capable of production, and for an additional period of 120 days from cessation of all production; provided, however, if, prior to the expiration of such additional period, one or more of the parties hereto are engaged in drilling or reworking a well or wells hereunder, this agreement shall continue in force until such operations have been completed and if production results therefrom, this agreement shall continue in force as provided herein. In the event the well described in Article VI.A., or any subsequent well drilled hereunder, results in a dry hole, and no other well is producing, or capable of producing oil and/or gas from the Contract Area, this agreement shall terminate unless drilling or reworking operations are commenced within 120 days from the date of abandonment of said well.

It is agreed, however, that the termination of this agreement shall not relieve any party hereto from any liability which has accrued or attached prior to the date of such termination.

ARTICLE XIV.
COMPLIANCE WITH LAWS AND REGULATIONS

A. Laws, Regulations and Orders:

This agreement shall be subject to the conservation laws of the state in which the committed acreage is located, to the valid rules, regulations, and orders of any duly constituted regulatory body of said state; and to all other applicable federal, state, and local laws, ordinances, rules, regulations, and orders.

B. Governing Law:

The essential validity of this agreement and all matters pertaining thereto, including, but not limited to, matters of performance, non-performance, breach, remedies, procedures, rights, duties and interpretation or construction, shall be governed and determined by the law of the state in which the Contract Area is located. If the Contract Area is in two or more states, the law of the state where most of the land in the Contract Area is located shall govern.

ARTICLE XV.
OTHER PROVISIONS

A. Operator's Option - Completions

The option herein provided not to participate in a completion attempt shall also be available to Operator. When Operator does not participate in the completion attempt of a "drilling well", it shall have the right, subject to approval of "consenting parties", but not the obligation, to be Operator of such operation. If Operator declines to act as Operator, then the parties bearing the cost of such operation shall designate one of their number to operate same in the capacity of "Interim Operator" and thereafter the Operator named herein shall not have any control or supervision over such operation thereafter conducted. After said well is either plugged and abandoned or completed as a producer of oil and/or gas, the Operator named herein shall assume all subsequent operations and thereafter discharge its duties in that capacity under this agreement.

B. Sale of Royalty Gas

It is recognized by the parties hereto that in addition to each party's share of working interest production, such party shall have the right, subject to existing contracts, to market the royalty gas attributable to each lease which it contributes to the Test Well Proration Unit and to receive payments due for such royalty gas produced from or allocated to such lease or leases. It is agreed that, regardless of whether each party markets or contracts for its share of gas, including the royalty gas under the leases which it contributed to the Test Well Proration Unit, such party agrees to pay or cause to be paid to the royalty owners under its lease or leases the proceeds attributable to their respective royalty interest and to hold all other parties hereto harmless for its failure to do so.

ARTICLE XVI.
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 23rd day of July, 19 79.

OPERATOR

MESA PETROLEUM CO.

By: John B. Huckabay
Attorney-In-Fact

NON-OPERATORS

THE TRUSTEES OF DARTMOUTH COLLEGE

ATTEST:

Assistant Clerk

By: _____
Treasurer

Jack Cook

Ruby Cook Crail

Othal C. Crail

Milas P. Cook, Jr.

Ada Jeane Nichols

STATE OF TEXAS I

COUNTY OF MIDLAND I

The foregoing instrument was acknowledged before me this 24th day of July, 1979, by John S. Huckabay, Attorney-In-Fact of MESA PETROLEUM CO., a Delaware corporation, on behalf of said corporation.

Notary Public

My Commission Expires: October 31, 1980

STATE OF NEW HAMPSHIRE I

COUNTY OF GRAFTON I

The foregoing instrument was acknowledged before me this _____ day of _____, 1979, by _____, Treasurer of THE TRUSTEES OF DARTMOUTH COLLEGE, a New Hampshire corporation, on behalf of said corporation.

Notary Public

My Commission Expires:_____

STATE OF _____I

COUNTY OF _____I

The foregoing instrument was acknowledged before me this _____ day of _____, 1979, by Jack Cook.

Notary Public in and for _____ County, _____

My Commission Expires:_____

STATE OF _____I

COUNTY OF _____I

The foregoing instrument was acknowledged before me this _____ day of _____, 1979, by Ruby C. Crail and husband, Othal C. Crail.

Notary Public in and for _____ County, _____

My Commission Expires:_____

STATE OF _____I

COUNTY OF _____I

The foregoing instrument was acknowledged before me this _____ day of _____, 1979, by Milas P. Cook, Jr.

Notary Public in and for _____ County, _____

My Commission Expires:_____

STATE OF _____I

COUNTY OF _____I

The foregoing instrument was acknowledged before me this ____ day of _____, 1979, by Ada Jeane Nichols.

_____
Notary Public in and for _____
County, _____

My Commission Expires:_____

EXHIBIT "A"

Attached to and made a part of Cook Fed. Com. Operating Agreement dated July 23, 1979 between the following:

Operator

Mesa Petroleum Co.
1000 Vaughn Building
Midland, Texas 79701

Attention: John B. Huckabay

Non-Operator

The Trustees of Dartmouth College
P. O. Box 31
Hanover, New Hampshire 03755

Attention: John F. Meck

Jack Cook

Ruby Cook Crail and Othal C. Crail

Milas P. Cook, Jr.

Ada Jeane Nichols

Part I (a) - Lands subject to contract: The East 1/2 of Section 10, Township 16 South, Range 27 East, Eddy County, New Mexico, and being 320 acres.

Part I (b) - Restrictions as to lands: None.

Part II - Working Interest Ownership:

Mesa Petroleum Co.	81.25%
The Trustees of Dartmouth College	6.25%
Jack Cook, et al.	12.50%
	100.00%

EXHIBIT "A" - Part III

Attached to and made a part of Cook Fed. Com. Operating Agreement dated July 23, 1979 between Mesa Petroleum Co., as Operator, and The Trustees of Dartmouth College, et al., Non-Operator.

East ½ Section 10, Township 16 South, Range 27 East, Eddy County, New Mexico

LEASEHOLD INTERESTS

LESSOR	PRESENT LEASEHOLD OWNER	DESCRIPTION	GROSS ACRES	NET ACRES	ROYALTY	ORI	EXPIRATION DATE
U.S.A. NM-4030	Mesa Petroleum Co.	Section 10: SE¼ and other lands not committed to this unit	160.00	160.00	12.5%	7.5%	12-31-79
Midwestern Investment Corp.	Mesa Petroleum Co.	Section 10: W½NE¼	80.00	40.00	18.75%		11-2-79
Bogle Farms, Inc.	Mesa Petroleum Co.	Section 10: W½NE¼	80.00	20.00	18.75%		9-18-79
The Trustees of Dartmouth College	Unleased	Section 10: W½NE¼	80.00	20.00			
Jack Cook, et al.	Unleased	Section 10: E½NE¼	80.00	80.00			
		Total Net Acres		320.00			

COPAS — 1974
Recommended by the Council of Petroleum Accountants Societies of North America
COPAS

EXHIBIT " C "

Attached to and made a part of Cook Fed. Com. Operating Agreement dated July 23, 1979 between Mesa Petroleum Co., as Operator and The Trustees of Dartmouth College, et al., as Non-Operator.

ACCOUNTING PROCEDURE
JOINT OPERATIONS

I. GENERAL PROVISIONS

1. Definitions

"Joint Property" shall mean the real and personal property subject to the agreement to which this Accounting Procedure is attached.

"Joint Operations" shall mean all operations necessary or proper for the development, operation, protection and maintenance of the Joint Property.

"Joint Account" shall mean the account showing the charges paid and credits received in the conduct of the Joint Operations and which are to be shared by the Parties.

"Operator" shall mean the party designated to conduct the Joint Operations.

"Non-Operators" shall mean the parties to this agreement other than the Operator.

"Parties" shall mean Operator and Non-Operators.

"First Level Supervisors" shall mean those employees whose primary function in Joint Operations is the direct supervision of other employees and/or contract labor directly employed on the Joint Property in a field operating capacity.

"Technical Employees" shall mean those employees having special and specific engineering, geological or other professional skills, and whose primary function in Joint Operations is the handling of specific operating conditions and problems for the benefit of the Joint Property.

"Personal Expenses" shall mean travel and other reasonable reimbursable expenses of Operator's employees.

"Material" shall mean personal property, equipment or supplies acquired or held for use on the Joint Property.

"Controllable Material" shall mean Material which at the time is so classified in the Material Classification Manual as most recently recommended by the Council of Petroleum Accountants Societies of North America.

2. Statement and Billings

Operator shall bill Non-Operators on or before the last day of each month for their proportionate share of the Joint Account for the preceding month. Such bills will be accompanied by statements which identify the authority for expenditure, lease or facility, and all charges and credits, summarized by appropriate classifications of investment and expense except that items of Controllable Material and unusual charges and credits shall be separately identified and fully described in detail.

3. Advances and Payments by Non-Operators

Unless otherwise provided for in the agreement, the Operator may require the Non-Operators to advance their share of estimated cash outlay for the succeeding month's operation. Operator shall adjust each monthly billing to reflect advances received from the Non-Operators.

Each Non-Operator shall pay its proportion of all bills within fifteen (15) days after receipt. If payment is not made within such time, the unpaid balance shall bear interest monthly at the rate of twelve percent (12%) per annum or the maximum contract rate permitted by the applicable usury laws in the state in which the Joint Property is located, whichever is the lesser, plus attorney's fees, court costs, and other costs in connection with the collection of unpaid amounts.

4. Adjustments

Payment of any such bills shall not prejudice the right of any Non-Operator to protest or question the correctness thereof; provided, however, all bills and statements rendered to Non-Operators by Operator during any calendar year shall conclusively be presumed to be true and correct after twenty-four (24) months following the end of any such calendar year, unless within the said twenty-four (24) month period a Non-Operator takes written exception thereto and makes claim on Operator for adjustment. No adjustment favorable to Operator shall be made unless it is made within the same prescribed period. The provisions of this paragraph shall not prevent adjustments resulting from a physical inventory of Controllable Material as provided for in Section V.

5. Audits

A. Non-Operator, upon notice in writing to Operator and all other Non-Operators, shall have the right to audit Operator's accounts and records relating to the Joint Account for any calendar year within the twenty-four (24) month period following the end of such calendar year; provided, however, the making of an audit shall not extend the time for the taking of written exception to and the adjustments of accounts as provided for in Paragraph 4 of this Section I. Where there are two or more Non-Operators, the Non-Operators shall make every reasonable effort to conduct joint or simultaneous audits in a manner which will result in a minimum of inconvenience to the Operator. Operator shall bear no portion of the Non-Operators' audit cost incurred under this paragraph unless agreed to by the Operator.

6. Approval by Non-Operators

Where an approval or other agreement of the Parties or Non-Operators is expressly required under other sections of this Accounting Procedure and if the agreement to which this Accounting Procedure is attached contains no contrary provisions in regard thereto, Operator shall notify all Non-Operators of the Operator's proposal, and the agreement or approval of a majority in interest of the Non-Operators shall be controlling on all Non-Operators.

COPAS

II. DIRECT CHARGES

Operator shall charge the Joint Account with the following items:

1. Rentals and Royalties

Lease rentals and royalties paid by Operator for the Joint Operations.

2. Labor

A. (1) Salaries and wages of Operator's field employees directly employed on the Joint Property in the conduct of Joint Operations.

(2) Salaries of First Level Supervisors in the field.

(3) Salaries and wages of Technical Employees directly employed on the Joint Property if such charges are excluded from the Overhead rates.

B. Operator's cost of holiday, vacation, sickness and disability benefits and other customary allowances paid to employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II. Such costs under this Paragraph 2B may be charged on a "when and as paid basis" or by "percentage assessment" on the amount of salaries and wages chargeable to the Joint Account under Paragraph 2A of this Section II. If percentage assessment is used, the rate shall be based on the Operator's cost experience.

C. Expenditures or contributions made pursuant to assessments imposed by governmental authority which are applicable to Operator's costs chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II.

D. Personal Expenses of those employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II.

3. Employee Benefits

Operator's current costs of established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus, and other benefit plans of a like nature, applicable to Operator's labor cost chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II shall be Operator's actual cost not to exceed ~~twenty percent (20%)~~ twenty-two percent (22%) or percent most recently recommended by the Council of Petroleum Accountants Societies of North America.

4. Material

Material purchased or furnished by Operator for use on the Joint Property as provided under Section IV. Only such Material shall be purchased for or transferred to the Joint Property as may be required for immediate use and is reasonably practical and consistent with efficient and economical operations. The accumulation of surplus stocks shall be avoided.

5. Transportation

Transportation of employees and Material necessary for the Joint Operations but subject to the following limitations:

A. If Material is moved to the Joint Property from the Operator's warehouse or other properties, no charge shall be made to the Joint Account for a distance greater than the distance from the nearest reliable supply store, recognized barge terminal, or railway receiving point where like material is normally available, unless agreed to by the Parties.

B. If surplus Material is moved to Operator's warehouse or other storage point, no charge shall be made to the Joint Account for a distance greater than the distance to the nearest reliable supply store, recognized barge terminal, or railway receiving point unless agreed to by the Parties. No charge shall be made to the Joint Account for moving Material to other properties belonging to Operator, unless agreed to by the Parties.

C. In the application of Subparagraphs A and B above, there shall be no equalization of actual gross trucking cost of $200 or less excluding accessorial charges.

6. Services

The cost of contract services, equipment and utilities provided by outside sources, except services excluded by Paragraph 9 of Section II and Paragraph 1. ii of Section III. The cost of professional consultant services and contract services of technical personnel directly engaged on the Joint Property if such charges are excluded from the Overhead rates. The cost of professional consultant services or contract services of technical personnel not directly engaged on the Joint Property shall not be charged to the Joint Account unless previously agreed to by the Parties.

7. Equipment and Facilities Furnished by Operator

A. Operator shall charge the Joint Account for use of Operator owned equipment and facilities at rates commensurate with costs of ownership and operation. Such rates shall include costs of maintenance, repairs, other operating expense, insurance, taxes, depreciation, and interest on investment not to exceed eight per cent (8%) per annum. Such rates shall not exceed average commercial rates currently prevailing in the immediate area of the Joint Property.

B. In lieu of charges in Paragraph 7A above, Operator may elect to use average commercial rates prevailing in the immediate area of the Joint Property less 20%. For automotive equipment, Operator may elect to use rates published by the Petroleum Motor Transport Association.

8. Damages and Losses to Joint Property

All costs or expenses necessary for the repair or replacement of Joint Property made necessary because of damages or losses incurred by fire, flood, storm, theft, accident, or other cause, except those resulting from Operator's gross negligence or willful misconduct. Operator shall furnish Non-Operator written notice of damages or losses incurred as soon as practicable after a report thereof has been received by Operator.

9. Legal Expense

Expense of handling, investigating and settling litigation or claims, discharging of liens, payment of judgments and amounts paid for settlement of claims incurred in or resulting from operations under the agreement or necessary to protect or recover the Joint Property, except that no charge for services of Operator's legal staff or fees or expense of outside attorneys shall be made unless previously agreed to by the Parties. All other legal expense is considered to be covered by the overhead provisions of Section III unless otherwise agreed to by the Parties, except as provided in Section I, Paragraph 3.

10. Taxes

All taxes of every kind and nature assessed or levied upon or in connection with the Joint Property, the operation thereof, or the production therefrom, and which taxes have been paid by the Operator for the benefit of the Parties.

11. Insurance

Net premiums paid for insurance required to be carried for the Joint Operations for the protection of the Parties. In the event Joint Operations are conducted in a state in which Operator may act as self-insurer for Workmen's Compensation and/or Employers Liability under the respective state's laws, Operator may, at its election, include the risk under its self-insurance program and in that event, Operator shall include a charge at Operator's cost not to exceed manual rates. (See Exhibit "D" attached)

12. Other Expenditures

Any other expenditure not covered or dealt with in the foregoing provisions of this Section II, or in Section III, and which is incurred by the Operator in the necessary and proper conduct of the Joint Operations.

III. OVERHEAD

1. Overhead - Drilling and Producing Operations

i. As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge drilling and producing operations on either: (See Schedule 1)

(X) Fixed Rate Basis, Paragraph 1A, or
( ) Percentage Basis, Paragraph 1B.

Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Paragraph 2A, Section II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the Overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.

ii. The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property shall ( ) shall not (X) be covered by the Overhead rates.

A. Overhead - Fixed Rate Basis

(1) Operator shall charge the Joint Account at the following rates per well per month:

Drilling Well Rate $ 2,800.00
Producing Well Rate $ 280.00

(2) Application of Overhead - Fixed Rate Basis shall be as follows:

(a) Drilling Well Rate

[1] Charges for onshore drilling wells shall begin on the date the well is spudded and terminate on the date the drilling or completion rig is released, whichever is later, except that no charge shall be made during suspension of drilling operations for fifteen (15) or more consecutive days.

[2] Charges for offshore drilling wells shall begin on the date when drilling or completion equipment arrives on location and terminate on the date the drilling or completion equipment moves off location or rig is released, whichever occurs first, except that no charge shall be made during suspension of drilling operations for fifteen (15) or more consecutive days

[3] Charges for wells undergoing any type of workover or recompletion for a period of five (5) consecutive days or more shall be made at the drilling well rate. Such charges shall be applied for the period from date workover operations, with rig, commence through date of rig release, except that no charge shall be made during suspension of operations for fifteen (15) or more consecutive days.

(b) Producing Well Rates

[1] An active well either produced or injected into for any portion of the month shall be considered as a one-well charge for the entire month.

[2] Each active completion in a multi-completed well in which production is not commingled down hole shall be considered as a one-well charge providing each completion is considered a separate well by the governing regulatory authority.

[3] An inactive gas well shut in because of overproduction or failure of purchaser to take the production shall be considered as a one-well charge providing the gas well is directly connected to a permanent sales outlet.

[4] A one-well charge may be made for the month in which plugging and abandonment operations are completed on any well.

[5] All other inactive wells (including but not limited to inactive wells covered by unit allowable, lease allowable, transferred allowable, etc.) shall not qualify for an overhead charge.

(3) The well rates shall be adjusted as of the first day of April each year following the effective date of the agreement to which this Accounting Procedure is attached. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in the average weekly earnings of Crude Petroleum and Gas Production Workers for the last calendar year compared to the calendar year preceding as shown by the index of average weekly earnings of Crude Petroleum and Gas Fields Production Workers as published by the United States Department of Labor, Bureau of Labor Statistics, or the equivalent Canadian index as published by Statistics Canada, as applicable. The adjusted rates shall be the rates currently in use, plus or minus the computed adjustment.

~~B. Overhead - Percentage Basis~~

~~(1) Operator shall charge the Joint Account at the following rates:~~

(a) Development

_____ Percent (%) of the cost of Development of the Joint Property exclusive of ~~costs~~ provided under Paragraph 9 of Section II and all salvage credits.

(b) Operating

_____ Percent (%) of the cost of Operating the Joint Property exclusive of costs provided under Paragraphs 1 and 9 of Section II, all salvage credits, the value of injected substances purchased for secondary recovery and all taxes and assessments which are levied, assessed and paid upon the mineral interest in and to the Joint Property.

(2) Application of Overhead - Percentage Basis shall be as follows:
For the purpose of determining charges on a percentage basis under Paragraph 1B of this Section III, development shall include all costs in connection with drilling, redrilling, deepening or any remedial operations on any or all wells involving the use of drilling crew and equipment; also, preliminary expenditures necessary in preparation for drilling and expenditures incurred in abandoning when the well is not completed as a producer, and original cost of construction or instaliation of fixed assets, the expansion of fixed assets and any other project clearly discernible as a fixed asset, except Major Construction as defined in ~~Paragraph 2 of this Section III. All other costs shall be considered as Operating~~.

2. Overhead - Major Construction

To compensate Operator for overhead costs incurred in the construction and installation of fixed assets, the expansion of fixed assets, and any other project clearly discernible as a fixed asset required for the development and operation of the Joint Property, Operator shall ~~either~~ negotiate a rate prior to the beginning of construction, ~~or shall charge the Joint Account for Overhead based on the following rates for any Major Construction project in excess of $_____:~~

~~A. _____% of total costs if such costs are more than $_____ but less than $_____; plus~~

B. _____% of total costs in excess of $_____ but less than ~~$1,000,000; plus~~

C. _____% of total costs in excess of ~~$1,000,000~~

Total cost shall mean the gross cost of any one project. For the purpose of this paragraph, the component parts ~~of a single project shall not be treated separately and the cost of drilling and workover wells shall be excluded.~~

3. Amendment of Rates

The Overhead rates provided for in this Section III may be amended from time to time only by mutual agreement between the Parties hereto if, in practice, the rates are found to be insufficient or excessive.

IV. PRICING OF JOINT ACCOUNT MATERIAL PURCHASES, TRANSFERS AND DISPOSITIONS

Operator is responsible for Joint Account Material and shall make proper and timely charges and credits for all material movements affecting the Joint Property. Operator shall provide all Material for use on the Joint Property; however, at Operator's option, such Material may be supplied by the Non-Operator. Operator shall make timely disposition of idle and/or surplus Material, such disposal being made either through sale to Operator or Non-Operator, division in kind, or sale to outsiders. Operator may purchase, but shall be under no obligation to purchase, interest of Non-Operators in surplus condition A or B Material. The disposal of surplus Controllable Material not purchased by the Operator shall be agreed to by the Parties.

1. Purchases

Material purchased shall be charged at the price paid by Operator after deduction of all discounts received. In case of Material found to be defective or returned to vendor for any other reason, credit shall be passed to the Joint Account when adjustment has been received by the Operator.

2. Transfers and Dispositions

Material furnished to the Joint Property and Material transferred from the Joint Property or disposed of by the Operator, unless otherwise agreed to by the Parties, shall be priced on the following bases exclusive of cash discounts:

A. New Material (Condition A)

(1) Tubular goods, except line pipe, shall be priced at the current new price in effect on date of movement on a maximum carload or barge load weight basis, regardless of quantity transferred, equalized to the lowest published price f.o.b. railway receiving point or recognized barge terminal nearest the Joint Property where such Material is normally available.

(2) Line Pipe

(a) Movement of less than 30,000 pounds shall be priced at the current new price, in effect at date of movement, as listed by a reliable supply store nearest the Joint Property where such Material is normally available.

(b) Movement of 30,000 pounds or more shall be priced under provisions of tubular goods pricing in Paragraph 2A (1) of this Section IV.

(3) Other Material shall be priced at the current new price, in effect at date of movement, as listed by a reliable supply store or f.o.b. railway receiving point nearest the Joint Property where such Material is normally available.

B. Good Used Material (Condition B)

Material in sound and serviceable condition and suitable for reuse without reconditioning:

(1) Material moved to the Joint Property

(a) At seventy-five percent (75%) of current new price, as determined by Paragraph 2A of this Section IV.

(2) Material moved from the Joint Property

(a) At seventy-five percent (75%) of current new price, as determined by Paragraph 2A of this Section IV, if Material was originally charged to the Joint Account as new Material, or

(b) at sixty-five percent (65%) of current new price, as determined by Paragraph 2A of this Section IV, if Material was originally charged to the Joint Account as good used Material at seventy-five percent (75%) of current new price.

The cost of reconditioning, if any, shall be absorbed by the transferring property.

C. Other Used Material (Condition C and D)

(1) Condition C

Material which is not in sound and serviceable condition and not suitable for its original function until after reconditioning shall be priced at fifty percent (50%) of current new price as determined by Paragraph 2A of this Section IV. The cost of reconditioning shall be charged to the receiving property, provided Condition C value plus cost of reconditioning does not exceed Condition B value.

(2) Condition D

All other Material, including junk, shall be priced at a value commensurate with its use or at prevailing prices. Material no longer suitable for its original purpose but usable for some other purpose, shall be priced on a basis comparable with that of items normally used for such other purpose. Operator may dispose of Condition D Material under procedures normally utilized by the Operator without prior approval of Non-Operators.

D. Obsolete Material

Material which is serviceable and usable for its original function but condition and/or value of such Material is not equivalent to that which would justify a price as provided above may be specially priced as agreed to by the Parties. Such price should result in the Joint Account being charged with the value of the service rendered by such Material.

E. Pricing Conditions

(1) Loading and unloading costs may be charged to the Joint Account at the rate of fifteen cents (15¢) per hundred weight on all tubular goods movements, in lieu of loading and unloading costs sustained, when actual hauling cost of such tubular goods are equalized under provisions of Paragraph 5 of Section II.

(2) Material involving erection costs shall be charged at applicable percentage of the current knocked-down price of new Material.

3. Premium Prices

Whenever Material is not readily obtainable at published or listed prices because of national emergencies, strikes or other unusual causes over which the Operator has no control, the Operator may charge the Joint Account for the required Material at the Operator's actual cost incurred in providing such Material, in making it suitable for use, and in moving it to the Joint Property; provided notice in writing is furnished to Non-Operators of the proposed charge prior to billing Non-Operators for such Material. Each Non-Operator shall have the right, by so electing and notifying Operator within ten days after receiving notice from Operator, to furnish in kind all or part of his share of such Material suitable for use and acceptable to Operator.

4. Warranty of Material Furnished by Operator

Operator does not warrant the Material furnished. In case of defective Material, credit shall not be passed to the Joint Account until adjustment has been received by Operator from the manufacturers or their agents.

V. INVENTORIES

The Operator shall maintain detailed records of Controllable Material.

1. Periodic Inventories, Notice and Representation

At reasonable intervals, Inventories shall be taken by Operator of the Joint Account Controllable Material. Written notice of intention to take inventory shall be given by Operator at least thirty (30) days before any inventory is to begin so that Non-Operators may be represented when any inventory is taken. Failure of Non-Operators to be represented at an inventory shall bind Non-Operators to accept the inventory taken by Operator.

2. Reconciliation and Adjustment of Inventories

Reconciliation of a physical inventory with the Joint Account shall be made, and a list of overages and shortages shall be furnished to the Non-Operators within six months following the taking of the inventory. Inventory adjustments shall be made by Operator with the Joint Account for overages and shortages, but Operator shall be held accountable only for shortages due to lack of reasonable diligence.

3. Special Inventories

Special Inventories may be taken whenever there is any sale or change of interest in the Joint Property. It shall be the duty of the party selling to notify all other Parties as quickly as possible after the transfer of interest takes place. In such cases, both the seller and the purchaser shall be governed by such inventory.

4. Expense of Conducting Periodic Inventories

The expense of conducting periodic Inventories shall not be charged to the Joint Account unless agreed to by the Parties.

SCHEDULE I

Attached to and made a part of Cook Fed. Com. Operating Agreement dated July 23, 1979 between Mesa Petroleum Co., as Operator, and The Trustees of Dartmouth College, et al., as Non-Operator.

The Combined Fixed Rates, as heretofore provided under Section III, Paragraph A. of the COPAS-1974 Accounting Procedure to which this schedule is attached, shall be in lieu of all charges to the Joint Account for the indirect costs and expenses incurred by Operator in providing the joint operations with the producing and development functions and services hereinafter identified as Compensation for Administrative, Supervision, Office Services and Warehousing costs.

The following reflects a representative abridged listing of the functions and/or services which shall be considered as included in the Operator's District Expense and Warehousing, and should serve as a guide for similar functions intended to be covered by the Combined Fixed Rates even though some of the functions may be contract services performed by third parties.

Salaries, Benefits and Related Costs of Field, Area and/or District:
- Managers and/or Superintendents
- Foremen - Superintendent
  - Drilling - (Except when permitted as a direct charge under Para. 1.ii, Sec. III)
  - Production - (Except when permitted as a direct charge under Para. 1.ii, Sec. III)
  - Construction - (Except when permitted as a direct charge under Para. 1.ii, Sec. III)
- Production Engineers - (Except when permitted as a direct charge under Para. 1.ii, Sec. III)
- Production Geologists - (Except when permitted as a direct charge under Para. 1.ii, Sec. III)
- Other Technical Employees - (Except when permitted as a direct charge under Para. 1.ii, Sec. III)
- Office Stenographers
- Office Clerks
  - Time Keeping
  - Preparation of Boat, Automotive and Other Vehicle Reports
  - Local Purchasing (Field Orders)
  - Preparation and coding of invoices
  - Preparation of Material Requisitions
  - Preparation of Field Transfers
  - Preparation of Field Receiving Reports
  - Posting of Production Reports
  - Preparation of Over and Short Reports
  - Reading and Integration of Charts
  - Preparation of Field Gas Production and Consumption Report
  - Preparation of Field Office Reports to State and Federal Regulatory Bodies
  - Miscellaneous Routine Field Office Clerical Duties
  - Field Office Inventory Men
    - Conducting Physical Inventories
    - Preparation of Field Inventory Records
  - Warehousemen and/or Clerks

Office Equipment, Supplies, Stationery and Forms

Maps, Photostats and Blueprints, when required for general District Use.

Rentals
- Rentals paid for buildings, office and storage space used by District employees.

Rentals paid in connection with sites for District production offices, camps, warehouses and other facilities used specifically for District purposes.

Ad Valorem Taxes
Taxes paid on buildings and equipment charged to Operator's Field, Area, and/or District investment accounts.

Insurance
Net cost of all types of insurance, including workmen's compensation and public liability insurance; when such insurance is applicable to the District.

The following reflects a representative abridged listing of the functions and/or services which shall be considered as included in the Operator's Administrative Overhead, and should serve as a guide for similar functions intended to be covered by the combined Fixed Rates even though some of the functions may be contract services performed by third parties.

General Management

General Operating Administration
Drilling Managers and/or Superintendents and Office Staffs
Production Managers and/or Superintendents and Office Staffs
Civil Engineers - (Except when permitted as a direct charge under Para. 1.ii, Sec. III)
Reservoir Analysis and Engineering
Petroleum Engineers - (Except when permitted as a direct charge under Para. 1.ii, Sec. III)
Negotiation of Production and Residue Gas Sales
Negotiation of Major Gas Sales
Preparation and Negotiation of Joint Operation Agreements
Preparation of General Production Records
Traveling and Transportation Expense of Home, Division, Area, Region, or similar Administrative Office Employees

General Accounting and Services
Checking of invoices
Preparation of Paychecks
Responsibility of Account Distribution or Coding
Payment of Vendor's Invoices
Maintaining Property Investment Records
Maintaining Joint Interest Cost Records
Preparation of Joint Interest Billing
Preparation of Royalty Checks
Machine Accounting and Data Processing Functions
Photostat and Other Reproduction Service
Ad Valorem Tax Service and/or Counsel
Systems and Procedures
Internal Auditing

Communications Expense - Telephone, telegraph and teletype service rendered to the district; also operating expenses of radio communication systems which serve the district and which are not chargeable to any particular lease or facility operation. The costs applicable to communication service and/or equipment directly employed on and serving the joint property shall be a direct charge to the joint property.

Area and/or District Office Utility Services

Local Field, Area and/or District Recreational Facilities

Safety Meetings and/or Dinners

Area and/or District Office Safety Equipment

First Aid Supplies

Physical and Medical Examinations - Cost of pre-employment and medical examinations of personnel to be employed in the district, including costs of annual or periodic examinations and immunizations.

Transportation, including freight and express costs when such costs are incurred directly in the operation and/or maintenance of district offices, buildings, and facilities.

Traveling Expense of district employees when such expense is for the sole benefit of the district. Traveling and personal expenses of district employees attending oil shows, API meetings, and company training schools, etc., which are for the primary benefit of the Operator shall be borne solely by the Operator.

Moving Expenses - Costs of moving and transfer of district employees including relocation expenses such as real estate fees, closing costs, compensation for loss on sale of home, carpeting and draperies, etc., when transferred within or into the district. Costs incurred for the primary benefit of the Operator, such as transfer of trainees, shall be borne solely by the Operator.

Memberships, dues and Subscriptions for Field, Area and/or District Personnel.

Depreciation on Operator's wholly-owned Field, Area, and/or District production offices, equipment, buildings, camps, roads, fences, canals, docks, marine terminals, and slips, etc., used for District purposes.

Repair and Maintenance on Operator's wholly-owned Field, Area, and/or District production offices, equipment, buildings, camps, roads, fences, canals, docks, marine terminals, and slips, etc. including the cost of small tools and supplies used specifically for District purposes.

Warehouse - wholly-owned
- Depreciation
- Operating and Maintenance Expense
- Cost of Storing and Handling Material

Title Record and Division Order Administration
- Landmen and Titlemen
- Maintenance of Division of Interest Records
- Obtaining Royalty Signatures

Exploration Administration
- Geologists - (Except when permitted as a direct charge under Para. 1.ii, Sec. III)
- General Research
- Geophysicists

General Purchasing Administration

Industrial and Public Relation Administration
- Employee Relation Counselor
- Safety Engineer
- Industrial Nurse and/or Doctor
- Dinners, Parties, etc.
- Safety Awards
- Incentive Awards
- Thanksgiving Turkeys or Christmas Baskets
- Contributions to Charity and/or Civic Organizations
- Special Investigators
- Administration of Benefit Plans

General Oil and Gas Well Proration and Pricing Administration
- Preparation of Reports to and Representation before Governmental Agencies

General Legal Counsel
- Preparation of Contracts
- Claims and Litigation
- Title and Other Opinions

Transportation and Traffic Administration

Insurance Administration

EXHIBIT "D" ONSHORE

Attached to and made a part of Cook Fed. Com. Operating Agreement dated July 23, 1979 between Mesa Petroleum Co., as Operator, and The Trustees of Dartmouth College, et al., as Non-Operator.

INSURANCE

The Operator shall carry for the benefit of the joint account insurance to cover drilling operations and producing operations on the jointly owned acreage as follows:

I. Workmen's Compensation and Employer's Liability covering the employees of Operator engaged in operations hereunder in compliance with all applicable Federal Laws and the laws of the State of New Mexico, with Employers Liability limit of not less than $100,000 per person and $100,000 per occurrence.

II. Operator shall carry of its interest and for the interest of any non-operator so electing to participate in writing, within 60 days of the date of the Operating Agreement, the following types and limits of insurance:

(A) Comprehensive General Liability covering operations conducted hereunder by Operator for the Parties with limits of:

Combined Bodily Injury & Property Damage	$1,000,000 per occurrence $1,000,000 Aggregate

(B) Automobile Liability covering all vehicles owned, non-owned, or hired and used in connection with operations conducted hereunder by Operator for the joint account with limits of:

Combined Bodily Injury & Property Damage	$1,000,000 per occurrence $1,000,000 Aggregate

The premiums for all such insurance so carried in paragraph II shall be paid by Operator and may be charged directly to such non-operators as elect to participate to the extent that their interest is insured.

EXHIBIT "E"

GAS STORAGE AND BALANCING AGREEMENT

Attached to and made a part of Cook Fed. Com. Operating Agreement dated July 23, 1979 between Mesa Petroleum Co., as Operator, and The Trustees of Dartmouth College, et al., as Non-Operator.

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1. The parties to the Operating Agreement to which this gas storage and balancing agreement is attached own the working interest in the gas rights underlying the Unit Area covered by such agreement in accordance with the percentages of participation as set forth in Exhibit "A" to the Operating Agreement.

2. In accordance with the terms of the Operating Agreement, each party thereto has the right to take its share of gas produced from the Unit Area and market the same. In the event any of the parties hereto is not at any time taking or marketing its share of gas or has contracted to sell its share of gas produced from the Unit Area to a purchaser which does not at any time while the Operating Agreement is in effect take the share of gas attributable to the interest of such party, the terms of this agreement shall automatically become effective.

3. During the period or periods when any party hereto has no market or fails to take its share of gas produced from any proration unit within the Unit Area, or its purchaser does not take its share of gas produced from such proration unit, the other parties shall be entitled to produce each month one hundred percent of the allowable gas production (including lawful tolerances) assigned to such proration unit by the regulatory body having jurisdiction and shall be entitled to take and deliver to its or their purchaser all of such gas production, except, however, that no party shall be entitled to take or deliver to a purchaser gas production in excess of three hundred percent of its share of such allowable unless that party has gas in storage. All parties hereto shall share in and own the liquid hydrocarbons recovered from such gas by lease equipment in accordance with their respective interests and subject to the Operating Agreement to which this agreement is attached, but the party or parties taking such gas shall own all of the gas delivered to its or their purchaser.

4. On a cumulative basis, each party not taking or marketing its share of the gas produced shall be credited with gas in storage equal to its share of the gas produced under the Operating Agreement, less its share of gas used in lease operations, vented or lost. The Operator will maintain a current account of the gas balance between the parties and will furnish all parties hereto monthly statements showing the total quantity of gas produced, the amount used in lease operations, vented or lost, and the total quantity of liquid hydrocarbons recovered therefrom.

5. At all times while gas is produced from the Unit Area, each party hereto will make settlement with the respective royalty owners to whom they are each accountable, just as if each party were taking or delivering to a purchaser its share, and

its share only, of such gas production. Each party hereto agrees to hold each other party harmless from any and all claims for royalty payments asserted by royalty owners to whom each party is accountable. The term "royalty owner" shall include owners of royalty, overriding royalties, production payments and similar interests.

6. It is the intent that each party be entitled to gas produced in the proportion that its ownership interest bears to the sum of the ownership interests. It is the intent that the Unit Operator have the duty of controlling gas well production and the responsibility of administering the provisions of this agreement. Unit Operator shall cause deliveries to be made to the gas purchasers at such rates as may be required to give effect to the intent that the gas production accounts of all parties are to be brought into balance under the provisions contained herein.

7. To give effect to the intent of this agreement, the Unit Operator shall be governed by the following rights of each party.

(a) When the well's current production is less than the well allowable due to either the capacity of the well to produce or the Unit Operator causing the well to produce below allowable in order to properly balance well allowable overproduction:

(1) Each underproduced party (a party who has taken a lesser volume of gas than the quantity such party is herein entitled) shall have the right to take a greater amount of gas than its proportionate share of the well's current production, provided that the right to take such greater amount shall be in proportion that its interest bears to the total interest of all underproduced parties desiring to take more than their proportionate share of the well's current production.

(2) Each overproduced party (a party who has taken a greater volume of gas than the quantity such party is herein entitled) shall reduce its respective take in the proportion that such party's interest bears to the total interest of all overproduced parties, but in no event shall any overproduced party be required to reduce its take to less than seventy-five percent (75%) of such overproduced party's proportionate share of the well's current production.

(b) When the well's current production is less than the well allowable due to combined pipeline takes or for reasons other than in subparagraph (a) above:

(1) Each underproduced party shall have the right as in subparagraph (a) (1) above.

(2) Each overproduced party shall reduce its respective take in the proportion that such party's interest bears to the total interest of all overproduced parties, but in no event shall any overproduced party be required to reduce its take to less than seventy-five percent (75%) of such overproduced party's proportionate share of the well allowable.

(c) When the well's current production is equal to or greater than the well allowable:

(1) Each underproduced party shall have the right to take a greater amount of gas than its proportionate share of the well allowable, provided that the right to take such greater amount shall be in proportion that its interest bears to the total interests of all underproduced parties desiring to take more than their proportionate share of the well allowable.

(2) Each overproduced party shall have the right as in subparagraph (a) (2) above.

(d) The Unit Operator, at the request of any party, may produce the entire well stream, if necessary, for a deliverability test not to exceed seventy-two (72) hours' duration required under such requesting party's gas sales contract and may overproduce in any other situation provided that such overproducing would be consistent with prudent operations.

8. Each party taking gas shall furnish, or cause to be furnished, the Unit Operator a monthly statement of gas taken. After commencement of production, Unit Operator shall furnish a current account monthly of the gas balance between parties hereto including the total quantity of gas produced, the portion hereof used in Unit operations, vented or lost, and the total quantity of gas delivered to a market.

9. Each party taking or delivering gas to its purchaser shall pay any and all production taxes due on such gas.

10. The provisions of this agreement shall constitute a separate agreement and be separately applicable to each proration unit and/or reservoir to the end that production from one reservoir in a gas well may not be utilized for the purpose of balancing underproduction from other reservoirs.

11. When gas sales from a reservoir in a gas well permanently cease, Unit Operator shall be responsible to determine the final accounting of underproduction and overproduction and each overproduced party shall account to and compensate each underproduced party with a sum of money equal to the amount actually received, less applicable taxes, by any overproduced party from the sale of that part of the total cumulative volume of gas produced which the underproduced party was entitled to take and payment for such overproduction shall be in the order of accrual.

12. The term "proration unit" means the area or portion of the Unit Area fixed for the producing reservoir by applicable field rules or, in the absence thereof, the area established in statewide rules and regulations by the regulatory body having jurisdiction.

EXHIBIT "F"

Attached to and made a part of Cook Fed. Com. Operating Agreement dated July 23, 1979 between Mesa Petroleum Co., as Operator, and The Trustees of Dartmouth College, et al., as Non_operator.

CONTRACTOR'S CERTIFICATION FOR

MESA PETROLEUM CO.

A. EQUAL EMPLOYMENT OPPORTUNITY

It is hereby agreed that the following provisions, which are also set forth in Section 202 of Executive Order 11246, are made a part of each agreement and purchase order presently existing or which may be entered into hereafter, between Contractor and Mesa Petroleum Co.

1. Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: Employment, upgrading, demotion or transfer, recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Contractor agrees to post in conspicuous places, available to employees and applicants of employment, notices to be provided by the contracting officer, setting forth the provisions of this nondiscrimination clause.

2. Contractor will, in all solicitations or advertisements for employees placed by or on behalf of Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

3. Contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided by the agency contracting officer, advising the labor union or workers' representatives of the Operator's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

4. Contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.

5. Contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

6. In the event of Contractor's non-compliance with the nondiscrimination clauses of this contract or with any of such rules, regulations or orders, this contract may be cancelled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in said Executive Order No. 11246 of September 24, 1965, or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.

7. Contractor will include the provisions of Paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. Contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions, including sanctions for noncompliance; provided, however, that in the event Contractor becomes involved in, or is threatened with litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the Contractor may request the United States to enter into such litigation to protect the interest of the United States.

B. EQUAL EMPLOYMENT OPPORTUNITY REPORTING

Contractor agrees to file with the appropriate federal agency a complete and accurate report on Standard Form 100 (EEO-1) within 30 days after the signing of this agreement or the award of any such purchase order, as the case may be, (unless such a report has been filed in the last 12 months), and agrees to continue to file such reports annually, on or before March 31. (41 CFR 60-1.7 (a))

C. AFFIRMATIVE ACTION COMPLIANCE PROGRAM

Contractor agrees to develop and maintain a current written affirmative action compliance program for each of its establishments in accordance with the regulations of the Secretary of Labor promulgated under Executive Order No. 11246, as amended. (41 CFR 60-1.40)

D. CERTIFICATION OF NONSEGREGATED FACILITIES

Contractor, by entering into this contract, certifies that it does not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. It certifies further that it will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it will not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained.

Contractor agrees that a breach of this certification is a violation of the Equal Opportunity clause in this contract. As used in this certification, the term "segregated facilities" means, but is not limited to, any waiting rooms, work areas, restrooms and washrooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, creed, color, or national origin, because of habit, local custom, or otherwise. It further agrees that (except where it has obtained identical certifications from proposed subcontractors for specific time periods) it will obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding $10,000 which are not exempt from the provisions of the Equal Opportunity clause; that it will retain such certifications in its files; and that it will forward the following notice to such proposed subcontractors (except where the proposed subcontractors have submitted identical certifications for specific time periods):

NOTICE TO PROSPECTIVE SUBCONTRACTORS
OF REQUIREMENT FOR CERTIFICATIONS
OF NONSEGREGATED FACILITIES

A Certification of Nonsegregated Facilities, as required by the May 9, 1967 Order (32 F.R. 7439, May 19, 1967) on Elimination of Segregated Facilities, by the Secretary of Labor, must be submitted prior to the award of a subcontract exceeding $10,000 which is not exempt from the provisions of the Equal Opportunity Clause. The certification may be submitted either for each subcontract or for all subcontracts during a period (i.e. quarterly, semi-annually, or annually).

E. EMPLOYMENT OF VETERANS

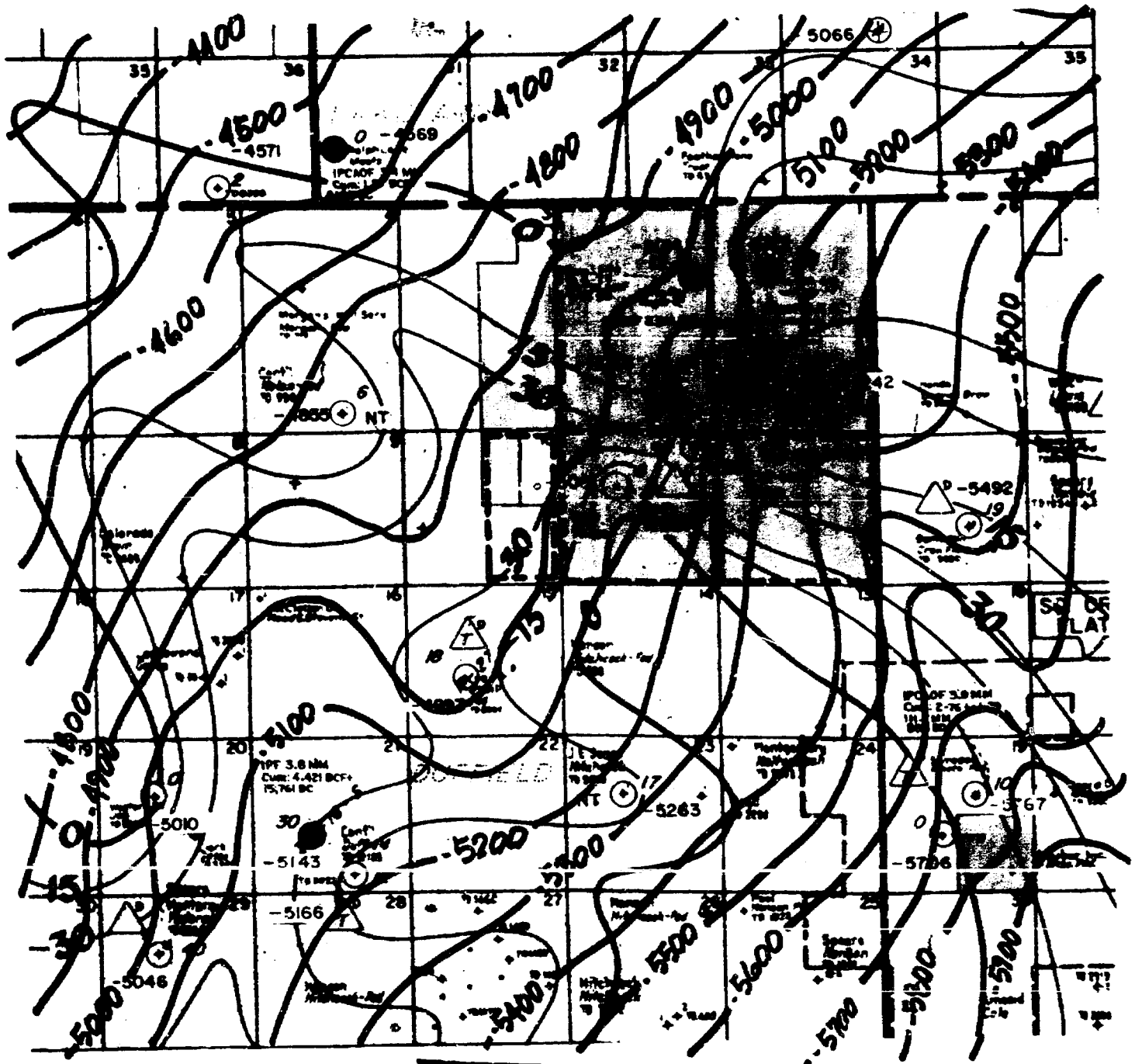
1. The Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era Clause set forth at Section 60-250.4 of Title 41 Code of Federal Regulations is hereby incorporated herein by reference. (This clause is applicable to all contracts or purchase orders for $10,000 or more.)

2. Contractor agrees further to place the above provisions in any subcontract nonexempt under the rules and regulations promulgated by the Secretary under the Vietnam Era Veterans Readjustment Assistance Act of 1974.

F. EMPLOYMENT OF HANDICAPPED PERSONS

1. The Affirmative Action for Handicapped Workers Clause set forth in Section 60-741.41 of Title 41 Code of Federal Regulations is hereby incorporated herein by reference. (This clause is applicable to all contracts or purchase orders for $2,500 or more.)

2. Contractor agrees further to place the above provision in any subcontract nonexempt under the rules and regulations promulgated by the Secretary under the Rehabilitation Act of 1973.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Docket No. 27-79

Dockets Nos. 29-79 and 31-79 are tentatively set for hearing on August 8 and 22, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - TUESDAY - JULY 24, 1979

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6596: Application of Harvey E. Yates Company for pool creation and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Upper Pennsylvanian gas pool to be designated as the Southeast Indian Basin-Upper Pennsylvanian Gas Pool for its Southeast Indian Basin Well No. 1 located in Unit A of Section 23, Township 22 South, Range 23 East, and special pool rules therefor including 320-acre gas well spacing.

CASE 6597: Application of Harvey E. Yates Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Southeast Indian Basin Well No. 2, an Upper Pennsylvanian well to be drilled 660 feet from the North and West lines of Section 24, Township 22 South, Range 23 East, with the N/2 or all of said Section 24 to be dedicated to the well, depending on the outcome of Case No. 6596.

****

Docket No. 28-79

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 25, 1979

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

CASE 6545: (Continued from June 27, 1979, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Corinne Grace, Travelers Indemnity Company, and all other interested parties to appear and show cause why the Kuklah Baby Well No. 1 located in Unit G of Section 24, Township 22 South, Range 26 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6598: Application of Gulf Oil Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Otero-Gallup and Basin-Dakota production in the wellbores of its Apache Federal Wells No. 8 located in Unit C of Section 8 and No. 9 located in Unit D of Section 17, both in Township 24 North, Range 5 West.

CASE 6599: Application of Gulf Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Fusselman and Montoya production, North Justis Field, in the wellbore of its W. A. Ramsay Well No. 4 located in Unit M of Section 36, Township 24 South, Range 37 East.

CASE 6600: Application of Mesa Petroleum Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the E/2 of Section 10, Township 16 South, Range 27 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6601: Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp through Mississippian formations underlying the E/2 of Section 8, Township 14 South, Range 36 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6602: Application of Tenneco Oil Company for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Federal 33 C No. 2 Well 1010 feet from the North line and 1710 feet from the West line of Section 33, Township 17 South, Range 29 East, South Empire-Wolfcamp Pool, the E/2 NW/4 of said Section 33 to be dedicated to the well.

CASE 6603: (This case will be continued to the August 8 hearing.)

Application of Conoco Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Penrose Skelly and Eumont production in the wellbore of its Hawk B-1 Well No. 12 located in Unit O of Section 8, Township 21 South, Range 37 East.

CASE 6604: Application of Cities Service Company for rescission of Division Order No. R-5921, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the rescission of Order No. R-5921 which order provided for the compulsory pooling of all of the mineral interests in the Pennsylvanian formation underlying the S/2 of Section 8, Township 23 South, Range 28 East.

CASE 6605: Application of Estoril Producing Corporation for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the W/2 of Section 15, Township 20 South, Range 34 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the North and West lines of said Section 15. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6564: (Continued and Readvertised)

Application of Herndon Oil & Gas Co. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its O. A. Woody Well No. 1 to be drilled 2310 feet from the North line and 330 feet from the West line of Section 35, Township 16 South, Range 38 East, Knowles-Devonian Pool.

CASE 6606: Application of Getty Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in the Yates formation in the open-hole interval from 3810 feet to 4169 feet in its State "AA" Well No. 1 located in Unit I of Section 35, Township 21 South, Range 34 East.

CASE 6607: Application of Getty Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Getty 36 State Well No. 1 located in Unit F of Section 36, Township 21 South, Range 34 East, to produce oil from the Wolfcamp formation and gas from the Morrow formation through parallel strings of tubing.

CASE 6608: Application of Getty Oil Company for pool creation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Wolfcamp oil pool for its Getty 36 State Well No. 1 located in Unit F of Section 36, Township 21 South, Range 34 East, and special rules therefor, including 160-acre oil well spacing.

CASE 6609: Application of Napeco Inc. for pool creation and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Strawn oil pool for its Benson Deep Unit Well No. 1 located in Unit O of Section 33, Township 18 South, Range 30 East, and special rules therefor, including 160-acre spacing and standard well locations.

CASE 6610: Application of Koch Industries, Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in the Rustler formation through the perforated interval from 1190 feet to 1210 feet in its Wills "A" Well No. 7 located in Unit E of Section 35, Township 26 South, Range 37 East, Rhodes Field.

CASE 6611: Application of Cabot Corp. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the disposal of produced salt water in the Devonian formation through the perforated interval from 12,156 feet to 12,574 feet in its Reed Well No. 1 located in Unit H of Section 35, Township 13 South, Range 37 East, King Field.

CASE 6487: (Continued from May 23, 1979, Examiner Hearing)

Application of El Paso Natural Gas Company for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its Shell E State Com Well No. 2 located in Unit N of Section 6, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

CASE 6471: (Continued from May 23, 1979, Examiner Hearing)

Application of Consolidated Oil & Gas, Inc. for approval of infill drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its Freeman Well No. 1-A to be located in Unit C of Section 11, Township 31 North, Range 13 West, Basin-Dakota Pool, San Juan County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

CASE 6472: (Continued from May 23, 1979, Examiner Hearing)

Application of Consolidated Oil & Gas, Inc. for approval of infill drilling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its Jenny Well No. 1-A to be located in Unit P of Section 13, Township 26 North, Range 4 West, Basin-Dakota Pool, Rio Arriba County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

CASE 6473: (Continued from May 23, 1979, Examiner Hearing)

Application of Consolidated Oil & Gas, Inc. for approval of infill drilling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its McIntyre Well No. 1-A to be located in Unit K of Section 11, Township 26 North, Range 4 West, Basin-Dakota Pool, Rio Arriba County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

CASE 6474: (Continued from May 23, 1979, Examiner Hearing)

Application of Consolidated Oil & Gas, Inc. for approval of infill drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its Williams Well No. 1-A to be located in Unit C of Section 24, Township 31 North, Range 13 West, Basin-Dakota Pool, San Juan County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

CASE 6475: (Continued from May 23, 1979, Examiner Hearing)

Application of Consolidated Oil & Gas, Inc. for approval of infill drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its Montoya Well No. 1-A to be located in Unit I of Section 35, Township 32 North, Range 13 West, Basin-Dakota Pool, San Juan County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

CASE 6535: (Continued from June 13, 1979, Examiner Hearing)

Application of Torreon Oil Company for a waterflood project, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the San Luis-Mesaverde Pool by the injection of water into the Menefee formation through two wells located in Section 21, Township 18 North, Range 3 West, Sandoval County, New Mexico.

CASE 6579: (Continued from June 27, 1979, Examiner Hearing)

Application of R. N. Hillin for an unorthodox well location and approval of infill drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well spacing requirements and a finding that the drilling of a Morrow gas well at an unorthodox location 800 feet from the South line and 2000 feet from the East line of Section 34, Township 19 South, Range 28 East, is necessary to effectively and efficiently drain that portion of the E/2 of said Section 34 which cannot be so drained by the existing well.

CASE 6580: (Continued from June 27, 1979, Examiner Hearing) (This case will be continued to the August 22 hearing.)

Application of Continental Oil Company for a carbon dioxide injection project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a pilot carbon dioxide injection project in the Grayburg-San Andres formation in Units H and I of Section 20, Township 17 South, Range 32 East, Maljamar Pool, for tertiary recovery purposes.

CASE 6270: (Continued from July 11, 1979, Examiner Hearing)

In the matter of Case 6270 being reopened pursuant to the provisions of Order No. R-5771 which order created the South Peterson-Fusselman Pool, Roosevelt County, New Mexico, and provided for 80-acre spacing. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 6590: (Continued from July 11, 1979, Examiner Hearing)

Application of Grace Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying Lots 9, 10, 15, and 16 and the SE/4 of Section 6, Township 21 South, Range 32 East, to be dedicated to a well to be drilled at an unorthodox location 4650 feet from the South line and 660 feet from the East line of said Section 6. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

LAW OFFICES
HINKLE, COX, EATON, COFFIELD & HENSLEY
1000 FIRST NATIONAL BANK TOWER
POST OFFICE BOX 3580
MIDLAND, TEXAS 79702
(915) 683-4691

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PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
C. D. MARTIN
PAUL J. KELLY, JR.
JAMES H. BOZARTH

DOUGLAS L. LUNSFORD
PAUL M. BOHANNON
J. DOUGLAS FOSTER
K. DOUGLAS PERRIN
C. RAY ALLEN
JACQUELINE W. ALLEN
T. CALDER EZZELL, JR.
WILLIAM B. BURFORD
JOHN S. NELSON
RICHARD E. OLSON

OF COUNSEL
CLARENCE E. HINKLE
W. E. BONDURANT, JR. (1914-1973)

ROSWELL, NEW MEXICO OFFICE
600 HINKLE BUILDING
(505) 622-6510

ONLY ATTYS. COFFIELD, MARTIN, BOZARTH, BOHANNON, FOSTER, ALLEN, ALLEN & BURFORD LICENSED IN TEXAS

RECEIVED
JUL 13 1979
OIL CONSERVATION DIVISION
SANTA FE

July 10, 1979

Case 6600

Mr. Dan Nutter
Chief Engineer
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: Application of Mesa Petroleum Co. for Compulsory Pooling, E½ Section 10, Township 16 South, Range 27 East, N.M.P.M., Eddy County, New Mexico

Dear Dan:

The following is a list of the names and addresses of all of the various owners involved in the above compulsory pooling:

Dartmouth College
c/o McLane, Graf, Greene,
Raulerson & Middleton
Attorneys at Law
Box 326
Manchester, New Hampshire 03105
Attention: Kenneth F. Graf

Jack Cook
Ada Jeane Nichols
Ruby Cook Crail
Miles P. Cook, Jr.
Albuquerque, New Mexico

Murphy Minerals Corporation
Post Office Drawer 2164
Roswell, New Mexico 88201

Ruth Ross
Box 2164
Santa Fe, New Mexico 87501

RECEIVED
JUL 18 1979
OIL CONSERVATION DIVISION
SANTA FE

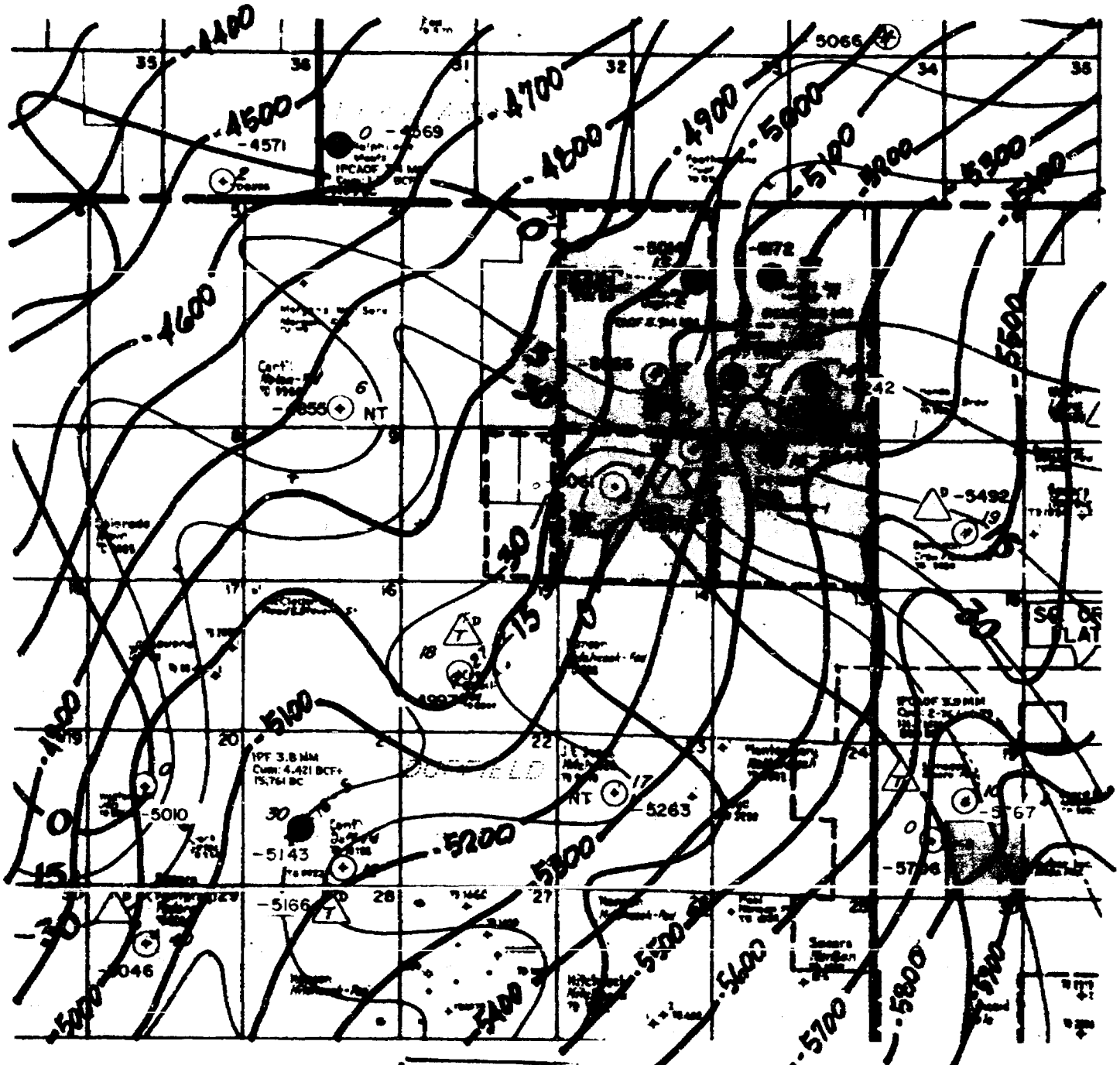
Very truly yours,

HINKLE, COX, EATON,
COFFIELD & HENSLEY

Conrad E. Coffield

CEC:rf

xc: Mr. George Hoffman
Mesa Petroleum Co.
1000 Vaughn Building
Midland, Texas 79701



LEGEND

- Strawn Producer
- Atoka Producer
- DST Tite
- DST rec. Gas
- NT — No Test
- NL — No Log

EXHIBIT NO.

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
EXHIBIT NO. 7
CASE NO. 6600

MESA
PETROLEUM CO.
PERMIAN BASIN DIVISION

DIAMOND MOUND FIELD AREA

Eddy County, New Mexico

STRUCTURE
~ Top / Mississippian ~
C.I. = 100'

ISOPACH
Lower Atoka Sandstone
C.I. = 15'

BY:
DATE:
DRAWN BY:
SCALE: 1" = 5000'

LAW OFFICES
HINKLE, COX, EATON, COFFIELD & HENSLEY
1000 FIRST NATIONAL BANK TOWER
POST OFFICE BOX 3580
MIDLAND, TEXAS 79702
(915) 683-4691

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RICHARD E. OLSON

OF COUNSEL
CLARENCE E. HINKLE

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ONLY ATTYS. COFFIELD, MARTIN, BOZARTH, BOHANNON, FOSTER, ALLEN, ALLEN & BURFORD LICENSED IN TEXAS

July 5, 1979

Case 6600

Mr. Dan Nutter
Chief Engineer
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Dear Dan:

Transmitted herewith you will find triplicate executed copies of an Application for Mesa Petroleum Co. for compulsory pooling of interests in the E½ of Section 10, Township 16 South, Range 27 East, N.M.P.M., Eddy County, New Mexico.

I am aware of the fact that a list with names and addresses of all of the various owners involved is also required. This list is in the process of being compiled and will be transmitted to you upon completion, within the next day or two.

It is my understanding that the docket setting for July 25 is still available for this matter and accordingly, we request that it be heard on that date.

I trust that the enclosed copies of the Application and the list of owners involved are all that is needed in order for this to be set for the July 25 hearing. However, if anything is needed in addition, please let me know.

RECEIVED
JUL 05 1979
OIL CONSERVATION DIVISION
SANTA FE

Very truly yours,

HINKLE, COX, EATON,
COFFIELD & HENSLEY

Conrad E. Coffield

CEC:rf

xc: Mr. George Alan Hoffman
Mesa Petroleum Co.
1000 Vaughn Building
Midland, Texas 79701

RECEIVED
JUL 09 1979
OIL CONSERVATION DIVISION
SANTA FE

BEFORE THE OIL CONSERVATION DIVISION

DEPARTMENT OF ENERGY AND MINERALS

STATE OF NEW MEXICO

APPLICATION OF MESA PETROLEUM)
CO. FOR COMPULSORY POOLING,)
EDDY COUNTY, NEW MEXICO)

Case 6600

APPLICATION

Mesa Petroleum Co., by its undersigned attorneys, hereby makes application for an order pooling all interests in the Morrow formation underlying E½ Section 10, Township 16 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and in support thereof would show:

1. Applicant is the owner of the oil and gas leasehold in the SE¼ and 75% of the W½NE¼ of Section 10, Township 16 South, Range 27 East, N.M.P.M. Dartmouth College is the owner of a 25% unleased interest in W½NE¼ of Section 10 and Jack Cook et al are the owners of unleased mineral interests in E½NE¼ of Section 10, Township 16 South, Range 27 East, N.M.P.M. Ruth Ross and Murphy Minerals Corporation own certain overriding royalty interests in W½ and SE¼ Section 10, Township 16 South, Range 27 East, N.M.P.M.

2. Applicant proposes to drill a well 1980 feet from the North line and 660 feet from the East line of Section 10 to approximately 8,850 feet, or to a depth sufficient to test the Morrow formation and seeks to dedicate the E½ of Section 10 to the well. Applicant has requested Dartmouth College and the other owners of the remaining interests in E½ Section 10, to agree to pool or combine their respective interests under the well, but they have so far refused to do so.

3. The pooling of all interests in the Morrow formation in the E½ of said Section 10 will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

4. Applicant requests that this matter be heard at the July 25, 1979 Examiner's hearing.

HINKLE, COX, EATON,
COFFIELD & HENSLEY

By: _____
Conrad E. Coffield
Post Office Box 3580
Midland, Texas 79702
Attorneys for Mesa Petroleum Co.

BEFORE THE OIL CONSERVATION DIVISION

DEPARTMENT OF ENERGY AND MINERALS

STATE OF NEW MEXICO

RECEIVED
JUL 0 7 1979
OIL CONSERVATION DIVISION
SANTA FE

APPLICATION OF MESA PETROLEUM)
CO. FOR COMPULSORY POOLING,)
EDDY COUNTY, NEW MEXICO)

Case 6600

APPLICATION

Mesa Petroleum Co., by its undersigned attorneys, hereby makes application for an order pooling all interests in the Morrow formation underlying E½ Section 10, Township 16 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and in support thereof would show:

1. Applicant is the owner of the oil and gas leasehold in the SE¼ and 75% of the W½NE¼ of Section 10, Township 16 South, Range 27 East, N.M.P.M. Dartmouth College is the owner of a 25% unleased interest in W½NE¼ of Section 10 and Jack Cook et al are the owners of unleased mineral interests in E½NE¼ of Section 10, Township 16 South, Range 27 East, N.M.P.M. Ruth Ross and Murphy Minerals Corporation own certain overriding royalty interests in W½ and SE¼ Section 10, Township 16 South, Range 27 East, N.M.P.M.

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4. Applicant requests that this matter be heard at the July 25, 1979 Examiner's hearing.

HINKLE, COX, EATON,
COFFIELD & HENSLEY

By: _____
Conrad E. Coffield
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Midland, Texas 79702
Attorneys for Mesa Petroleum Co.

BEFORE THE OIL CONSERVATION DIVISION

DEPARTMENT OF ENERGY AND MINERALS

STATE OF NEW MEXICO

RECEIVED
JUL 0 1979
OIL CONSERVATION DIVISION
SANTA FE

Case 6600

APPLICATION OF MESA PETROLEUM)
CO. FOR COMPULSORY POOLING,)
EDDY COUNTY, NEW MEXICO)

APPLICATION

Mesa Petroleum Co., by its undersigned attorneys, hereby makes application for an order pooling all interests in the Morrow formation underlying E½ Section 10, Township 16 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and in support thereof would show:

1. Applicant is the owner of the oil and gas leasehold in the SE¼ and 75% of the W½NE¼ of Section 10, Township 16 South, Range 27 East, N.M.P.M. Dartmouth College is the owner of a 25% unleased interest in W½NE¼ of Section 10 and Jack Cook et al are the owners of unleased mineral interests in E½NE¼ of Section 10, Township 16 South, Range 27 East, N.M.P.M. Ruth Ross and Murphy Minerals Corporation own certain overriding royalty interests in W½ and SE¼ Section 10, Township 16 South, Range 27 East, N.M.P.M.

2. Applicant proposes to drill a well 1980 feet from the North line and 660 feet from the East line of Section 10 to approximately 8,850 feet, or to a depth sufficient to test the Morrow formation and seeks to dedicate the E½ of Section 10 to the well. Applicant has requested Dartmouth College and the other owners of the remaining interests in E½ Section 10, to agree to pool or combine their respective interests under the well, but they have so far refused to do so.

3. The pooling of all interests in the Morrow formation in the E½ of said Section 10 will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

4. Applicant requests that this matter be heard at the July 25, 1979 Examiner's hearing.

HINKLE, COX, EATON,
COFFIELD & HENSLEY

By:
Conrad E. Coffield
Post Office Box 3580
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Attorneys for Mesa Petroleum Co.

comp pooling

Mesa Petroleum Company

E/2 Sec 10, Township 16 South, R 27 East
Eddy Co.

1 Cook Fed Com

1980 FNL 660 FEL std loc.

Morrow formation

pooled: Dartmouth College

Conrad Coffield 2:10 pm 7-3-79

DRAFT

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

CASE NO. 6600

Order No. R-6078

APPLICATION OF MESA PETROLEUM COMPANY FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on July 25, 19 79, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of August, 19 79, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Mesa Petroleum Company, seeks an order pooling all mineral interests in the Morrow formation underlying the E/2 of Section 10, Township 16 South, Range 27 East, NMPM, Diamond Mound Area, Eddy County, New Mexico.

(3) That the applicant has the right to drill and proposes to drill a well at a standard location thereon.

(4) That there are interest owners in the proposed proration unit who have not agreed to pool their interests.

(5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(6) That the applicant should be designated the operator of the subject well and unit.

(7) That any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(8) That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 200 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(9) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(10) That following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

while drilling and $280.00 per month while producing

(11) That $2800.00 per month should be fixed as reasonable charges for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(12) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(13) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before November 1, 1979, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the in the Morrow formation underlying the E/2 of Section 10, Township 16 South, Range 27 East, NMPM, Diamond Mound Area, Eddy County, New Mexico, are hereby pooled to form a standard 320-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the first day of November, 1979, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Morrow formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the first day of November, 1979, Order (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Order (1) of this order should not be rescinded.

(2) That Mesa Petroleum Company is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and within 90 days prior to commencing said well, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) That the operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Division and the Division has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Division will determine reasonable well costs after public notice and hearing.

(6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs in advance as provided

above shall pay the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(7) That the operator is hereby authorized to withhold the following costs and charges from production:

(A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(B) As a charge for the risk involved in the drilling of the well, 200 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(8) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(9) That $2800.00 per month while drilling and $280.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(10) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(12) That all proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in Eddy County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

(13) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.