Release Insul

# Mc Kay Oil Corporation

ROY L. MCKAY, PRESIDENT

HOME OFFICE, P.O. BOX 2014 ROSWELL, N.M. 88202 . TELEPHONE 505/623-4735

(DFW) OFFICE FIRST CITY TOWER, SUITE 590

201 E. ABRAM, ARLINGTON, TX 76010 817-265-5515

OIL GAS

🍛 January 20, 🖺 986

Oil Conservation Division New Mexico State Land Office

P.O. Box 2088

Santa Fe, New Mexico 87501

Attention: Dave Catanach

NSY-2225 RUE-184 F(Z)

THE CONSERVATION DIVISION Wed Pecos Stope Abo Gas Pool 160 Aces del SW/4 Sed 30

China Com Federal No. 4

RE: Well Location

SW/4 Sec. 30-6S-23E

Chaves County, New Mexico

Gentlemen:

McKay Oil Corporation desires to drill a Federal lease in the SW/4 of Section 30, Township 6 South, Range 23 East, NMPM. (See Attachment "A) Due to topography and geological problems, McKay Oil is requesting an unorthodox location.

China Coura Federal

JAN 23 1986

The well was originally staked at 960' feet from the South line and 960' feet from the West line. This appeared to be the only legal location on federal land and on the West half of the quarter section that could be accessable. However, due to the terrain, no legal location would have been approved by the BLM, because of the amount of cut and fill required. This condition has necessated to location of this well to be unorthodox. Attachment "B")

The Southwest portion of this quarter section was chosen because of geological data on wells to the South, East and West. Not much is know about the area to the North and an unorthodox location would also be required anywhere in the north half of this quarter section. Therefore, it is our opinion that this location may be the only economical and productive location to drill. (See attachment "C")

All proration units surrounding this location, are leased to McKay Oil Corporation except for Sun Exploration to the Southwest. (See Attachment "A" and enclosed leases) A copy of Sun Exploration's waiver and consent will be forward to you upon our receipt.

Therefore, McKay Oil requests that the O.C.D. approve the unorthodox location located at 1057' feet from the West line and page 2 of 2 Oil Conservation Division January 20, 1986

1

1107' feet from the South line Section 30, Township 6 South, (Range 23 East, NMPM, which has been approved by the BLM and the Eastern New Mexico Archological Service.

McKay Oil Corporation would request and appreciate your immediate attention to this matter. We desire to spud this well on or about the 1st day of February, 1986. Thank you for your cooperation and assistance.

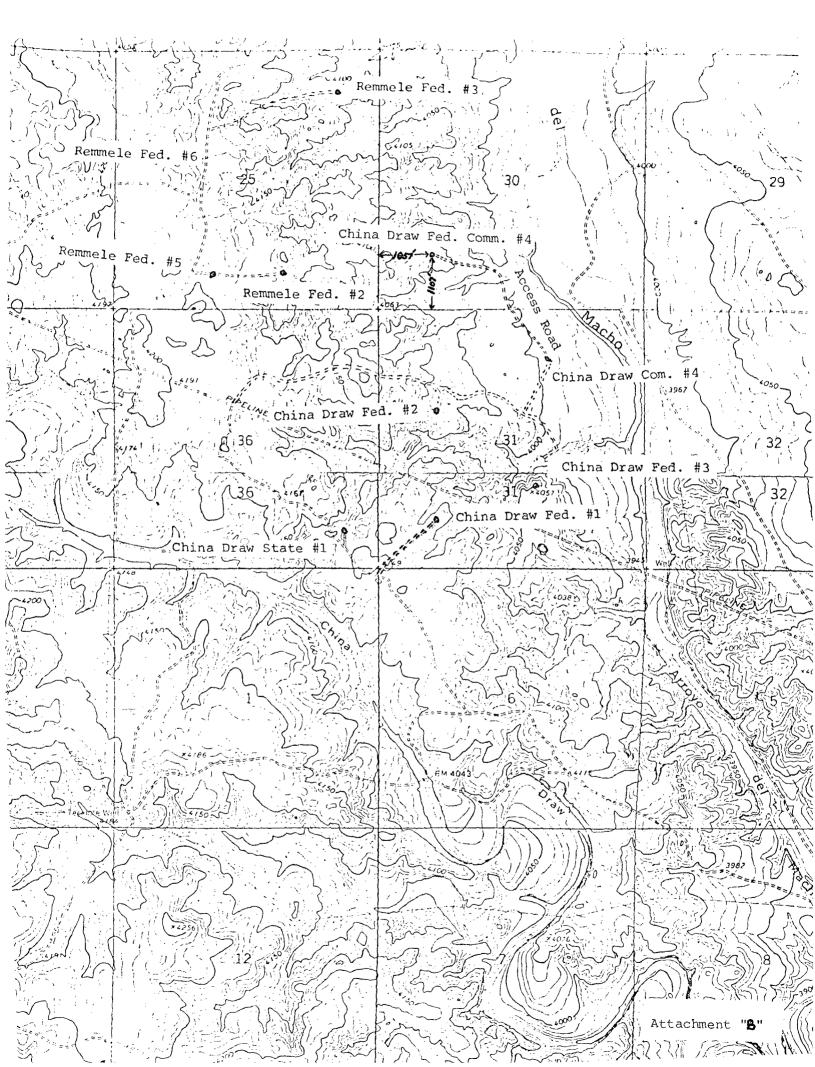
Very truly yours,

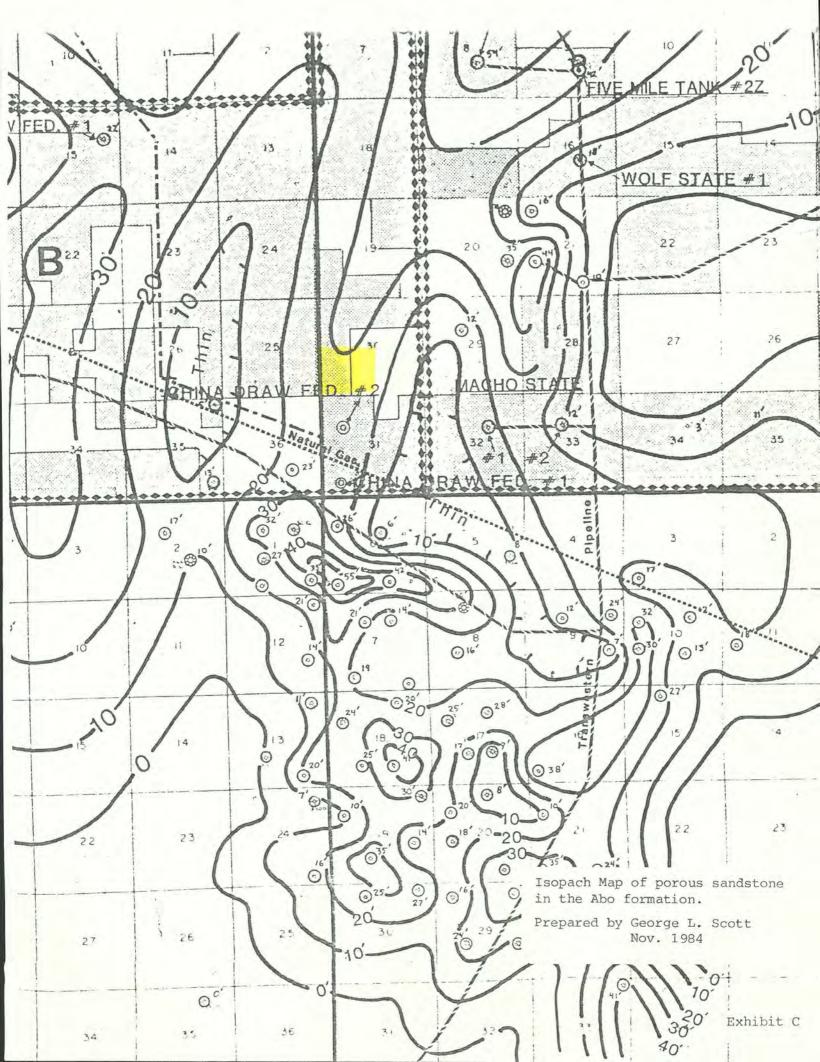
McKAY OIL CORPORATION

James L. Schultz Contracts & Land

Attachements

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#### OIL & GAS LEASE

En cailed lessor (whether one or more) and MCKay Oil Corporation, P.O. Box 2014, Roswell, NM 882.  Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of einc contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring, prospecting, diffling, and operating for and gas, waters, other fluids, and air into subsurface strata, laying pice lines, storing oil, building tanks, roadways, telephone lines, and other structures and this care of treat, process, store and transport said minerals, the following described land in Chaves  Township 6 South, Range 23 East, NMPINECEIVED DEC  Township 6 South, Range 23 East, NMPINECEIVED DEC  Section 19: Lots 1,2, E/2NW/4, NE/4SW/4, N/2SE/4, SE/4SE/4  Section 30: S/2NE/4, NE/4SE/4, S/2SE/4, SE/4NW/4, NW/4SE/4, E/2SW/4  Section 31: NW/4NE/4  Section 31: NW/4NE/4  Section 31: NW/4NE/4  Section 31: NW/4NE/4  Section 30: S/2NE/4 are file actually comprises more or less.  Southest to the other provisions herein contained, this lease shall remain in force for a term of three (3) years from this date (s) therefore as oil or cas to produces from said land or from land with which said land is pooled.			85 between		_		,		IIS AGPEEMENT made
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### MCKNIGHT LEASE .

#### EXHIBIT "A"

1.	William David McKnight Dunlap Star Route Box 1140 Roswell, New Mexico 88201	SSN
2.	Elwin Miller and Maryln Miller, his wife 909 S. Michigan Roswell, New Mexico 88201	SSN
3.	Sue Schwab formerly Sue Miller Burks 2527 Salida Irving, TX 75062	SSN
4.	Donald Miller P.O. Box 2448 Santa Fe, New Mexico 87501	SSN
5.	Marianne Rankin 3250 Primrose Abiline, TX 79606	SSN
6.	Pauline M. Tomlinson 706 W. Fourth Street Roswell, New Mexico 88201	SSN
7.	Gladys McKnight c/o Pauline M. Tomlinson 706 W. Fourth Street Roswell, New Mexico 88201	SSN
3.	J.M. McKnight and Mary M. McKnight, his wife 1000 West Mathews Roswell, New Hexico 88201	SSN
y.	James Mikell McKnight, III Rural Route 2, Box 17 Afton, Iowa 50830	SSN
10.	Albert J. Dye Glade Springs Danlels, WV 25832	SSN
11.	Dorothy Marilyn Dye Barbour 2511 N. Montana Roswell, New Mexico 88201	ssn

#### EXHIBIT "B" 1

#### ADDENDUM TO LEASE OF MCKNIGHT HEIRS

#### WITH MCKAY OIL CORPORATION

DATED: December 6, 1985

- 1. Lessee shall commence the drilling of at least one well, on a legal location of its choice, on this acreage within 60 days from the execution of this lease. The well shall be drilled to a depth sufficient to test the Abo formation. For the purpose of this lease the term "on this acreage" shall mean acreage which would be included in a drilling proration unit as defined by the New Mexico Oil Conversation Commission and acreage communitized. In the event that said well is not drilled within 60 days from the execution of this lease, this lease shall be null and void as to all acreage included herein.
- 2. Upon the official completion of the initial well as a dry hole or a producer, Lessee shall have the option, but not the obligation, for a period of 180 days, to commence a continuous drilling program on this acreage. For the purpose of this lease, the term "continuous drilling program" shall mean that no more than one hundred eighty (180) consecutive days shall expire between the official completion of one well as a dry hole or a producer and the commencement of drilling operations of another well on this acreage of a legal location of Lessee's choice. Further, for the purpose of this lease, time between wells shall be cumulative. (For example, if two or more wells are drilled within less than 180 days, the unexpired days shall be added to the next 180 day drilling requirement.) In the event that the time for the continuous drilling program has elapsed, this lease shall expire as to all acreage covered hereby, save and except producing proration units defined by the New Mexico Oil Conservation Commission.
- 3. Payment of shut-in royalties as provided in Paragraph 3 hereof shall not extend this lease more than three (3) years beyond the primary term.
- 4. This lease may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

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DATED DECEMBER 6, 1985 BY AND OIL CORPORATION.	OF THAT CERTAIN OIL AND GAS LEASE BETWEEN MCKNIGHT HEIRS AND MCKAY
50 So 1 1 1	
Milliam D. McKnight	· ·
Elwin Miller	
Maryln Miller	
Sue Schwab	
Donald Miller	
Marianne Rankin	
Pauline M. Tomlinson	
Gladys McKnight by:	
J.M. McKnight	
Mary M. McKnight	
James Mikell McKnight, III	
Albert J. Dye	
Dorothy Marilyn Dye Barbour	
STATE OF NEW MEXICO )	
COUNTY OF CHAVES )	
This instrument was acknowl December, 1985, by William D. M	ledged before me this <u>////</u> day of AcKnight.
MY COMMISSION EXPIRES:	
February 1, 1986	March m Dulliger
STATE OF NEW MEXICO )	
COUNTY OF CHAVES )	
This instrument was acknowl December, 1985, by Elwin Miller	edged before me this day of and Maryln Miller, his wife.
MY COMMISSION EXPIRES:	·
·	Notary Public

William D. McKnight	
Elian Halliz	
Elwin Miller	
Maryln Miller	
Sue Schwab	
Donald Miller	
Marianne Rankin	
Pauline M. Tomlinson	
Gladys McKnight by:	
J.M. McKnight	
Mary M. McKnight	
James Mikell McKnight, III	
Albert J. Dye	
Dorothy Marilyn Dye Barbour	
STATE OF NEW MEXICO ) ss:	
COUNTY OF CHAVES )	
This instrument was acknowled December, 1985, by William D. McK	ged before me this day of night.
MY COMMISSION EXPIRES:	
	Notary Public
STATE OF NEW MEXICO ) ) ss: COUNTY OF CHAVES )	
This instrument was acknowled December, 1985, by Elwin Miller a	ged before me this 26th day of
MY COMMISSION EXPIRES:	
2-14-96	6 Daring 1. Das

Notary Public

#### EXHIBIT "C"

ATTACHED AND HEREBY MADE APART OF THAT CERTAIN OIL AND GAS LEASE DATED DECEMBER 6, 1985 BY AND BETWEEN MCKNIGHT HEIRS AND MCKAY OIL CORPORATION.

	Notary Public
MY COMMISSION EXPIRES:	
This instrument was acknown December, 1985, by Elwin Miller	ledged before me this day of r and Maryln Miller, his wife.
COUNTY OF CHAVES )	
STATE OF MEW MEXICO ) ss:	
	Notary Public
MY COMMISSION EXPIRES:	
This instrument was acknow December, 1985, by William D. $\scriptstyle\rm I$	ledged before me this day of McKnight.
COUNTY OF CHAVES )	
STARF OF NEW MEXICO )	
Dorothy Marilyn Dye Barbour	0
Albant J. Dye	
James Mikell McKnight, III	
Kary M. McKnight	
J.M. McKnight	
Glady's mountgac by:	
Gladys McKnight by:	
Pauline M. Tomlinson	
Marianne Rankin	
Donald Miller	
Sue Schwab	
Maryln Miller	
Elwin Miller	
	•
William D. McKnight	

William D. McKnight	
Elwin Miller	<del></del>
Maryln Miller	
Sue Schwab  Dogs 1d William  Dogs 1d Millar	
Marianne Rankin	-
Pauline M. Tomlinson	
Gladys McKnight by:	<del></del>
J.M. McKnight	<del></del>
Mary M. McKnight	
James Mikell McKnight, III	
Albert J. Dye	
Dorothy Marilyn Dye Barbour	
STATE OF NEW MEXICO ) COUNTY OF CHAVES )	
This instrument was ackn December, 1985, by William E	nowledged before me this day of .
MY COMMISSION EXPIRES:	
	Notary Public
STATE OF NEW MEXICO ) COUNTY OF CHAVES )	
This instrument was ackn December, 1985, by Elwin Mil	nowledged before me this day of ler and Maryln Miller, his wife.
MY COMMISSION EXPIRES:	
	Notary Public

Notary Public

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William D. McKnight	
Elwin Miller	
Maryln Miller	
Sue Schwab	
Donald Miller  YNAMAN Rankin  Marianne Rankin	
Pauline M. Tomlinson	
Gladys McKnight by:	
J.M. McKnight	
Mary M. McKnight	
Jamos Mikell McKnight, III	
Albert J. Dye	•
Dorothy Marilyn Dye Barbour	
STATE OF NEW MEXICO ) ) ss: COUNTY OF CHAVES )	
This instrument was acknowled December, 1985, by William D. McK	ged before me this day of
MY COMMISSION EXPIRES:	
	Notary Public
STATE OF NEW MEXICO ) ) ss: COUNTY OF CHAVES )	
This instrument was acknowled December, 1985, by Elwin Miller a	ged before me this day of nd Maryln Miller, his wife.
MY COMMISSION EXPIRES:	
	Notary Public

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to the same of

TTACHED AND HEREBY MADE APAR	RT OF THAT CERTAIN OIL AND GAS LEASE DETWEEN MCKNIGHT HEIRS AND MCKAY
IL CORPORATION.	BETWEEN MCKNIGHT HEIRS AND MCKAY
	•
illiam D. McKnight	
lwin Miller	
aryln Miller	
ue Schwab	_
onald Miller	
arianne Rankin	
Attaine Ranking	)
auline M. Tomlinson	
<i>U</i>	
ladys McKnight by:	
	_
.M. McKnight	
ary M. McKnight	-
ames Mikell McKnight, III	_
Nest J. Sye	
orothy Marilyn Dye Barbour	_
EASE OF NUM MEXICO )	
) ss: DUNTY OF CHAVES )	
	wledged before me this day of
ecember, 1985, by William D.	McKnight.
Y COUMISSION EXPIRES:	

This instrument was acknowledged before me this  $\underline{\hspace{0.5cm}}$  day of December, 1985, by Elwin Miller and Maryln Miller, his wife.

MY COMMISSION EXPIRES:

STATE OF NEW MEXICO COUNTY OF CHAVES

Notary Public

William D. McKnight	
Elwin Miller	1
	į
Maryln Miller	
Sue Schwab	
Donald Miller	
Marianne Rankin	
Pauline M. Tomlinson	eth Continue
Glady's McKnight by:	
J.M. McKnight	
Mary M. McKnight	
James Mikell McKnight, III	
Aibart J. byo	
Donothy Marilyn Dye Barbour	
STATE OF NEW (VINITOD )	
COUNTY OF CHAVES )	
This instrument was acknow! December, 1985, by William D. M	ledged before me this day of McKnight.
MY COMMISSION EXPIRES:	
	Notary Public
STATE OF NEW MEXICO )	
COUNTY OF CHAVES )	
<b>X</b>	ledged before me this day of r and Marvln Miller, his wife.
MY COMMISSION EXPIRES:	and market, his wife.
	Notary Public

	•	0.98
, EX	HIBIT "C"	- OEC
•		MED
ATTACHED AND HEREBY MADE APA DATED DECEMBER 6, 1985 BY AN OIL CORPORATION.  William D. McKnight	RT OF THAT CERTAIN D BETWEEN MCKNIGHT	OIL AND GAS LEASE HEIRE AND MCKAY
William D. McKnight		
Elwin Miller		
Maryln Miller		
Sue Schwab	<u>.                                    </u>	
Donald Miller		
Marianne Rankin	nome na	
Pauline M. Tomlinson		
Gladys McKnight by: A 7/1/1/2	night	
J.M. McKnight JMMCHA	ight	
Haty M. McKnight	<u> A</u>	
James Mikell McKnight, III		
Nibert J. Dyc		
Dorothy Marilyn Dye Barbour		
STATE OF HEW MEXICO ) ) ss:		
COURTY OF CHAVES )		
This instrument was acknown December, 1985, by William D.	owledged before me . McKnight.	this day of
MY COMMISSION EMPIRES:		
	Notary F	ublic
STATE OF REW MEMICO )		
COUNTY OF CHAVES ) ss:		
This instrument was acknown December, 1985, by Elwin Mill	owledged before me ler and Maryln Mill	this day of er, his wife.
MY COMMISSION EXPIRES:		
	¥7	
	Notary P	nDT JC

ATTACHED AND HEREBY MADE APART OF THAT CERTAIN OIL AND GAS LEASE DATED DECEMBER 6, 1985 BY AND BETWEEN MCKNIGHT HEIRS AND MCKAY OIL CORPORATION. William D. McKnight Elwin Miller Maryln Miller Sue Schwab Donald Miller Marianne Rankin Pauline M. Tomlinson Gladys McKnight by: J.M. McKnight Tames Hikell McKn Albert J. Dye Dorothy Marilyn Dye Barbour STATE OF NEW MEXICO COUNTY OF CHAVES This instrument was acknowledged before me this \_\_\_\_ day of December, 1985, by William D. McKnight. MY COMMISSION EXPIRES: Notary Public STATE OF NEW MEXICO 55: COUNTY OF CHAVES This instrument was acknowledged before me this December, 1985, by Elwin Miller and Maryln Miller, his wife. MY COMMISSION EXPIRES:

Notary Public

William D. McKnight	- <del></del>
Elwin Miller	
Maryln Miller	
Sue Schwab	
Donald Miller	-
Marianne Rankin	
Pauline M. Tomlinson	·
Gladys McKnight by:	
J.M. McKnight	
-	
Mary M. McKnight	
James Mikell Mokkyight III Albert J. Dye	
Dorothy Marilyn Dye Barbour	
STATE OF NEW MEXICO ) ss:	
COUNTY OF CHAVES )	
This instrument was ackno December, 1985, by William D	owledged before me this day of . McKnight.
MY COMMISSION EXPIRES:	
	Notary Public
STATE OF NEW MEXICO ) ) ss:	
COUNTY OF CHAVES )	
This instrument was acknown December, 1985, by Elwin Mil	owledged before me this day of ler and Maryln Miller, his wife.
MY COMMISSION EXPIRES:	
	Notary Public
	LUDIIC

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#### EXHIBIT "C"

ATTACHED AND HEREBY MADE APART OF THAT CERTAIN OIL AND GAS LEASE DATED DECEMBER 6, 1985 BY AND BETWEEN MCKNIGHT HEIRS AND MCKAY OIL CORPORATION.

William D. McKnight	
Elwin Miller	
Maryln Miller	
Sue Schwab	
Donald Miller	
Marianne Rankin	
Pauline M. Tomlinson	
Gladys McKnight by:	
J.M. McKnight	
Mary M. McKnight	
James Mikell McKnight, III	
Albert A. 6, e  Let May by Baryout  Dorothy Marily of Dye Baryout	u V
STATE OF NEW MEXICO )  SS:  COUNTY OF CHAVES )	
This instrument was acknowledg December, 1985, by William D. McKr Maring Parties BY COMMISSION EXPIRES:	itght. out
G. 30.86	Ohnake, the Call Notary Public
STATE OF INEW MEXICO )  STATE OF CHAVES )  COUNTY OF CHAVES )	
This instrument was acknowledg December, 1985, by Elwin Miller an	ed before me this day of day of day and day are d
MY COMMISSION EXPIRES:	

Notary Public

STATE OF TEXAS	,
COUNTY OF Lillar	55: /-
December, 1985, by Sue	as acknowledged before me this The day of schwab, formerly Sue Miller Burks, a in her sole and separate property.
MY COMMISSION EXPIRES:	
10 31.55	Notary Public
STATE OF NEW MEXICO )	MARCHA PLANCE CA. Hefrer Co. 1  in and for the feath of Toxon. (C)  Mr. Constrain Co. Lighter Review.
COUNTY OF	
	s acknowledged before me this day of ald Miller dealing in his sole and separate
MY COMMISSION EXPIRES:	
	Notary Public
STATE OF TEXAS )	
STATE OF TEXAS ) COUNTY OF)	ss:
This instrument wa	ns acknowledged before me this day of tianne Rankin dealing in her sole and
MY COMMISSION EXPIRES:	
	Notary Public
STATE OF NEW MEXICO ) (COUNTY OF CHAVES )	ss:
This instrument wa December, 1985, by Pau separate property.	is acknowledged before me this day of line M. Tomlinson dealing in her sole and
MY COUMISSION EXPIRES:	
	Notary Public
STATE OF HEW MEXICO )	
COUNTY OF CHAVES )	
This instrument wa December, 1985, by for Gladys McKnight.	s acknowledged before me this day of
MY COMMISSION EXPIRES:	

Notary Public

COUNTY OF	)	
December, 1985, by St	ue S	acknowledged before me this day of chwab, formerly Sue Miller Burks, a her sole and separate property.
MY COMMISSION EXPIRES	s:	
		Notary Public
STATE OF NEW MEXICO	)	
COUNTY OF Device ]		ss:
December, 1985, by Do	onal	acknowledged before me this <u>re</u> day of day and day and dealing in his sole and separa
Constant again	unioran T	
NY COMMISSION EXPINE	S:	
ROPERTONIAL CONTRACTOR OF THE PROPERTY.	dO.	Notary Public
Ny Commission (5,5,6,1), 5-5-8	Gr.	Notary Public
STATE OF TEXAS	)	· e
COUNTY OF	)	ss:
separate property.  MY COMMISSION EXPIRES	s:	
		Notary Public
STATE OF NEW MEXICO		
STATE OF NEW MEXICO		Notary Public 95:
COUNTY OF CHAVES  This instrument	) ) was	
COUNTY OF CHAVES  This instrument of December, 1985, by Page 1985, by Pa	) ) was auli	acknowledged before me this day of
This instrument of December, 1985, by Paseparate property.	) ) was auli	acknowledged before me this day of
This instrument of December, 1985, by Paseparate property.	) was auli S:	acknowledged before me this day of ne M. Tomlinson dealing in her sole and
This instrument of December, 1985, by Paseparate property.  MY COMMISSION EXPIRES	) was auli S:	acknowledged before me this day of ne M. Tomlinson dealing in her sole and
This instrument of December, 1985, by Paseparate property.  MY COMMISSION EXPIRES  STATE OF NEW MEXICO  COUNTY OF CHAVES  This instrument of December, 1985, by	) ) was auli S: ) ) )	acknowledged before me this day of ne M. Tomlinson dealing in her sole and Notary Public
This instrument of December, 1985, by Paseparate property.  MY CORMISSION EXPIRES  STATE OF NEW MERICO  COUNTY OF CHAVES  This instrument of December, 1985, by for Gladys McKnight.	) ) was auli S: ) ) was	acknowledged before me this day of ne M. Tomlinson dealing in her sole and Notary Public
This instrument of December, 1985, by Paseparate property.  MY CORMISSION EXPIRES  STATE OF NEW MEXICO  COUNTY OF CHAVES  This instrument of December, 1985, by	) ) was auli S: ) ) was	acknowledged before me this day of ne M. Tomlinson dealing in her sole and Notary Public

STATE OF TEXAS	, · . ss:		
COUNTY OF			
December, 1985, by Sue	as acknowledged before me this day of Schwab, formerly Sue Miller Burks, a in her sole and separate property.		
MY COMMISSION EXPIRES:			
	Notary Public		
STATE OF NEW MEXICO )			
COUNTY OF)	ss:		
This instrument wa December, 1985, by Don property.	as acknowledged before me this day of ald Miller dealing in his sole and separate	: ""	• •.
MY COMMISSION EXPIRES:			
	Notary Public		
STATE OF TEXAS )			
STATE OF TEXAS ) COUNTY OF TOURS )	ss:	1 ·	
	es acknowledged before me this <u>fich</u> day of cianne Rankin dealing in her sole and		
MY COMMISSION EXPIRES:	~		
9.9.89	Notary Public		
	()	<u>.</u>	
STATE OF NEW MEXICO )	8%:		
COUNTY OF CHAVES			
This instrument wa December, 1985, by Pau Separate property.	s acknowledged before me this day of line M. Tomlinson dealing in her sole and		
MY COSMISSION EXPIRES:			
	Notary Public		
STATE OF NEW MEXICO )			
COUNTY OF CHAVES )	មន:		
This instrument wa December, 1985, by for Gladys McKnight.	s acknowledged before me this day of		
MY COMMISSION EXPIRES:			
	Notary Public		

STATE OF TEXAS )	,
)	ss:
COUNTY OF)	
December, 1985, by Sue	s acknowledged before me this day of Schwab, formerly Sue Miller Burks, a n her sole and separate property.
MY COMMISSION EXPIRES:	
	Notary Public
STATE OF NEW MEXICO )	
COUNTY OF )	ss:
This instrument was December, 1985, by Dona property.	acknowledged before me this day of day of and separate
MY COMMISSION EXPIRES:	
	Notary Public
STATE OF TEXAS )	
COUNTY OF	ss:
This instrument was December, 1985, by Mari separate property.	acknowledged before me this <u>day of</u> anne Rankin dealing in her sole and
MY COMMISSION EXPIRES:	
	Notary Public
STATE OF NEW MEXICO ) COUNTY OF CHAVES )	ss:
This instrument was December, 1985, by Paul separate property.	acknowledged before me this <u>9th</u> day of ine M. Tomlinson dealing in her sole and
MY COMMISSION EXPIRES:	4
May 26, 1986	Ollin V atturan
STATE OF NEW MEXICO )	C
COUNTY OF CHAVES	ss:
	acknowledged before me this day of
MY COMMISSION EXPIRES:	
	Notary Public

STATE OF TEXAS	) }	ss:
COUNTY OF	, )	
December, 1985, by Si	ue :	acknowledged before me this day of Schwab, formerly Sue Miller Burks, a n her sole and separate property.
MY COMMISSION EXPIRES	s:	
		Notary Public
STATE OF NEW MEXICO	- :	
COUNTY OF	)	ss:
This instrument of December, 1985, by Deproperty.	was ona:	acknowledged before me this day of ld Miller dealing in his sole and separate
MY COMMISSION EXPIRES	S:	
		Notary Public
STATE OF TEXAS	)	
COURTY OF	) )	ss:
	ari.	acknowledged before me this <u>day</u> of anne Rankin dealing in her sole and
MY COMMISSION EXPIRES	s:	
		Notary Public
STATE OF NEW MEXICO	)	
COUNTY OF CHAVES	)	ss:
This instrument v December, 1985, by Pa separate property.	was aul	acknowledged before me this day of ine M. Tomlinson dealing in her sole and
MY CORMISSION EXPIRES	s:	
		Notary Public
STATE OF NEW MEXICO	)	
COUNTY OF CHAVES	)	ss:
This instrument v December, 1985, by _j for Gladys McKnight.	was ]. M	acknowledged before me this 9th day of . McKnight / Pauline Tomlinson
MY COMMISSION EXPIRES	S:	4
May 26, 1986		Olling Pathron
		NOTATY PUDITO

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EXHIBIT "C"

RECEIVED DEC.

COUNTY OF CHAVES	ss:
This instrument was December, 1985, by J.M.	acknowledged before me this <u>gth</u> day of McKnight and Mary M. McKnight, his wife.
MY COMMISSION EXPIRES:	A
May 26, 1986	Olling Pattern Notary Public
STATE OF IOWA )	
COUNTY OF)	55;
This instrument was December, 1985, by James and separate property.	acknowledged before me this day of Mikell McKnight, III dealing in his sole
MY COMMISSION EXPIRES:	
	Notary Public

,...

STATE OF NEW MEXICO ) ) ss: COUNTY OF CHAVES )
This instrument was acknowledged before me this day of December, 1985, by J.M. McKnight and Mary M. McKnight, his wife.
MY COMMISSION EXPIRES:
Notary Public
STATE OF IOWA )  COUNTY OF (Nico)  ss:
This instrument was acknowledged before me this $C + \frac{h}{h}$ day of December, 1985, by James Mikell McKnight, III dealing in his sole and separate property.
MY COMMISSION EXPIRES:  93086  Notary Public

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COUNTY OF CHAVES	9
This instrument w	as acknowledged before me this day of 1. McKnight and Mary M. McKnight, his wife.
	Notary Public
STATE OF IOWA	) ) ss: )
	as acknowledged before me this day of nes Mikell McKnight, III dealing in his solo
MY COMMISSION EXPIRES	
	Notary Public
STATE OF WEST VIRGINIA ) COUNTY OF RALEIGH )	ss:
	knowledged before me this 1644 day of J. Dye, dealing in his sole and separate  Sonnic Alumnta.  Notary Public

#### OIL & GAS LEASE

See Exhibit "A" att			1986 between by		
See Exhibit "A" att	ached nereto	and Incorbor	aced nerein by	LCTGLGHGG	
to an advantage of the commence of the commenc					fice Address)
rein called lessor (whether one or more) ar				4, Roswell, NM	
<ol> <li>Lessor, in consideration of TEN AND C rein contained, hereby grants, leases and ng gas, waters, other fluids, and air into sul</li> </ol>	THER DOLLARS in hand   lets exclusively unto lesse osurface strata, laying pipe	ee for the purpose of inv tines, storing oil, build	restigating, exploring, prospecting tanks, roadways, telephone	ing, drilling, and operating for a lines, and other structures and	and producing oil and gas, inje things thereon to produce, say
ke care of, freat, process, store and transpo	ort said minerals, the follow	wing described land in _	Chaves		County, New México, to-w
	Township 6	South, Range	23 East, NMPM		
		N/2SE/4, SE			
	Section 30:	S/2NE/4, NE NW/4SE/4, E	E/4SE/4, S/2SE/ E/2SW/4	4, SE/4NW/4,	
	Section 31:	NW/4NE/4			
Said land is estimated to comprise 1					
Subject to the other provisions herein c ing thereafter as oil or gas is produced fro	m said land or from land	with which said land is	pooled.		
<ol> <li>The royalties to be paid by lessee are: (a time to be delivered at the wells or to the o</li> </ol>	redit of lessor in the pipel	ine to which the wells n	nay be connected; (b) on gas, in	icluding casinghead gas or other	
om said land and used off the premises or o ovided that on gas sold on or off the promi of validated by other provisions heroof and					of the gas use
an influe type the or after graduation the justine to \$1.00 pringt acce of lessor's gas a sual not leminate and it shall be considere the party or parties who at the time of a order of royalties and shut-in royalties may highly seems to the seems of the seems of a pade if lessee shall correct such error within itten instruments for certified copies there itten instruments for certified copies there at amount received by lessee after giving e e event lessee compresses, treats, built required may deduct from such price are 4. This is a paid-up lease and lessee sha required in the seems of the seems of the force of the provisions or Paragraph 3 here 5. Lessee is hereby granted the right and intent to the provisions or Paragraph 3 here 5. Lessee is hereby granted the right and	ch payment would be enti- be made by chock or dra- nartios or amounts, shall in- 30 days after lessone has re- tol') as are nocessary to end into in good faith by less ffect to applicable regulat- es, or dehydrates such g- asonable charge for each Il not be obligated during orce during the primary te of.	titled to receive the royal it. Any timely payment or swertheless be sufficien received written notice t able lessee to make pro see and gas purchaser fo ory orders and after app pas (whether on or off !! of such functions perfet the primary term hereo rm; however, this provis	ittes which would be paid undor or tender of shut-in royally whit to prevent termination of this hereof by certified mail from the per payment. The amount realist such term and under such con- tification of any applicable price he leased premises) or transprimed. It to commence or continue any tion is not intended to relieve le-	of his leaser in the well were in this made in a bona filed attem lease in the same manner as the party or parties entitled to rec- ed from the sale of gas on or of diltions as are customary in the adjustments specified in such rist gas off the leased premis- roperations of whatsoever cha- ssee of the obligation to pay ro	ract producting. In a payment, by to make proper payment, by the payment payment and the payment payme
5. Lesse is netroy granten the right and tatles or parts thereof for the production of neerals Department of the State of New Mit it designations in the county in which the or production from any part of any such is lease. There shall be allocated to the land ed in lease or unit operations, which the nocated shall be considered for all purpose uded in said until the same manner as it soee by recording an appropriate instrume.  6. If at the expiration of the primary term tall remain in force so long as operations:	loil or gas. Units pooled his promises are located and unit shall be considered fo dovered by this lease ince et oil or gas acreage in the s, including the payment of hough produced from sal and in the Country where it hore is no well upon said I	preunder shall not excel ul authority for the pool such units may be desi ir all purposes, except it luded in any such unit ti land covered by this les or delivery of royally, to d land under the terms he land is situated at au and capable of producir	ad the standard proration unit it or area in which said tand is slignated from time to time and e he payment of royalty, as opera hat portion of the total productions included in the unit bears to be the entire production of pool of this lease. Any pooled unit ty time after the completion of goll or gas, but lessee has congoing as, but lessee has congoing as the second as the s	xed by law or by the Oil Consen tuated, pius a tolerance of ten p ither before or after the comple tilons conducted upon or produ on of pooled minerals from wall the total number of surface ac- ed minerals from the portion of designated by lessee, as provid fa dry hole or the cessation of nmenced operations for drilling	vation Division of the Energy a porcent. Lessee shall file writt- tion of wells. Drilling operatio ction from the land described is in the unit, after doducting a se in the unit. The production said land covered hereby and ded horein, may be dissolved production on said unit. or reworking theroon, this lea
an ominin motive so only as operations at it for wells, and if they result in the produ- ould become incapable of producing for a liting, additional drilling, or reworking opera- 7. Lessee shall have free use of oil, gas a gray so used. Lessee shall have the righ aw and remove all casing. When roquired to any residence or barn now on said land w ris in the principal dwelling thereon, out	ction of oil or gas, so long any cause, this loase shall retallors herounder result ! and water from said land, en at at any time during or aft y lessor, lessee will bury a fithout lessor's consent. Le	therafter as oil or gas in not terminate if lessee in production, then this except water from lessor er the expiration of this all pipe lines on cultivate essor shall have the priving th	is produced from said land, if, a commences operations for add lease shall remain in full force is wells and tanks, for all opera lease to remove all property a ed lands below ordinary plow de illege, at his risk and expense, C	after the expiration of the prima altional drilling or for reworking e so long thereafter as oil or gr tions hereunder, and the royalty and fixtures placed by lessee on apth, and no well shall be drille	iry term, all wells upon said la within 60 days thereafter. If a as is produced hereunder, y shall be computed after ded, said land, including the right within two hundred feet (2001)
8. The rights of either party herounder manage in the ownership of the land or in the phils of lessee; and no such change or divisiness with acceptable instruments or crowner, lessee may, at its option, pay or lend is been furnished with evidence satisfactilities and discharge lessee of any obligation royalty due from such lessee or assignee there of a signee.	e ownership of, or rights to ision shall be binding upon ertified copies thereof con er any royalties or shut-in r bry to lessee as to the per ns hereunder and, if lesses or fail to comply with any o	o roceive, royalties or st n lessoe for any purpos stituting the chain of ti oyalties in the name of sons entitled to such s or assignee of part or p if the provisions of this I	nut-in royalties, however accome until 30 days after lessee ha te from the original lesser. If a the deceased or to his estate or ums. An assignment of this lessants hereof shall fail or make de	iplished shall operate to enlarg is been furnished by certified m any such change in ownership i to his heirs, executor or admin ase in whole or in part shall, to pfault in the payment of the pro	e the obligations or diminish t ail at lessee's principal place occurs through the death of t istrator until such time as less the extent of such assignme portionate part of royalty or sh
9 Should lessee be prevented from compis hereunder by reason of scarcity or inabovermentmental authority, then while so pind so long as lessee is prevented by any su	llying with any express or illity to obtain or use equi evented, lessee's duty sh ch cause from conducting	implied covenant of this pment or material, or b all be suspended, and le drilling or reworking op	y operation of force majeure, o essee shall not be liable for fail	ir by any Federal or state law o ure to comply therewith; and th	r any order, rule or regulation is lease shall be extended wh
ot be counted against lessee, anything in 0, Lesson herby warrainst and agrees to see close so it shall be subrogated to such seed's rights under the warrainy. If this los seed's rights under the warrainy, if this los term specified or not then the coyalties, st openion which the interest therein, if any, if to endoute this loads, it shall inswrithed.	defend the title to said lan i lien with the right to enfo se covers a less interest in but-in royalty, and other pa covered by this lease, bea ess be binding upon the p	ed and agrees that lossed roe same and to apply re a tho oil or gas in all or a yments, if any, accruing as to the whole and und arty or parties executin	oyalties and shut-in royalties pa ny part of said land than the en from any part as to which this l ivided fee simple estate thereir g the same.	yable herounder toward satisfy; tire and undivided foe simple es lease covers loss than such fuli h. Should any one or more of the	ing same. Without impairment itale (whether / essor's interest interest, shall be paid only in t parties named above as lesso
11 Lessee, its or his successors, heirs accemailing a release thereof to the lessor, or for implied, of this agreement as to acread the said release or releases.	by placing a release therec	of of record in the county	y in which said land is situated:	thereupon lessee shall be relieved	red from all obligations, expres
ee items 1-4 Addendum ereto and incorporato				Oil Corporation	n attac <b>hed</b>
Executed the day and year first above wr			_		
See Exhibit "C" att	achod boroto	and incorpo	rated herein h	, reference	

EXHIBIT "B"

#### ADDENDUM TO LEASE OF MCKNIGHT HEIRS

#### WITH MCKAY OIL CORPORATION

DATED: -Jan. 10 1986

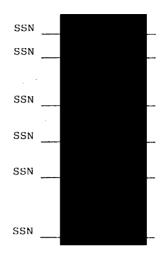
- l. Lessee shall commence the drilling of at least one well, on a legal location of its choice, on this acreage within 60 days from the execution of this lease. The well shall be drilled to a depth sufficient to test the Abo formation. For the purpose of this lease the term "on this acreage" shall mean acreage which would be included in a drilling proration unit as defined by the New Mexico Oil Conversation Commission and acreage communitized. In the event that said well is not drilled within 60 days from the execution of this lease, this lease shall be null and void as to all acreage included herein. (This lease shall be limited to all depths down to 100' below the deepest deepth drilled in the initial test well.)
- Upon the official completion of the initial well as a dry hole or a producer, Lessee shall have the option, but not the obligation, for a period of 180 days, to commence a continuous drilling program on this acreage. For the purpose of this lease, the term "continuous drilling program" shall mean that no more than one hundred eighty (180) consecutive days shall expire between the official completion of one well as a dry hole or a producer and the commencement of drilling operations of another well on this acreage of a legal location of Lessee's choice. Further, for the purpose of this lease, time between wells shall be cumulative. (For example, if two or more wells are drilled within less than 180 days, the unexpired days shall be added to the next 180 day drilling requirement.) In the event that the time for the continuous drilling program has elapsed, this lease shall expire as to all acreage covered hereby, save and except producing proration units defined by the New Mexico Oil Conservation Commission. Further, this lease shall expire and be null and void as to all provisions after the primary term of one (1) year but may be renewed upon written concent of the Lessors.
- 3. Payment of shut-in royalties as provided in Paragraph 3 hereof shall not extend this lease more than three (3) years beyond the primary term.
- 4. This lease may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

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#### MCKNIGHT LEASE

#### EXHIBIT "A"

- 1. Frank M. Remmele
   aka Fritz Remmele and
   Ladye Dee Remmele, his wife
   300 S. Kentucky
   Roswell, New Mexico 88201
- 2. Ladye Dee Remmele, II aka Eta Remmele
- 3. F. Michelle Storey aka Mickey Remmele
- Mrs. Brian Elizabeth Williams aka Beth Remmele 2360 Village Circle Road Atwater, CA 95301
- Ruby Remmele Camlu Retirement Apt. #309 12101 Lomas, N.E. Albuquerque, New Mexico 87112



#### EXHIBIT "C"

DATED DECEMBER 6, 1985 BY AND BETWEEN MCKNIGHT HEIRS AND MCKAY OIL CORPORATION.	
Inde in Kundle	<b>超</b> 有1.8
Frank M. Remmele	
Ladye Dee Remmele	
Ladye Dee Remmele, II	
Trank m Kannal	
Frank M. Remmele, Co-Conservator for F. Michelle Storey	Vertex .
Ead Da Commeli	
Ladye Dee Remmele, Co-Conservator	
for F. Michelle Storey	
Mrs. Brian Elizabeth Williams	
Mor Brian Sirasson Williams	
Ruby Remmele,	
A la man Co	
Frank M. Remmele, Attorney-	
in-Fact for Ruby Remmele	·
STATE OF NEW MEXICO )	
) ss: COUNTY OF CHAVES )	
This instrument was acknowledged before me this $\underline{10th}$ day of January, 1986, by Frank M. Remmele and Ladye Dee Remmele, his wife.	
MY COMMISSION EXPIRES:	The state of the s
7-9-88	,
Notary Public	
STATE OF)	
COUNTY OF) ss:	
This instrument was acknowledged before me this <u>day</u> of, 1986, by Ladye Dee Remmele, II., aka Eta Remmele., dealing in her sole and separate property.	
MY COMMISSION EXPIRES:	•
HI COMMISSION BATTRES.	
Notary Public	
week! I dolle	
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## EXHIBIT "C" CONTINUED

This instrument was acknowledged before me this day of, 1986, by Mrs. Brian Elizabeth Williams, aka Beth
, 1986, by Mrs. Brian Elizabeth Williams, aka Beth
Remmele, dealing in her sole and separate property.
MY COMMISSION EXPIRES:
Notary Public
Notary rubite
STATE OF NEW MEXICO ) ) ss: COUNTY OF CHAVES )
This instrument was acknowledged before me this $\underline{10th}$ day of January, 1986, by Frank M. Remmele and Ladye Dee Remmele, Co-Conservators for F. Michelle Storey aka Mickey Remmele. property.
MY COMMISSION EXPIRES:
7-9-88 Notary Public
STATE OF NEW MEXICO )
COUNTY OF CHAVES ) ss:
This instrument was acknowledged before me this $10  \mathrm{th}$ day of January, 1986, by Frank M. Remmele, Attorney-in-Fact for Ruby Remmele.
MY COMMISSION EXPIRES:
7-9-88 Notary Public
STATE OF NEW MEXICO )
COUNTY OF) ss:
This instrument was acknowledged before me this day of, 1986, by Ruby Remmele, dealing in her sole and separate property.
MY COMMISSION EXPIRES:
Notary Public