

JIM R. MCMICHAEL
P. O. BOX 4251
MIDLAND, TX 79704-4251
Tel. #915-689-8057

May 13, 1997

Mr. Patrick J. Tower, C.P.L.
Enron Oil & Gas Company
P. O. Box 2267
Midland, TX 79702

Re: Sand Tank 32 Prospect
Sec. 32, T-17-S, R-30-E
Eddy County, N. M.

**BEFORE THE
OIL CONSERVATION DIVISION**
Santa Fe, New Mexico

Case No. 11770 Exhibit No. 4

Submitted by: Enron Oil & Gas Company

Hearing Date: May 15, 1997

Dear Mr. Tower:

I believe to continue to contact Fredricka Leet and Glenn Leet by telephone to get them to respond to correspondence which Enron has sent to them, in regard to their leasehold interests in said Section 32, will not achieve any results. As each time I have talked to her, I have explained the purpose of the proposal and urged her to call me back if she had any questions; and, she has never called me.

Her response has always been about the same, "she did receive the correspondence and the enclosed papers from Enron. She will look them over and let Enron know." Although Glenn Leet lives with her, for some reason she has never let me talk directly to him. I can usually hear her talking to him; and, his response is "Yes, I got his letter and tell him we will let them know." They each inherited this same interest, and I really do not believe they understand what it is.

As to the interest of Carla Leet-Assaf, in this same section, my attempts to call her have resulted in leaving a message with an answering service. She did call me back one time, on May 24, 1996, and said for me to send her a farm-out and she gave me a different address. She has not executed the form nor returned it. My attempts to call her have resulted in leaving messages with the answering service with no call backs.

The interest of The Regents of The University of New Mexico, under this same section, have been a frustrating experience. On May 24, 1996, I talked to their representative, Ms. Jan Hosea, who advised me to have Enron send her a copy of the farm-out and that she would get it approved, signed and returned, if they had no objections. I received a call from Mr. Pat Gratton, who said he had approved the farm-out and it would be signed and sent to Enron. This farm-out has never been received by you. Follow-up calls as recently as April 25, 1997, have resulted in, "We thought it had been mailed back, and will check and see." To date, I have received no calls from them and I understand you have not received the farm-out.

Page 2 - 05/13/97 - Letter to
Mr. Patrick J. Tower, C. P. L.

Mr. Tower, I do not believe that any further effort on my part to contact the above parties by telephone, will result in any success in getting them to make any immediate response. If you have further instructions for me regarding the above interest, please advise.

F. S. Kelly,



Jim R. McMichael

/jrnc

4/22/97 Per Jim McMichael

Univ of NM

JM called Real Estate Agency # that was given me on 4/18/97 by Jan Hasea w/UNM - they have turned everything over to another attorney, but will go thru files & send us all signed originals. If any questions or problems, Jan Hasea will help locate & send to us ASAP.

ENRON
Oil & Gas Company

P. O. Box 2267 Midland, Texas 79702 (915) 686-3600

March 11, 1997

VIA CERTIFIED MAIL - RETURN RECEIPT

TO WORKING INTEREST OWNERS:
(See Attached Addressee List)

RE. Sand Tank "32" St. Com No. 2 Well
1650' FSL & 1650' FEL Section 32,
S/2 Section 32 Proration Unit
Township 17 South, Range 30 East
Eddy County, New Mexico
EOG's Sand Tank Prospect

Gentlemen:

Pursuant to the Farmout Agreement, Enron is proposing to drill a second Morrow test well in the same spacing unit as the Sand Tank "32" State Com No. 1. Under the Farmout Agreement, your company has the option of joining in this second test with your "after-payout" working interest or has the option of going non-consent with a 300% penalty. Although the No. 1 well is productive, it is marginal. Discussions with the Oil Conservation Division indicate they will allow this second well (Simultaneous Dedication) as long as both wells are not produced at the same time. As the No. 1 well is rapidly depleting, it is anticipated that Enron will be up the hole or possibly abandon the No. 1 by the time any production is realized from this proposed second well.

In this regard, Enron Oil & Gas Company hereby proposes to drill the Sand Tank "32" State Com No. 2 well as an 11,800' lower Morrow test at a location 1650' FSL and 1650' FEL of Section 32, T17S, R30E, Eddy County, New Mexico. Enclosed please find two (2) AFEs covering this test. In addition, please find a complete copy, along with an extra signature page and notary page to Enron Oil & Gas Company's Joint Operating Agreement ("JOA") covering this well. If you elect to participate, please return one signed copy of the attached AFE. Regardless of whether you join or go non-consent, please execute and return the signature page and notary page to the JOA. This is the same JOA in place with the parties who joined the No. 1 well and under the same terms required under the Farmout Agreement. Again, an election of non-consent will be subject to a 300% non-consent penalty as set out in this JOA.

Should there be any questions, please feel free to contact the undersigned at (915) 686-3758.

Sincerely,

ENRON OIL & GAS COMPANY



Patrick J. Tower
Project Landman

PJT/ms
enclosures

cc. Rudy Mikulec-EOG Houston
Ronnie Adams-EOG Houston
G L Thomas/R. L. Ingle/WDS/TJA/LISA/WF

Page 2

Sand Tank "32" St. Com No. 2 Well

March 11, 1997

- Elect to participate in the proposed well.
- Elect to non-consent the proposed well
- Elect to pick up proportionate share of non-consent.
- Elect not to pick up proportionate share of non-consent.

COMPANY: _____

By: _____

Title: _____

Date: _____

WORKING INTEREST OWNERS ADDRESS LIST
SAND TANK "32" ST. COM NO. 2 WELL

Fair Oil Ltd.
P. O. Box 689
Tyler, Texas 75710
Attention: J. Mark Strawn

Carl F. Hatch
101 S. Front #9
Rio Vista, California 94751

Charles Aston III,
Vaierie Aston Kobal,
Ellen Hammond Paull
Audrey Aston Bean
Aston Family Limited Partnership
c/o NationsBank, Dallas, N.A. Agent
Trust Oil & Gas
P. O. Box 830308
Dallas, Texas 75283-0308
Attention: Jerry L. Bridgens, C. P. L.

Victoria Hatch Pereira
1306 Ridgecrest Drive SE
Albuquerque, New Mexico 87108

Frank Hatch
9111 Splenido Way
Elk Grove, California 95758

Ballard E. Spencer Trust, Inc.
c/o First National Bank of Artesia
P. O. Box AA
Artesia, New Mexico 88211
Attention: Ms. Susan Holmes

Estate of Lincoln Aston
Charles A. Aston III, Personal Rep.
P. O. Box 457
Round Rock, Texas 78681

Aston Partnership
First National Bank of Chicago, Agent
8150 N. Central Expressway, Suite 1211
Dallas, Texas 75206
Attention: Gail Cotton

Cheedle Caviness and Elizabeth
Caviness, as Joint Tenants
7505 Derickson
Albuquerque, New Mexico 87109

Regents of the University of New Mexico
Carl A. Hatch Professorship of Law
and Public Administration Fund
251 Scholes Hall
University NE
Albuquerque, New Mexico 87131

Harriett Hatch Trapani
80 Kirkland Way
Cambridge, Massachusetts 02138

Ryan P. Hatch
14140 Saddle River Drive
Gaithersburg, Maryland 20878

ENRON Oil & Gas Company

Drilling AFE

AFE No.	101100
Property No.	
Enron W. I.	85.73000%
Enron AFE Amt (DHC)	\$439,533
(CWC)	\$742,590
Division	MIDLAND
AFE Date	2/19/97
Budget Year	1997

AFE Type Wildcat(31) Development(32)
 Drilling Completion Re-Entry Oil Gas High Cost Gas

Well Name & No. Sand Tank "32" St. Com No. 2	Prospect Name Sand Tank	Total Depth 11,800'	Spud Date
Location & Survey 1.650' FSL & 1.650' FEL	Sec. Twn-Rng Sec 32-17S-30E	Producing Horizon Lower Morrow	DD&A Field Sand Tank
Operator Enron Oil & Gas Company	County & State Eddy, NM	Regulatory Field Sand Tank	
AFE Description Drill and complete an 11,800' Lower Morrow gas well			

DESCRIPTION	SUB ACT	DRILLING 230	COMPLETION 231	TOTAL
Access Location & Roads	401	\$20,000	\$2,000	\$22,000
Rig Move	402	30,000		30,000
Footage Cost /F:	403			
Day Work Cost 3 1/3 days @ \$ 4,800	404	148,800	14,400	163,200
Bits Reamers & Stabilizers	405	40,000		40,000
Fuel	406	500		500
Water	407	18,000	3,000	21,000
Mud & Chemicals	408	41,000	3,000	44,000
Cementing & Service	409	21,000	18,000	39,000
Coring	410	18,000		18,000
Logging & Testing	411	36,000	5,000	41,000
Mud Logging	412	12,500		12,500
Perforating	413		25,000	25,000
Stimulation	414		23,000	23,000
Transportation	415	5,500	4,000	9,500
Overhead days @ \$	416	6,600		6,600
Equipment Rental	417	6,000	3,000	9,000
Completion Rig days @ \$	418		9,800	9,800
Other Expense	419	22,000	7,000	29,000
Fishing & Equip. lost in hole	420			-
Environmental & Safety Charges	421	3,600	5,000	8,600
Directional Drilling	422			-
Equipment Usage	423			-
Supervision	424	17,000	2,800	19,800
Communications	431	2,000		2,000
MWD Logging	432			-
Tubular Inspection / Handling	436			-
Coiled Tubing Unit / Nitrogen	445			-
Completion Fluids	448			-
TOTAL INTANGIBLES		\$448,500	\$125,000	\$573,500

DESCRIPTION	FEET	SIZE	GRADE	\$ FT.	SUB ACT	DRILLING	COMPLETION	TOTAL
Conductor Casing	40	20			101	\$1,000		\$1,000
Surface Casing	650	11-3/4	H-40	16.00	102	10,400		10,400
Intermediate Casing	4000	8-5/8	J	11.45	103	45,800		45,800
Intermediate Casing					103			-
Drilling Liner					103			-
Production Casing/Liner	12050	5-7/2	N-S	7.25	104		87,400	87,400
Tie-Back Casing					104			-
Tubing	11600	2-7/8	N	3.5	106		40,600	40,600
Tubing					106			-
Well Head Equipment and Tree					107	7,000	25,000	32,000
Tanks					108		25,000	25,000
Flow Lines					109		5,000	5,000
Valves & Fittings					110		7,500	7,500
Rods					111			-
Pumping Equipment - Surface					112			-
Production Equipment - Subsurface					113			-
Engines & Motors					114			-
Heater-Treater & Separators					115		25,000	25,000
Other Equipment					116			-
Buildings					117			-
Metering Equipment					118			-
Non-Controllable Equipment					119		3,000	3,000
Liner Equipment					120			-
Construction Cost					122		10,000	10,000
TOTAL TANGIBLES						\$64,200	\$223,500	\$287,700
TOTAL WELL COST						\$512,700	\$352,500	\$865,200

ENRON APPROVAL			
Division	Date	By	Headquarters
By W.D. Smeltzer	02/19/97	By <i>Darcy L. Overman</i>	Date 2/19/97
By	Date	By	Date
JOINT OPERATOR APPROVAL			
Firm	By	Title	Date

ENRON
Oil & Gas Company

P. O. Box 2267 Midland, Texas 79702 (915) 686-3600
June 20, 1996

Regents of the University of New Mexico
Carl A. Hatch Professorship of Law and Public Administration Fund
% School of Law Development Office
1117 Stanford N.E.
Albuquerque, New Mexico 87131-1431

Attention: Ms. Jan Hosea

Re: Farmout Agreement N/2 SE/4, N/2 SW/4,
S/2 NW/4, Section 32, Township 17 South,
Range 30 East, Eddy County, New Mexico
Sand Tank "32" State Com. No. 1 Well
Sand Tank Prospect
K0012144

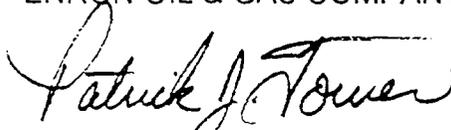
Gentlemen:

Enclosed are two originals of the subject Farmout Agreement dated May 31, 1996, with the revisions requested by Mr. Gratton on pages 2 and 3. Copies of these pages with notations showing the changes for quick reference are enclosed separately. If these changes meet with your approval, please execute these Farmout Agreements and return one fully executed copy to the undersigned as soon as possible. We thank you for your help in this matter and we will furnish you a copy of the fully executed Farmout Agreement as soon as it is available.

Should you have any questions regarding this transaction, please give me a call at (915) 686-3758.

Sincerely,

ENRON OIL & GAS COMPANY



Patrick J. Tower
Project Landman

PJT/pcl

Enclosures

xc: Patrick J. F. Gratton w/attachment
2403 Thomas Avenue
Dallas, Texas 75201-2037

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ENRON
Oil & Gas Company

P. O. Box 2267 Midland, Texas 79702 (915) 686-3600
June 10, 1996

Regents of the University of New Mexico
Carl A. Hatch Professorship of Law and Public Administration Fund
% School of Law Development Office
1117 Stanford N.E.
Albuquerque, New Mexico 87131-1431

Attention: Ms. Jan Hosea

Re: Farmout Agreement N/2 SE/4, N/2 SW/4,
S/2 NW/4, Section 32, Township 17 South,
Range 30 East, Eddy County, New Mexico
Sand Tank "32" State Com. No. 1 Well
Sand Tank Prospect
K0012144

Gentlemen:

In accordance with our recent communications, enclosed are two originals of the subject Farmout Agreement dated May 31, 1996. We ask that you execute these Farmout Agreements, have your signature notarized and return one fully executed copy to the undersigned as soon as possible. Upon return of our executed copy we will have it executed by Mr. Thomas and send you a copy.

Should you have any questions regarding this transaction, please give me a call at (915) 686-3758.

Sincerely,

ENRON OIL & GAS COMPANY



Patrick J. Tower

Project Landman
PJT/pcl

Enclosures

xc: Patrick J. F. Gratton w/attachment
2403 Thomas Avenue
Dallas, Texas 75201-2037

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ENRON

Oil & Gas Company

P. O. Box 2267 Midland, Texas 79702 (915) 686-3600

March 20, 1996

CERTIFIED MAIL - RETURN RECEIPT

Regents of the University of New Mexico,
Carl A. Hatch Professorship of Law and
Public Administration Fund
251 Scholes Hall
University NE
Albuquerque, New Mexico 87131

Re: Sand Tank "32" St. Com No. 1 Well
660' FSL & 1980' FWL Section 32,
S/2 Section 32 Proration Unit
Township 17 South, Range 30 East
Eddy County, New Mexico
EOG's Sand Tank Prospect

Gentlemen:

Enron Oil & Gas Company (Enron) proposes to drill the Sand Tank "32" St. Com No. 1 well as an 11,800' Lower Morrow test at a location 660' FSL and 1980' FWL of Section 32, T17S, R30E, Eddy County, New Mexico. In this regard please find two (2) AFEs covering this test. Please execute and return one (1) copy should you elect to participate.

In the event you do not choose to participate, Enron would request a Farmout for the drilling of this well on your interest covering all of Section 32. General terms would provide for delivering Enron a 75% NRI with the retained ORRI convertible to a 25% back-in at payout and a 180 day continuous development clause to drill the remaining tract under the same terms for the subsequent well.

Enron looks forward to a favorable response to our proposal. Should there be any questions concerning this matter, please call me at (915) 686-3758.

Sincerely,

ENRON OIL & GAS COMPANY

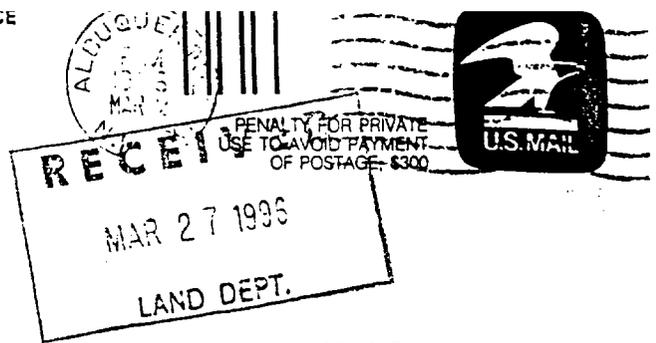

Patrick J. Tower
Project Landman

PJT;jh
enclosures

cc: Rudy Mikulec/Ronnie Adams-EOG Houston
G. L. Thomas/R. L. Ingle/WDS/TJA/LISA/WF

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Official Business



Print your name, address and ZIP Code here

Sanct Tank "32"
St. Com No. 1

ENRON OIL & GAS COMPANY
Attn: Mr. Patrick J. Tower
P. O. Box 2267
Midland, Texas 79702

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Regents of the University of New Mexico
Carl A. Hatch Professorship of Law
251 Scholes Hall
University NE
Albuquerque, NM 87131

4a. Article Number
P 229 294 279

4b. Service Type

Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

7. Date of Delivery

5. Signature (Addressee)

6. Signature (Agent)
Patrick J. Tower

8. Addressee's Address (Only if requested and fee is paid)

Thank you for using Return Receipt Service

PS Form 3871, December 1991

U.S. GPO: 1993-352-714

DOMESTIC RETURN RECEIPT

29 296 279

U.S. Postal Service
Receipt for Certified Mail

Regents of the University of New Mexico
Carl A. Hatch Professorship of Law
251 Scholes Hall
University NE
Albuquerque, NM 87131

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

PS Form 3800, April 1995

5/13/97

7:30 a.m.

Called - left msg on
her answering machine
(Carla rec + Consultants) -
Asked that she call me back.

5/13/97

Carla Leet

713-668-1033

12:55 p.m.

Wants to join FIO - thought
she was agreeing to do that
by returning AFE, but she
said it was confusing, so please
send necessary paperwork.
I tried to call back - left message
that we understood she wanted to FIO
not join well.

Asked that she call me
back today to verify this.

4/10/97

Carla
feet
Consultants?

1:20

called & left
message on
answering machine

to call me

Ms. feet

returned
call

4:50pm

pe. Ms. feet

send regular
mail

4/11/97

ENRON
Oil & Gas Company

P. O. Box 2267 Midland, Texas 79702 (915) 686-3600

March 11, 1997

VIA CERTIFIED MAIL - RETURN RECEIPT

Carla Leet-Assaf
4409 Cynthia
Bellaire, Texas 77401

RE: Sand Tank "32" St. Com No. 2 Well
1650' FSL & 1650' FEL Section 32,
S/2 Section 32 Proration Unit
Township 17 South, Range 30 East
Eddy County, New Mexico
EOG's Sand Tank Prospect

Dear Ms. Leet-Assaf:

Enron Oil & Gas Company hereby proposes to drill the Sand Tank "32" State Com No. 2 well as an 11,800' lower Morrow test at a location 1650' FSL and 1650' FEL of Section 32, T17S, R30E, Eddy County, New Mexico. In this regard please find two (2) AFEs covering this test. Please execute and return one (1) copy should you elect to participate.

In the event you do not choose to participate, Enron would request a Farmout for the drilling of this well on your interest covering all of Section 32. General terms would provide for delivering Enron a 75% NRI and a 180 day continuous development clause to drill the remaining tracts (if any) under the same terms.

Should there be any questions, please feel free to contact the undersigned at (915) 686-3758.

Sincerely,

ENRON OIL & GAS COMPANY



Patrick J. Tower
Project Landman

PJT/ms
enclosures

cc: Rudy Mikulec-EOG Houston
Ronnie Adams-EOG Houston
G. L. Thomas/R. L. Ingle/WDS/TJA/LISA/WF

ENRON Oil & Gas Company

Drilling AFE

AFE Type Wildcat(31) Development(32)
 Drilling Completion

Re-Entry Oil Gas High Cost Gas

AFE No.	101262
Property No.	
Enron W. I.	85.73000%
Enron AFE Amt (DHC)	\$439,538
(CWC)	\$742,593
Division	MIDLAND
AFE Date	2/19/97 Budget Year 1997

Well Name & No. Sand Tank "32" St. Com No. 2	Prospect Name Sand Tank	Total Depth 11,800'	Spud Date
Location & Survey 1,650' FSL & 1,650' FEL	Sec-1wn-Rng Sec 32-17S-30E	Producing Horizon Lower Morrow	DD&A Field Sand Tank
Operator Enron Oil & Gas Company	County & State Eddy, NM	Regulatory Field Sand Tank	
AFE Description Drill and complete an 11,800' Lower Morrow gas well			

DESCRIPTION	SUB ACT	DRILLING	COMPLETION	TOTAL
Access, Location & Roads	401	230	231	
Rig Move	402	\$20,000	\$2,000	\$22,000
Footage Cost /Ft	403	30,000		30,000
Day Work Cost 31/3 days @ \$ 4,800	404	148,800	14,400	163,200
Bits, Reamers & Stabilizers	405	40,000		40,000
Fuel	406	500		500
Water	407	18,000	3,000	21,000
Mud & Chemicals	408	41,000	3,000	44,000
Cementing & Service	409	21,000	18,000	39,000
Coring	410	18,000		18,000
Logging & Testing	411	36,000	5,000	41,000
Mud Logging	412	12,500		12,500
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Stimulation	414		23,000	23,000
Transportation	415	5,500	4,000	9,500
Overhead days @ \$	416	6,600		6,600
Equipment Rental	417	6,000	3,000	9,000
Completion Rig days @ \$	418		9,800	9,800
Other Expense	419	22,000	7,000	29,000
Fishing & Equip. lost in hole	420			-
Environmental & Safety Charges	421	3,600	5,000	8,600
Directional Drilling	422			-
Equipment Usage	423			-
Supervision	424	17,000	2,800	19,800
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MWD Logging	432			-
Tubular Inspection / Handling	436			-
Coiled Tubing Unit / Nitrogen	445			-
Completion Fluids	448			-
TOTAL INTANGIBLES		\$448,500	\$125,000	\$573,500

	FFET	SIZE	GRADE	\$/FT.				
Conductor Casing	40	20			101	\$1,000		\$1,000
Surface Casing	650	11-3/4	H-40	16.00	102	10,400		10,400
Intermediate Casing	4000	8-5/8	J	11.45	103	45,800		45,800
Drilling Liner					103			-
Production Casing/Liner	12050	5-1/2	N-S	7.25	104		87,400	87,400
Tie-Back Casing					104			-
Tubing	11600	2-7/8	N	3.5	106		40,600	40,600
Tubing					106			-
Well Head Equipment and Tree					107	7,000	25,000	32,000
Tanks					108		25,000	25,000
Flow Lines					109		5,000	5,000
Valves & Fittings					110		7,500	7,500
Rods					111			-
Pumping Equipment - Surface					112			-
Production Equipment - Subsurface					113			-
Engines & Motors					114			-
Heater-Treater & Separators					115		25,000	25,000
Other Equipment					116			-
Buildings					117			-
Metering Equipment					118			-
Non-Controllable Equipment					119		3,000	3,000
Liner Equipment					120			-
Construction Cost					122		10,000	10,000
TOTAL TANGIBLES						\$64,200	\$228,500	\$292,700
TOTAL WELL COST						\$512,700	\$353,500	\$866,200

ENRON APPROVAL

Division	Date	By	Date	Headquarters	Date
By W.D. Smeltzer <i>WDS</i>	02/19/97	By <i>Daryl L. Thomas</i>	2/19/97	By	Date
By	Date	By	Date	By	Date

JOINT OPERATOR APPROVAL

Firm	By	Title	Date
------	----	-------	------

ENRON
Oil & Gas Company

P. O. Box 2267 Midland, Texas 79702 (915) 686-3600

June 11, 1996

Ms. Carla Leet
4409 Cynthia
Bellaire, Texas 77401.

Re: Farmout Agreement
N/2 SE/4, N/2 SW/4, S/2 NW/4, Section 32,
Township 17 South, Range 30 East,
Eddy County, New Mexico
Sand Tank "32" State Com. No. 1 Well
Sand Tank Prospect
K0012143

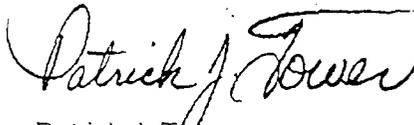
Dear Ms. Leet:

In accordance with our recent communications, enclosed are two originals of the subject Farmout Agreement dated May 31, 1996. We ask that you execute these Farmout Agreements, have your signature notarized and return one fully executed copy to the undersigned as soon as possible. Upon return of our executed copy we will have it executed by Mr. Thomas and send you a copy.

Should you have any questions regarding this transaction, please give me a call at (915) 686-3758.

Sincerely,

ENRON OIL & GAS COMPANY



Patrick J. Tower
Project Landman

PJT/pcl

Enclosures

m:\winword\letters\pjt\leet.doc

ENRON
Oil & Gas Company

P. O. Box 2267 Midland, Texas 79702 (915) 686-3600

May 31, 1996

Ms. Carla Leet-Assaf
4409 Cynthia
Bellaire, Texas 77401

Re: Farmout Agreement
N/2 SE/4, N/2 SW/4, S/2 NW/4, Section 32,
Township 17 South, Range 30 East,
Eddy County, New Mexico
Sand Tank "32" State Com. No. 1 Well
Sand Tank Prospect
K0012143

Dear Ms. Leet-Assaf:

In accordance with our recent communications, enclosed are two originals of the subject Farmout Agreement dated May 31, 1996. We ask that you execute these Farmout Agreements, have your signature notarized and return one fully executed copy to the undersigned as soon as possible. Upon return of our executed copy we will have it executed by Mr. Thomas and send you a copy.

Should you have any questions regarding this transaction, please give me a call at (915) 686-3758.

Sincerely,

ENRON OIL & GAS COMPANY



Patrick J. Tower
Project Landman

PJT/pcl

Enclosures

m:\winword\letters\pjt\leet-asf.doc

FAX

ENRON Oil & Gas Company

P. O. BOX 2267
4000 N. BIG SPRING ST., SUITE 500
MIDLAND, TEXAS 79705
(915) 686-3600

DATE: 5/24/96

NO. PAGES: 2

FROM: PATRICK TOWER

TELE NO: 915-686-3758
(INCLUDING COVER PAGE)

FAX NO: 915-686-3773

TO: CARLA LEET-ASSAF

COMPANY: _____

TELE NO: _____

FAX NO: (713)668-1033

IF PAGES ARE NOT RECEIVED OR IF THERE ARE ANY TRANSMISSION PROBLEMS,
PLEASE CALL NUMBER LISTED ABOVE.

URGENT CONFIDENTIAL REPLY REQUESTED

MESSAGE:

PLEASE CALL Jim McMichael
@ (915) 689-8657 CONCERNING
ENRON'S SAND TANK "32" ST. Com #1
WELL. I BELIEVE YOU MAY HAVE
CALLED HIM BUT ASKED FOR MR.
MCDUGAL AND HIS WIFE THOUGHT
YOU HAD THE WRONG PARTY.

I xeroxed
his business
card attached

THANK YOU

ENRON Oil & Gas Company

P. O. Box 2267 Midland, Texas 79702 (915) 686-3600

May 7, 1996

CERTIFIED MAIL - RETURN RECEIPT

Carla Leet-Assaf
4409 Cynthia
Bellaire, Texas 77401

Re: Sand Tank "32" St. Com No. 1 Well
660' FSL & 1980' FWL Section 32,
S/2 Section 32 Proration Unit
Township 17 South, Range 30 East
Eddy County, New Mexico
EOG's Sand Tank Prospect

Dear Ms. Leet-Assaf:

Enron Oil & Gas Company (Enron) proposes to drill the Sand Tank "32" St. Com No. 1 well as an 11,800' Lower Morrow test at a location 660' FSL and 1980' FWL of Section 32, T17S, R30E, Eddy County, New Mexico. In this regard please find two (2) AFEs covering this test. Please execute and return one (1) copy should you elect to participate.

In the event you do not choose to participate, Enron would request a Farmout for the drilling of this well on your interest covering all of Section 32. General terms would provide for delivering Enron a 75% NRI with the retained ORRI convertible to a 25% back-in at payout and a 180 day continuous development clause to drill the remaining tract under the same terms for the subsequent well.

Enron looks forward to a favorable response to our proposal. Should there be any questions concerning this matter, please call me at (915) 686-3758.

Sincerely,

ENRON OIL & GAS COMPANY



Patrick J. Tower
Project Landman

PJT:jh
enclosures

cc: Rudy Mikulec/Ronnie Adams-EOG Houston
G. L. Thomas/R. L. Ingle/WDS/TJA/LISA/WF

u:\letters\pjt\assaf.doc

Official Business

RECEIVED

MAY 24 1995

Print your name and address and ZIP Code here

ENRON OIL & GAS COMPANY
ATTN: PATRICK J. TOWER
P. O. BOX 2267
MIDLAND, TEXAS 79702

Send Thanks 321
of Com No 1

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for a fee):

- Addressee's Address
 - Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:
Carla Leet-Assaf
4409 Cynthia
Bellaire, TX 77401

4a. Article Number
P 329-305-537

- 4b. Service Type:
- Registered
 - Insured
 - Certified
 - COD
 - Express Mail
 - Return Receipt for Merchandise

7. Date of Delivery
5-16-95

5. Signature (Addressee)
Carla Leet-Assaf

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Agent)
[Signature]

PS Form 3811 December 1991 U.S. GPO: 1993-352-714 DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service

PS Form 3800, April 1995

Postmark or Date	Postage	Certified Fee	Special Delivery Fee	Restricted Delivery Fee	Return Receipt Showing to Whom & Date Delivered	Return Receipt Showing to Whom, Date, & Addressee's Address	TOTAL Postage & Fees
Send Thanks 321 of Com No 1 well prepared	\$						\$

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided.
Do not use for International Mail. (See reverse)

P 329-305-537

34



ENRON
Oil & Gas Company

P. O. Box 2267
Midland, Texas 79702

CERTIFIED

P 237 021 127

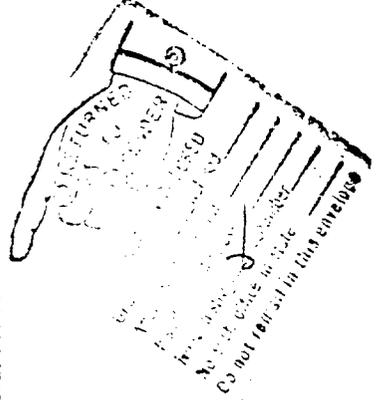
MAIL

1986-1987

U.S. POSTAGE
\$2.52

*Mailed letter 5/17/86 (per SM)
New letter to Carla Leet-ASSAF
4109 Cambridge St
Houston TX 77074*

CARLA LEET-ASSAF
6146 Camer St.
Houston, TX 77074



3811
10/10/91
10/10/91

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. Addressee's Address
 2. Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Carla Leel-Assaf
3224 Timmons Lane, No. 168
Houston, TX 77027

4a. Article Number

329 296 383

- 4b. Service Type
- Registered
 - Certified
 - Express Mail
 - Insured
 - COD
 - Return Receipt for Merchandise

7. Date of Delivery

8. Addressee's Address (Only if requested and fee is paid)

5. Signature (Addressee)

6. Signature (Agent)

Is your RETURN ADDRESS completed on the reverse side?

PS Form 3811, December 1991

*U.S. GPO: 1993-352-714

DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.

ENRON
Oil & Gas Company

P. O. Box 2267 Midland, Texas 79702 (915) 686-3600

March 20, 1996

CERTIFIED MAIL - RETURN RECEIPT

Carla Leet-Assaf
3224 Timmons Lane, No. 168
Houston, TX 77027

Re: Sand Tank "32" St. Com No. 1 Well
660' FSL & 1980' FWL Section 32,
S/2 Section 32 Proration Unit
Township 17 South, Range 30 East
Eddy County, New Mexico
EOG's Sand Tank Prospect

Dear Ms. Leet-Assaf:

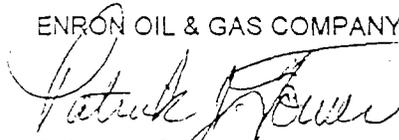
Enron Oil & Gas Company (Enron) proposes to drill the Sand Tank "32" St. Com No. 1 well as an 11,800' Lower Morrow test at a location 660' FSL and 1980' FWL of Section 32, T17S, R30E, Eddy County, New Mexico. In this regard please find two (2) AFEs covering this test. Please execute and return one (1) copy should you elect to participate.

In the event you do not choose to participate, Enron would request a Farmout for the drilling of this well on your interest covering all of Section 32. General terms would provide for delivering Enron a 75% NRI with the retained ORRI convertible to a 25% back-in at payout and a 180 day continuous development clause to drill the remaining tract under the same terms for the subsequent well.

Enron looks forward to a favorable response to our proposal. Should there be any questions concerning this matter, please call me at (915) 686-3758.

Sincerely,

ENRON OIL & GAS COMPANY



Patrick J. Tower
Project Landman

PJT:jh
enclosures

cc: Rudy Mikulec/Ronnie Adams-EOG Houston
G. L. Thomas/R. L. Ingle/WDS/TJA/LISA/WF

u:\letters\pj\tassaf dcc

P 329 296 383

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Carla Leet-Assaf
3224 Timmons Lane, No. 168
Houston, TX 77027

PS Form 3800, April 1995

Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 20
Postmark or Date	3-27-96 Sand Jank #32 St Com #1

ENRON
Oil & Gas Company

P. O. Box 2267 Midland, Texas 79702 (915) 686-3600

March 11, 1997

VIA CERTIFIED MAIL - RETURN RECEIPT

Frederika A. Leet
2 Briar Oak Drive
Weston, Connecticut 06883

RE: Sand Tank "32" St. Com No. 2 Well
1650' FSL & 1650' FEL Section 32,
S/2 Section 32 Proration Unit
Township 17 South, Range 30 East
Eddy County, New Mexico
EOG's Sand Tank Prospect

Dear Ms. Leet:

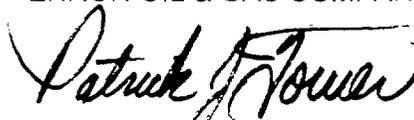
Enron Oil & Gas Company hereby proposes to drill the Sand Tank "32" State Com No. 2 well as an 11,800' lower Morrow test at a location 1650' FSL and 1650' FEL of Section 32, T17S, R30E, Eddy County, New Mexico. In this regard please find two (2) AFEs covering this test. Please execute and return one (1) copy should you elect to participate.

In the event you do not choose to participate, Enron would request a Farmout for the drilling of this well on your interest covering all of Section 32. General terms would provide for delivering Enron a 75% NRI and a 180 day continuous development clause to drill the remaining tracts (if any) under the same terms.

Should there be any questions, please feel free to contact the undersigned at (915) 686-3758.

Sincerely,

ENRON OIL & GAS COMPANY



Patrick J. Tower
Project Landman

PJT/ms
enclosures

cc: Rudy Mikulec-EOG Houston
Ronnie Adams-EOG Houston
G. L. Thomas/R. L. Ingle/WDS/TJA/LISA/WF

ENRON Oil & Gas Company

Drilling AFE

AFE No.	101262		
Property No.			
Enron W. I.	85.73000%		
Enron AFE Amt	(DHC)	\$439,538	
	(CWC)	\$742,593	
Division	MIDLAND		
AFE Date	2/19/97	Budget Year	1997

AFE Type Wildcat(31) Development(32)
 Drilling Completion Re-Entry Oil Gas High Cost Gas

Well Name & No. Sand Tank "32" St. Com No. 2	Prospect Name Sand Tank	Total Depth 11,800'	Spud Date
Location & Survey 1,650' FSL & 1,650' FEL	Sec-Twn-Rng Sec 32-17S-30E	Producing Horizon Lower Morrow	DD&A Field Sand Tank
Operator Enron Oil & Gas Company	County & State Eddy, NM	Regulatory Field Sand Tank	
AFE Description Drill and complete an 11,800' Lower Morrow gas well			

DESCRIPTION	SUB ACT	DRILLING	COMPLETION	TOTAL
Access, Location & Roads	401	230	231	
Rig Move	402	\$20,000	\$2,000	\$22,000
Footage Cost	403	30,000		30,000
Day Work Cost	404	31/3 days @ \$ 4,800	14,400	163,200
Bits, Reamers & Stabilizers	405	40,000		40,000
Fuel	406	500		500
Water	407	18,000	3,000	21,000
Mud & Chemicals	408	41,000	3,000	44,000
Cementing & Service	409	21,000	18,000	39,000
Coring	410	18,000		18,000
Logging & Testing	411	36,000	5,000	41,000
Mud Logging	412	12,500		12,500
Perforating	413		25,000	25,000
Stimulation	414		23,000	23,000
Transportation	415	5,500	4,000	9,500
Overhead	416	6,600		6,600
Equipment Rental	417	6,000	3,000	9,000
Completion Rig	418		9,800	9,800
Other Expense	419	22,000	7,000	29,000
Fishing & Equip. lost in hole	420			-
Environmental & Safety Charges	421	3,600	5,000	8,600
Directional Drilling	422			-
Equipment Usage	423			-
Supervision	424	17,000	2,800	19,800
Communications	431	2,000		2,000
MWD Logging	432			-
Tubular Inspection / Handling	436			-
Coiled Tubing Unit / Nitrogen	445			-
Completion Fluids	448			-
TOTAL INTANGIBLES		\$448,500	\$125,000	\$573,500

	FEET	SIZE	GRADE	\$/FT.				
Conductor Casing	40	20			101	\$1,000		\$1,000
Surface Casing	650	11-3/4	H-40	16.00	102	10,400		10,400
Intermediate Casing	4000	8-5/8	J	11.45	103	45,800		45,800
Intermediate Casing					103			-
Drilling Liner					103			-
Production Casing/Liner	12050	5-1/2	N-S	7.25	104		87,400	87,400
Tie-Back Casing					104			-
Tubing	11600	2-7/8	N	3.5	106		40,600	40,600
Tubing					106			-
Well Head Equipment and Tree					107	7,000	25,000	32,000
Tanks					108		25,000	25,000
Flow Lines					109		5,000	5,000
Valves & Fittings					110		7,500	7,500
Rods					111			-
Pumping Equipment - Surface					112			-
Production Equipment - Subsurface					113			-
Engines & Motors					114			-
Heater-Treater & Separators					115		25,000	25,000
Other Equipment					116			-
Buildings					117			-
Metering Equipment					118			-
Non-Controllable Equipment					119		3,000	3,000
Liner Equipment					120			-
Construction Cost					122		10,000	10,000
TOTAL TANGIBLES						\$64,200	\$228,500	\$292,700
TOTAL WELL COST						\$512,700	\$353,500	\$866,200

ENRON APPROVAL

Division	Date	By	Date	Headquarters	Date
By W.D. Smeltzer	02/19/97	By <i>Daisy L. Thomas</i>	2/19/97	By	Date
By	Date	By	Date	By	Date

JOINT OPERATOR APPROVAL

Firm	By	Title	Date
------	----	-------	------

ENRON
Oil & Gas Company

P. O. Box 2267 Midland, Texas 79702 (915) 686-3600

June 20, 1996

Frederika A. Leet
113 Walnut Tree Hill Road
Sandy Hook, Connecticut 06482

Re: Sand Tank "32" St. Com No. 1 Well
660' FSL & 1980' FWL Section 32,
S/2 Section 32 Proration Unit
Township 17 South, Range 30 East
Eddy County, New Mexico
EOG's Sand Tank Prospect

Dear Ms. Leet:

Following your discussions with Jim McMichael enclosed please find two (2) copies of an Assignment for your execution. Please sign, have notarized, and return one (1) original in the enclosed stamped envelope.

Should you have any questions feel free to call me at (915) 686-3758.

Sincerely,

ENRON OIL & GAS COMPANY



Patrick J. Tower
Project Landman

PJT:jr

Enclosures

u:\landtemp\leet.doc

ASSIGNMENT OF OPERATING RIGHTS

STATE OF NEW MEXICO §
 §
COUNTY OF EDDY §

For and in consideration of the sum of Ten and No/100 Dollars (\$10.00), cash paid in hand, **FREDERIKA A. LEET**, dealing in her separate property, whose address is 113 Walnut Tree Hill Road, Sandy Hook, Connecticut 06482, hereinafter called "**ASSIGNOR**", does hereby assign and convey unto **ENRON OIL & GAS COMPANY**, whose addresss is P. O. Box 2267, Midland, Texas 79702, hereinafter called "**ASSIGNEE**", all of Assignor's interest in and to the operating rights and rights to working interest production in and under the following described Oil and Gas Lease, to-wit:

Oil and Gas Lease dated April 10, 1935, executed by the State of New Mexico, as Lessor, to William Spurck, as Lessee, bearing New Mexico State Lease No. B-4108, INsofar AND ONLY INsofar as said lease covers the following described lands located in Section 32, T-17-S, R-30-E, N.M.P.M., Eddy County, New Mexico, to-wit:

- N/2 SW/4 as to all depths below 100 feet below the base of the Loco Hills Sand,
- NW/4 SE/4 as to all depths below 100 feet below the base of the Loco Hills Sand,
- S/2 NW/4 as to all depths below 100 feet below the base of the Loco Hills Sand, and
- NE/4 SE/4 as to all depths

This assignment is made without warranty of title, express or implied, and shall be binding upon and shall inure to the benefit of Assignor and Assignee and their respective legal representatives, successors, heirs and assigns.

IN WITNESS WHEREOF, this instrument is executed this _____ day of _____, 1996.

FREDERIKA A. LEET

STATE OF §
 §
COUNTY OF §

The foregoing instrument was acknowledged before me, the undersigned authority, on this _____ day of _____, 1996, by **FREDERIKA A. LEET**, dealing in her separate property.

Notary Public in and for the State of Texas



Official Business

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, \$300

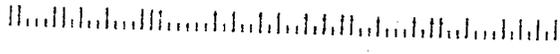


RECEIVED
MAY 15 1996

Print your name, address, and ZIP Code here

*Sand Tank "32"
St Com #1*

ENRON OIL & GAS COMP NY
Attn: Mr. Patrick J. Tower
P. O. Box 2267
Midland, Texas 79702



Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an fee):

- 1. Addressee's Address
- 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
*Frederica Leet
 113 Walnut Tree Hill Rd.
 Sandy Hook, CT 06482*

4a. Article Number
P 237 021 124

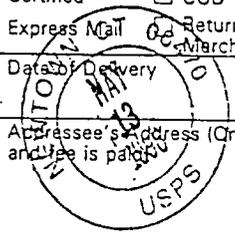
4b. Service Type
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

7. Date of Delivery

5. Signature (Addressee)
Frederica Leet

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Agent)



Thank you for using Return Receipt Service.

PS Form 3800, June 1991

<p>Frederica Leet 113 Walnut Tree Hill Rd. Sandy Hook, CT 06482</p>	<p>237 021 124</p>
<p>Frederica Leet</p>	<p>5</p>

Receipt for Certified Mail
 This Insurance Coverage Provided
 Do not use for International Mail
 (See Reverse)

P 237 021 124

ENRON
Oil & Gas Company

P. O. Box 2267 Midland, Texas 79702 (915) 686-3600

March 20, 1996

CERTIFIED MAIL - RETURN RECEIPT

Frederica A. Leet
2 Briar Oak Drive
Weston, CT 06883

Re: Sand Tank "32" St. Com No. 1 Well
660' FSL & 1980' FWL Section 32,
S/2 Section 32 Proration Unit
Township 17 South, Range 30 East
Eddy County, New Mexico
EOG's Sand Tank Prospect

Dear Ms. Leet:

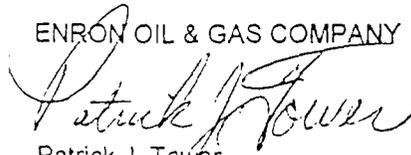
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In the event you do not choose to participate, Enron would request a Farmout for the drilling of this well on your interest covering all of Section 32. General terms would provide for delivering Enron a 75% NRI with the retained ORRI convertible to a 25% back-in at payout and a 180 day continuous development clause to drill the remaining tract under the same terms for the subsequent well.

Enron looks forward to a favorable response to our proposal. Should there be any questions concerning this matter, please call me at (915) 686-3758.

Sincerely,

ENRON OIL & GAS COMPANY



Patrick J. Tower
Project Landman

PJT:jh
enclosures

cc: Rudy Mikulec/Ronnie Adams-EOG Houston
G. L. Thomas/R. L. Ingle/WDS/TJA/LISA/WF

u:\letters\pjt\leet.doc

RECEIVED

MAR 29 1996

Print your name, address and ZIP Code here

*Sand Tank
 132 St. 111*

ENRON OIL & GAS COMPANY
 Attn: Mr. Patrick J. Tower
 P. O. Box 2267
 Midland, Texas 79702

Your RETURN ADDRESS completed on the reverse side.

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
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- 1. Addressee's Address
 - 2. Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Frederica A. Leet
 2 Briar Oak Drive
 Weston, Connecticut 06883

4a. Article Number:

P 529 296 384

4b. Service Type

- Registered Insured
- Certified COD
- Express Mail Return Receipt for Merchandise

7. Date of Delivery

MAR 28 1996

5. Signature (Addressee)

Frederica A. Leet

6. Signature (Agent)

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3800, April 1995

Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Postnet (Optional) Shipping to Whom? Date Delivered? Return Receipt? Signature? Date & Address? Addressee?	
TOTAL Postage & Fees	\$
Postage in Advance	
Signature	<i>Frederica A. Leet</i>

U.S. Postal Service
Receipt for Certified Mail
 No Insurance Coverage Provided
 Do not use for International Mail (See reverse)
 Frederica A. Leet
 2 Briar Oak Drive
 Weston, Connecticut 06883

ENRON Oil & Gas Company

P. O. Box 2267
Midland, Texas 79702

DEFERRED

P 329 296 3A4

MAIL

MIDLAND/ODESSA TX 79702-03/20/95 201411

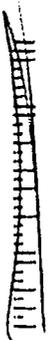
MAR 20 1995

MOVED - LEFT
 FORMER HOME ADDRESS
 ATTEMPTING TO RELOCATE
 TO NEW HOME ADDRESS
 NOT KNOWN
 RELOCATED
 RELOCATED
 SUCH NUMBER
 STREET
 SUFFICIENT ADDRESS

STREET NUMBER
TO STATION
D



BE



ENRON Oil & Gas Company

P. O. Box 2267 Midland, Texas 79702 (915) 686-3600

March 11, 1997

VIA CERTIFIED MAIL - RETURN RECEIPT

Glen F. Leet, Jr.
2 Briar Oak Drive
Weston, Connecticut 06883

RE: Sand Tank "32" St. Com No. 2 Well
1650' FSL & 1650' FEL Section 32,
S/2 Section 32 Proration Unit
Township 17 South, Range 30 East
Eddy County, New Mexico
EOG's Sand Tank Prospect

Dear Mr. Leet:

Enron Oil & Gas Company hereby proposes to drill the Sand Tank "32" State Com No. 2 well as an 11,800' Lower Morrow test at a location 1650' FSL and 1650' FEL of Section 32, T17S, R30E, Eddy County, New Mexico. In this regard please find two (2) AFEs covering this test. Please execute and return one (1) copy should you elect to participate.

In the event you do not choose to participate, Enron would request a Farmout for the drilling of this well on your interest covering all of Section 32. General terms would provide for delivering Enron a 75% NRI and a 180 day continuous development clause to drill the remaining tracts (if any) under the same terms.

Should there be any questions, please feel free to contact the undersigned at (915) 686-3758.

Sincerely,

ENRON OIL & GAS COMPANY



Patrick J. Tower
Project Landman

PJT/ms
enclosures

cc: Rudy Mikulec-EOG Houston
Ronnie Adams-EOG Houston
G. L. Thomas/R. L. Ingle/WDS/TJA/LISA/WF

ENRON Oil & Gas Company

Drilling AFE

AFE Type Wildcat(31) Development(32)
 Drilling Completion Re-Entry Oil Gas High Cost Gas

AFE No.	101262		
Property No.			
Enron W. I.	85.73000%		
Enron AFE Amt	(DHC)	\$439,538	
	(CWC)	\$742,593	
Division	MIDLAND		
AFE Date	2/19/97	Budget Year	1997

Well Name & No. Sand Tank "32" St. Com No. 2	Prospect Name Sand Tank	Total Depth 11,300'	Spud Date
Location & Survey 1,650' FSL & 1,650' FEL	Sec-Twn-Rng Sec 32-17S-30E	Producing Horizon Lower Morrow	DD&A Field Sand Tank
Operator Enron Oil & Gas Company	County & State Eddy, NM	Regulatory Field Sand Tank	
AFE Description Drill and complete an 11,300' Lower Morrow gas well			

	DESCRIPTION	SUB ACT	DRILLING	COMPLETION	TOTAL
			230	231	
	Access, Location & Roads	401	\$20,000	\$2,000	\$22,000
	Rig Move	402	30,000		30,000
	Footage Cost	403			
	Day Work Cost	404	148,800	14,400	163,200
	Bits, Reamers & Stabilizers	405	40,000		40,000
	Fuel	406	500		500
	Water	407	18,000	3,000	21,000
	Mud & Chemicals	408	41,000	3,000	44,000
I	Cementing & Service	409	21,000	18,000	39,000
N	Coring	410	18,000		18,000
T	Logging & Testing	411	36,000	5,000	41,000
A	Mud Logging	412	12,500		12,500
N	Perforating	413		25,000	25,000
G	Stimulation	414		23,000	23,000
I	Transportation	415	5,500	4,000	9,500
B	Overhead	416	6,800		6,800
L	Equipment Rental	417	6,000	3,000	9,000
E	Completion Rig	418		9,800	9,800
	Other Expense	419	22,000	7,000	29,000
	Fishing & Equip. lost in hole	420			
	Environmental & Safety Charges	421	3,600	5,000	8,600
	Directional Drilling	422			
	Equipment Usage	423			
	Supervision	424	17,000	2,800	19,800
	Communications	437	2,000		2,000
	MWD Logging	432			
	Tubular Inspection / Handling	436			
	Coiled Tubing Unit / Nitrogen	435			
	Completion Fluids	443			
TOTAL INTANGIBLES			\$448,500	\$125,000	\$573,500

	FEET	SIZE	GRADE	S/FT.				
	Conductor Casing	40	20		101	\$1,000	\$1,000	
	Surface Casing	650	11-3/4	H-40	102	10,400	10,400	
	Intermediate Casing	4000	8-5/8		103	45,800	45,800	
	Intermediate Casing				103			
	Drilling Liner				103			
	Production Casing Liner	12050	5-1/2	L-S	104		87,400	
	Tie-Back Casing				104			
	Tubing	11800	2-7/8	N	106		40,600	
T	Tubing				106			
A	Well Head Equipment and Tree				107	7,000	25,000	
N	Tanks				108		25,000	
G	Flow Lines				109		5,000	
I	Valves & Fittings				110		7,500	
B	Rods				111			
L	Pumping Equipment - Surface				112			
E	Production Equipment - Subsurface				113			
	Engines & Motors				114			
	Heater-Treater & Separators				115		25,000	
	Other Equipment				116			
	Buildings				117			
	Metering Equipment				118			
	Non-Controllable Equipment				119		3,000	
	Liner Equipment				120			
	Construction Cost				122		10,000	
TOTAL TANGIBLES						\$64,200	\$228,500	\$292,700
TOTAL WELL COST						\$512,700	\$353,500	\$866,200

ENRON APPROVAL					
By	Date	By	Date	By	Date
W.D. Smeltzer	2/19/97	Pacey L. Dierman	2/19/97		
By	Date	By	Date	By	Date
JOINT OPERATOR APPROVAL					
Firm	By	Title	Date		

ENRON Oil & Gas Company

P. O. Box 2267 Midland, Texas 79702 (915) 686-3600

June 18, 1996

CERTIFIED MAIL - RETURN RECEIPT

(P 329 305 530)

Glen F. Leet, Jr.
113 Walnut Tree Hill Road
Sandy Hook, Connecticut 06482

RE: Sand Tank "32" St. Com No. 1 Well
660' FSL & 1980' FWL Section 32,
S/2 Section 32 Proration Unit
Township 17 South, Range 30 East
Eddy County, New Mexico
EOG's Sand Tank Prospect

Dear Mr. Leet:

Attached please find Enron Oil & Gas Company's original well proposal for the Sand Tank "32" St. Com No. 1 well. We wish to apologize for the delay in forwarding said proposal to you. Our records apparently reflected a wrong address when mailed the first time. Again, please accept our apology and should you have any questions or comments, please do not hesitate to call me at (915) 686-3758.

Sincerely,

ENRON OIL & GAS COMPANY



Patrick J. Tower
Project Landman

PJT/ms
enclosures

UNITED STATES POSTAL SERVICE

Official Business

RECEIVED

JUN 27 1996

LAND DEPT.

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, \$300



Print your name, address and ZIP Code here

Sand Tank "32"
St Com #1

ENRON OIL & GAS COMPANY
ATTN: PATRICK J. TOWER
P. O. BOX 2267
MIDLAND, TEXAS 79702



Is your RETURN ADDRESS completed on the reverse side?

SENDER:
 Complete items 1 and/or 2 for additional services.
 Complete items 3, and 4a & b.
 Print your name and address on the reverse of this form so that we can return this card to you.
 Attach this form to the front of the mailpiece, or on the back if space does not permit.
 Write "Return Receipt Requested" on the mailpiece below the article number.
 The Return Receipt will show to whom the article was delivered and the date delivered.

also wish to receive the following services (for an fee):
 1. Addressee's Address
 2. Restricted Delivery
 Consult postmaster for fee.

3. Article Addressed to:
 Glen F. Leech, Jr.
 113 Walnut Tree Hill Rd.
 Sandy Hook CT 06482

4a. Article Number:
 P 329 305 530

4b. Service Type:
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

7. Date of Delivery:
 6-22-96

5. Signature (Addressee):
Glen F. Leech, Jr.

6. Signature (Agent):

8. Addressee's Address (Only if requested and fee is paid):

PS Form 3811, December 1991 U.S. GPO: 1993-352-714 DOMESTIC RETURN RECEIPT

PS Form 3800, April 1995

Postmark or Date	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$

Postmark or Date: Sand Tank 32 St Com #1

US Postal Service,
 Receipt for Certified Mail
 No Insurance Coverage Provided.
 Do not use for International Mail (See reverse)

Sent to: Glen F. Leech, Jr.
 Street & Number

Post Office, State, & ZIP Code

P 329 305 530

ENRON

Oil & Gas Company

P. O. Box 2267 Midland, Texas 79702 (915) 686-3600

March 20, 1996

CERTIFIED MAIL - RETURN RECEIPT

Glen F. Leet, Jr.
2 Briar Oak Drive
Weston, CT 06883

Re: Sand Tank "32" St. Com No. 1 Well
660' FSL & 1980' FWL Section 32,
S/2 Section 32 Proration Unit
Township 17 South, Range 30 East
Eddy County, New Mexico
EOG's Sand Tank Prospect

Dear Mr. Leet:

Enron Oil & Gas Company (Enron) proposes to drill the Sand Tank "32" St. Com No. 1 well as an 11,800' Lower Morrow test at a location 660' FSL and 1980' FWL of Section 32, T17S, R30E, Eddy County, New Mexico. In this regard please find two (2) AFEs covering this test. Please execute and return one (1) copy should you elect to participate.

In the event you do not choose to participate, Enron would request a Farmout for the drilling of this well on your interest covering all of Section 32. General terms would provide for delivering Enron a 75% NRI with the retained ORRI convertible to a 25% back-in at payout and a 180 day continuous development clause to drill the remaining tract under the same terms for the subsequent well.

Enron looks forward to a favorable response to our proposal. Should there be any questions concerning this matter, please call me at (915) 686-3758.

Sincerely,

ENRON OIL & GAS COMPANY



Patrick J. Tower
Project Landman

PJT:jh
enclosures

cc: Rudy Mikulec/Ronnie Adams-EOG Houston
G. L. Thomas/R. L. Ingle/WDS/TJA/LISA/WF

u:\letters\pj\glenleet.doc

45

Official Business

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE \$300



RECEIVED

APR 01 1996

Print your name, address and ZIP Code here

Sand tank
32 St. (cont.)

ENRON OIL & GAS COMPANY
Attn: Mr. Patrick J. Tower
P. O. Box 2267
Midland, Texas 79702

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Glen F. Leet, Jr.
2 Briar Oak Drive
Weston, CT 06883

4a. Article Number

P 329 296 387

b. Service Type

- Registered Insured
- Certified COD
- Express Mail Return Receipt for Merchandise

Date of Delivery MAR 28 1996

5. Signature (Addressee)

Glen F. Leet, Jr.

6. Signature (Agent)

8. Addressee's Address (Only if requested and fee is paid)

Thank you for using Return Receipt Service.

P. 229 296 387

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Glen F. Leet, Jr.
2 Briar Oak Drive
Weston, CT 06883

PS Form 3800, April 1995

Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$25
Postmark or Date	3-FEB-96 Sand Tank 32 St Conn #1

ENRON
Oil & Gas Company

P. O. Box 2267 Midland, Texas 79702 (915) 686-3600

June 13, 1996

Douglas L. Lunsford
Hinkle Law Firm
P. O. Box 10
Roswell, New Mexico 88210

JR COLE

Re: Estates of Albert Sidney Johnson
and Claire Gribble Johnson

Dear Doug:

Enclosed is a copy of a letter from Susan F. Irby dated June 12, 1996 regarding the estates of Albert Sidney Johnson and Claire Gribble Johnson. I have also enclosed copies of the Wills, the Order Admitting the Wills to Probate and the Inventory and Appraisement for each Estate.

If you have any questions, please feel free to call.

Yours very truly,

ENRON OIL & GAS COMPANY



Patrick J. Tower
Project Landman

PJT/jr

Enclosures

u:\landtemp johnson.doc

SUSAN F. IRBY
HARTFORD BUILDING, SUITE 980
400 NORTH ST. PAUL STREET
DALLAS, TEXAS 75201

BUS. (214) 220-2832

RES. (214) 343-2721

June 12, 1996

Mr. Patrick J. Tower
Enron Oil & Gas
4000 N. Big Spring Street
Suite 500
Midland, TX 79705

(Via Federal Express)

Re: Estates of Albert Sidney Johnson and
Claire Gribble Johnson

Dear Mr. Tower:

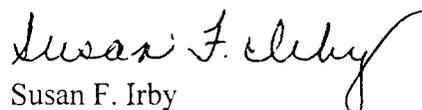
At the request of David Frye, I examined the Probate Records in the office of the County Clerk of Dallas County, Texas for Estates on Albert Sidney Johnson and Claire Gribble Johnson. I found estates on both of them and have enclosed copies of the Will, the Order Admitting the Will to Probate, and the Inventory and Appraisement for each Estate.

As I mentioned to David, Mrs. Johnson died first in 1970 and left everything to her husband. Mr. Johnson died in 1981 and left everything to Thelma Richards. I checked the Dallas County Probate Records for an estate on Thelma Richards and found none; the address shown for her in Mr. Johnson's estate file is "4421 University Boulevard, Dallas, Texas 75205." David and I checked for a telephone number in Dallas for her name or address and found none.

One other bit of information which may be helpful to you is that Mrs. Johnson's will provided that if her husband predeceased her, her estate was devised to her father, Robert W. Gribble. The Dallas phone directory lists a Robert W. Gribble, Jr. who may have more information about the family.

I appreciate the opportunity to be of assistance to you and David. Please feel free to call me with any questions or if I may be of further assistance.

Very truly yours,


Susan F. Irby

cc: Mr. David Frye

J Bar Cane, Inc.
Oil & Gas Properties
Petroleum & Mineral Land Services

RECEIVED

JUN 4 1996

LAND DEPT.

16 Spring Court Sandia Park, New Mexico 87047 Telephone (505) 281-8186 FAX 281-8196

May 29, 1996

Enron Oil and Gas Company
P. O. Box 2267
Midland, TX 79702

Attn: Patrick J. Tower, CPL

**Re: Records Search
J. R. Cole and Audrey S. Cole
Probate
Santa Fe County, New Mexico**

Via Facsimile 915-686-3773

Dear Pat,

As per your request, we have run the general indices, county probate records, and the district court Probates records of Santa Fe County, New Mexico in search of a probate filed for either J. R. Cole and or Audrey S. Cole. We found a few Warranty Deeds into and out of these parties that were 1958 - 1960 vintage, but found no other entries pertinent to same. If we can be of any further assistance to you regarding this matter, please advise.

Sincerely
J Bar Cane, Inc.



John Michael Richardson, CPL
JMR:ms

MEMO

To: Mr. Patrick J. Tower
Enron Oil & Gas Company
From: Jim R. McMichael
Date: July 15, 1996
Subject: Efforts made to Locate J.R. Cole and Albert Sydney Johnson their heirs or Assigns:

I in compliance with your instructions I did a take-off of the mineral and/or Leasehold interest in Section 32, T-17-S, R-30-E, Eddy County, New Mexico based On the County Records of Eddy County, New Mexico, and in addition to developing the Interest of the owners to develop the addresses as to where said parties could be Contacted. In addition to the Eddy County records I was furnished take-offs prepared By the Federal Abstract Company.

Two of the tracts involved, being the N/2SE/4 and the N/2SW/4 of said section 32. These two tract were covered by State of New Mexico Lease No. B-4108, and by an Assingment dated April 1, 1940 J.R. Cole and Sidney Johnson (there is an affidavit of Record that Albert S, Albert Sidensy and Sidney Johnson are all and the same person) acquired a jointly owned 1/18th interest in the said lease insofar as it covered the N/2SE/4 of Sec. 32 no addresses for these parties appeared on the assingment and the Assignor is now Deceased. By an unrecorded Unit Agreement dated March 19, 1947 all the parties to the Above assignment agreed that the N/2SE/4 would be unitized with the N/2SW/4 of said sec. And that Mr Cole and Johnson would have an undivided joint interest of 1/36th in the N/2SW/4. A copy of this agreement was obtained from Mr. Doug Lunsford.

As to the interest of Albert Sidney Johnson: from a later assignment he made to Lee Moore of 1/2 of his interest he was acknowledged in Dallas County, Tx. A check of a current Dallas telephone directory did not show a listing for he or his wife Clara Gribble Johnson. Due to the time since he acquired his interest a check was made of the Dallas County Probate Records and we were able to acquire copies of the probate proceedings for both he and his Wife. His wife pre-deceased him and left all to him if living if not to her father Robert Gribble. His will left everything to Thelma Richards no address shown. We attempted to locate the attorney who handled the probate; however he is not listed as an attorney in The Dallas directory nor does he have a personal listing. When then checked the Dallas Area for Robert Gribble, Mrs Johnson's father, and found a Robert Gribble Jr. He said that Mr. Johnson was his Uncle and that Thelma Richards was Mr. Johnson's nurse and he did ~~not~~ know where she was. He could not give me anyone to contact who might know.

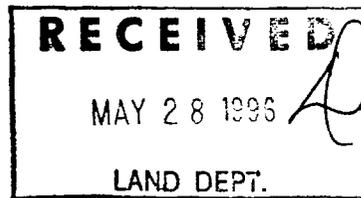
As to the interest of J.R. Cole; By an assingment of the shall ^{ow} rights he and his wife Audrey S. Were acknowledged in Santa Fe County, New Mexico. A check of information and

Probate recods of Santa Fe County did reveal any information. We were given some Information that they might have lived in Albuquerque, NM. A check there both Information and probate did not reveal anything.

I ran both names thru the Grantor^g-Grantee Indexes of Eddy County, New Mexico From the time thy acquired their interest thru June 1996 without obtaining and new Information.

For:

Called every Cole
in Santa Fe and
no luck in locating
J.R. Cole. Did find
out his wife's name
is Audrey S. Cole.



↓
Federal Abstract
Co.

FAX

ENRON Oil & Gas Company

P. O. BOX 2267
4000 N. BIG SPRING ST., SUITE 500
MIDLAND, TEXAS 79705
(915) 686-3600

DATE: 5/24/96 NO. PAGES: 5
 FROM: PATRICK TOWER (INCLUDING COVER PAGE)
 TELE NO: 915-686-3758
 FAX NO: 915-686-3773

TO: John Michael Richardson COMPANY: J BAR CANE, INC.
 TELE NO: (505) 281-8186
 FAX NO: (505) 281-8196

IF PAGES ARE NOT RECEIVED OR IF THERE ARE ANY TRANSMISSION PROBLEMS,
PLEASE CALL NUMBER LISTED ABOVE.

URGENT CONFIDENTIAL REPLY REQUESTED

MESSAGE: John Michael,
HERE is a COPY OF INSTRUMENT
discussed. I AM trying to locate J. R.
Cole OR his heirs. I did find out that
his wife is Audrey S. Cole. THE ATTACHED
OPERATING AGREEMENT DATED 4-23-58
Shows he ACKNOWLEDGED this in SANTA FE
County, NM. Maybe there is some probate
there on him or his wife or other
TRANSACTIONS in the records if he lived
there that would give us a clue. His
INTEREST we ARE looking at lies under
ST. OF NM LSE# B-4108-60 (N/2SW Sec. 32-T175-R30E
Reddy Co, NM) AND ST. OF NM LSE # B-4108-62
(N/2 SE Sec. 32-175-30E).
THANKS FOR your help. CALL if ANY
QUESTIONS. Patrick

HINKLE, COX, EATON, COFFIELD & HENSLEY,

L.L.P.

ATTORNEYS AT LAW

400 PENN PLAZA, SUITE 700 POST OFFICE BOX 10

ROSWELL, NEW MEXICO 88202

(505) 622-6510 FAX (505) 623-9332

LEWIS C COX, JR. (1924-1993)

CLARENCE E. HINKLE (1904-1985)

OF COUNSEL

O. M. CALHOUN* JOE W. WOOD

RICHARD L. CAZZELL* RAY W. RICHARDS*

AUSTIN AFFILIATION

HOFFMAN & STEPHENS, P.C.

KENNETH R. HOFFMAN*

TOM D. STEPHENS*

RONALD C. SCHULTZ, JR.*

JOSE CANO*

RECEIVED
MAY 23 1996
LAND DEPT.

THOMAS E. HOOD*

REBECCA NICHOLS JOHNSON

STANLEY K. KOTOVSKY, JR.

EILEEN S. OLSEN*

MARGARET CARTER, M.D. M.D.

S. BARRY PAISNER

WYATT L. BROOKS*

DAVID M. RUSSELL*

ANDREW J. CLOUTIER

STEPHANIE LANDRY

KIRT E. MOELLING*

DIANE FISHER

JULIE P. NEERKEN

WILLIAM P. SLATTERY

CHRISTOPHER M. MOODY

JOHN D. PHILLIPS

EARL R. NORRIS

JAMES A. GILLESPIE

MARGARET R. MCNETT

*NOT LICENSED IN NEW MEXICO

PAUL W. EATON
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
ERIC D. LANPHERE
C. D. MARTIN
ROBERT P. TINNIN, JR.
MARSHALL G. MARTIN
MASTON C. COURTNEY*
DON L. PATTERSON*
DOUGLAS L. LUNSFORD
NICOLAS J. NOEDING
T. CALDER EZZELL, JR.
WILLIAM B. BURFORD*
RICHARD E. OLSON
RICHARD R. WILFONG*
THOMAS J. MCBRIDE
NANCY S. CUSACK
JEFFREY L. FORNACIARI

JEFFREY D. HEWETT
JAMES BRUCE
JERRY F. SHACKELFORD*
JEFFREY W. HELLBERG*
WILLIAM F. COUNTISS*
MICHAEL J. CANON
ALBERT L. PITTS
THOMAS M. HNASKO
JOHN C. CHAMBERS*
GARY D. COMPTON*
W. H. BRIAN, JR.*
RUSSELL J. BAILEY*
CHARLES R. WATSON, JR.*
STEVEN D. ARNOLD
THOMAS D. HAINES, JR.
GREGORY J. NIBERT
FRED W. SCHWENDIMANN
JAMES M. HUDSON
JEFFREY S. BAIRD*

GARY W. LARSON
JOHN K. SMITH*
NORMAN D. EWART
DARREN T. GROSS
MOLLY MCINTOSH
MARCIA B. LINGCOLN
SCOTT A. SHUART*
PAUL G. NASON
AMY C. WRIGHT*
BRADLEY G. BISHOP*
KAROLYN KING NELSON
ELLEN T. LOUDERBOUGH
JAMES H. WOOD*
NANCY L. STRATTON
TIMOTHY R. BROWN
JAMES C. MARTIN

May 22, 1996

VIA FACSIMILE

Mr. Patrick J. Tower, Project Landman
Enron Oil & Gas Company
Post Office Box 2267
Midland, Texas 79702-2267

Re: **S 1/2 Section 32-17S-30E, N.M.P.M.**
Eddy County, New Mexico

Dear Pat:

Per your request, I enclose a briefed copy of the July 1, 1958 Operating Agreement executed by J. R. Cole et ux and A. S. Johnson et ux, among others. The Coles acknowledged the instrument in Santa Fe County, New Mexico and the Johnsons acknowledged the instrument in Dallas County, Texas.

Best regards.

Yours very truly,

HINKLE, COX, EATON, COFFIELD & HENSLEY, L.L.P.


Douglas L. Lunsford

DLL:hl
Enclosure

HINKLE, COX, EATON, COFFIELD & HENSLEY,
L.L.P.

RECEIVED
MAY 03 1996

ATTORNEYS AT LAW

400 PENN PLAZA, SUITE 700 POST OFFICE BOX 10

ROSWell, NEW MEXICO 88202

(505) 622-6510 FAX (505) 623-9332

LEWIS C. COX JR (1924-1993)
CLARENCE E. HINKLE (1901-1985)

OF COUNSEL
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AUSTIN AFFILIATION
HOFFMAN & STEPHENS, P.C.
KENNETH R. HOFFMAN*
TOM D. STEPHENS*
RONALD C. SCHULTZ, JR.*
JOSE CANO*

May 1, 1996

THOMAS E. HOOD*
REBECCA NICHOLS JOHNSON
STANLEY K. KOTOVSKY, JR.

ELLEN S. CASEY
MARGARET CARTER LUDEWIG
S. BARRY PAISNER
WYATT L. BROOKS*
DAVID M. RUSSELL*
ANDREW J. CLOUTIER
STEPHANIE LANDRY
KIRT E. MOELLING*
DIANE FISHER
JULIE P. NEERKEN
WILLIAM P. SLATTERY
CHRISTOPHER M. MOODY
JOHN D. PHILLIPS
EARL R. MORRIS
JAMES A. GILLESPIE
MARGARET R. MCNETT

*NOT LICENSED IN NEW MEXICO

LAND DEPT.

GARY W. LARSON
LISA K. SMITH*
NORMAN D. EWART
DARREN T. GROCE*
MOLLY MCINTOSH
MARCIA B. LINCOLN
SCOTT A. SHUART*
PAUL G. NASON
AMY C. WRIGHT*
BRADLEY G. BISHOP*
KAROLYN KING NELSON
ELLEN T. LOUDERBOUGH
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STUART D. SHANOR
ERIC D. LANPHERE
C. D. MARTIN
ROBERT P. TINNIN, JR.
MARSHALL G. MARTIN
MASTON C. COURTNEY*
DON L. PATTERSON*
DOUGLAS L. LUNSFORD
NICHOLAS J. NOEDING
T. CALDER EZZELL, JR.
WILLIAM B. BURFORD*
RICHARD E. OLSON
RICHARD R. WILFONG*
THOMAS J. MCBRIDE
NANCY S. CUSACK
JEFFREY L. FORNACIARI

JEFFREY D. HEWETT
JAMES BRUCE
JERRY F. SHACKELFORD*
JEFFREY W. HELLBERG*
WILLIAM F. COUNTISS*
MICHAEL J. CANON
ALBERT L. PITTS
THOMAS M. HNASKO
JOHN C. CHAMBERS*
GARY D. COMPTON*
W. H. BRIAN, JR.*
RUSSELL J. BAILEY*
CHARLES R. WATSON, JR.*
STEVEN D. ARNOLD
THOMAS D. HAINES, JR.
GREGORY J. NIBERT
FRED W. SCHWENDIMANN
JAMES M. HUDSON
JEFFREY S. BAIRD*

Mr. Patrick J. Tower, Project Landman
Enron Oil & Gas Company
Post Office Box 2267
Midland, Texas 79702-2267

Re: **S $\frac{1}{2}$ Section 32-17S-30E, N.M.P.M.**
Eddy County, New Mexico

Dear Pat:

I enclose the following instruments for delivery to Jim McMichael:

- (a) A series of instruments pertaining to the C. A. Schurich interest in N $\frac{1}{2}$ S $\frac{1}{2}$ Section 32; and
- (b) Notice of Probate with respect to Carl A. Hatch, deceased, Bernalillo County District Court Cause No. 2102-Probate.

With the hard copy of this letter, I enclose a copy of the unrecorded "Unitization Assignment and Operating Agreement" which unitized S $\frac{1}{2}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$ Section 32. This is a poor copy, but it is the best copy we could make.

Best regards.

Yours very truly,

HINKLE, COX, EATON, COFFIELD & HENSLEY, L.L.P.


Douglas L. Lunsford

DLL:hl
Enclosures

S.S. to 7/1/20
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ASSIGNMENT OF OIL AND GAS LEASE

KNOW ALL MEN BY THESE PRESENTS: That,

WHEREAS, on April 10, 1935 the State of New Mexico, acting by and through its Commissioner of Public Lands, executed and delivered to William Spurck, as the lessee, that certain oil and gas mining lease No. B-4108, embracing the N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 32, Township 17 South, Range 30 East, N.M.P.M., Eddy County, New Mexico; and,

WHEREAS, the said lease by mesne assignments has been conveyed to Aston & Fair, Inc., a New Mexico corporation, whose Post Office address is 607 Franklin Building, Oklahoma City, Oklahoma, hereinafter referred to as assignor, and assignor is now the owner of record in the State Land Office of said lease and the leasehold estate created thereby; and,

WHEREAS, assignor has agreed to assign said lease and leasehold estate to the following named persons in the respective proportions stated:

R. W. Fair 1/4th,

Bert Aston 1/4th,

C. A. Scheurich and Carl A. Hatch. 5/18ths,

J. R. Cole and Sidney Johnson. 1/18th,

Anna Franklin. 1/6th.

and;

WHEREAS, the rules and regulations of the State Land Office prohibit the approval by the Commissioner of Public Lands of an assignment of a State lease in which more than two persons are named as assignees and also prohibit the approval of an assignment of an undivided interest in an oil and gas lease on State lands; and,

WHEREAS, assignor desires to make a matter of public record the ownership of the above named persons in said oil and gas lease and leasehold estate;

NOW THEREFORE, assignor for and in consideration of the premises and of the sum of One Dollar and other valuable considerations to it in hand paid by the said C. A. Scheurich, Carl A. Hatch, Anna Franklin, J. R. Cole, Sidney Johnson, R. W. Fair, and Bert Aston, hereinafter referred to as assignees, the receipt whereof is hereby acknowledged, has this day sold, transferred, conveyed, and assigned, and by these presents does sell, transfer, convey, and assign to each of said assignees and their respective heirs and assigns the respective interests above set forth in and to the said oil and gas mining lease above described and the leasehold estate created by same insofar as the above described tract of land is concerned and affected, including any and all rights and privileges accruing and to accrue under said lease as to said tract of land, TO HAVE AND TO HOLD the said property unto the said assignees, their heirs and assigns, forever.

Assignor agrees to comply with all valid and reasonable rules and regulations of the State Land Office affecting said lease and to pay to the Commissioner of Public Lands all rentals and royalties which may become due and payable by the terms of the above described lease and to do and perform all things necessary to maintain said lease in good standing and