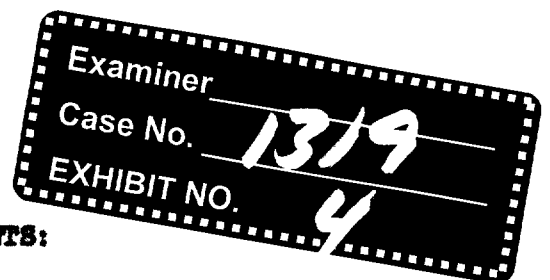


PRODUCTION AGREEMENT



STATE OF NEW MEXICO  
COUNTY OF EDDY

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, on the 9th day of January, 1954, Lee Vandagriff and wife, Jennie May Vandagriff, entered into an oil, gas and mineral lease with Standard Oil Company of Texas, the same being recorded in Volume 60 page 157 of the Oil and Gas Records of Eddy County, New Mexico, covering, among other lands, the following described land, to wit:

The South Half (S/2) of Southeast Quarter (SE/4) of Southeast Quarter (SE/4) of Section 14, Township 18 South, Range 26 East, of N. M. P. M., containing 20 acres, more or less; and

WHEREAS, on the 11th day of February, 1954, Elsa McNatt, a feme sole, entered into an oil, gas and mineral lease with Standard Oil Company of Texas, the same being recorded in Volume 60, page 196 of the Oil and Gas Records of Eddy County, New Mexico, covering the following described land, to wit:

All of the North Half (N/2) of the Southeast Quarter (SE/4) of Southeast Quarter (SE/4) of Section 14, Township 18 South, Range 26 East, of N. M. P. M., containing 20 acres, more or less; and

WHEREAS, on the 12th day of October, 1956, Party Lessee to the two leases hereinabove set out, and by authority granted therein, created the McNatt-Vandagriff Unit whereby the North Half (N/2) of Southeast Quarter (SE/4) of Southeast Quarter (SE/4) of said Section 14 was pooled with the South Half (S/2) of Southeast Quarter (SE/4) of Southeast Quarter (SE/4) of said Section 14 for the purpose of creating a 40-acre unit to be produced and drained by one well, i. e. the Standard Oil Company of Texas No. 1 McNatt-Vandagriff Unit; and

WHEREAS, in addition to the 20 acres out of the Vandagriff lease hereinabove described as being pooled, there is a 40-acre tract covered by the said Vandagriff lease and described as the Southwest Quarter (SW/4) of the Southwest Quarter (SW/4) of Section 13, Township 18 South, Range 26 East, of N. M. P. M., containing 40 acres, more or less, which 40 acres constitutes the entire remainder of the lands covered by said Vandagriff lease; and

WHEREAS, Standard Oil Company of Texas, as operator, contemplates successful completion of a well on the said Southwest Quarter (SW/4) of Southwest Quarter (SW/4) of Section 13, i. e. No. 1 Lee Vandagriff; and

WHEREAS, it is the desire of both the Lessors and Lessee named herein, in order to operate said leases more efficiently, to commingle the oil produced therefrom into common storage.

PRODUCTION AGREEMENT  
PAGE TWO

NOW, THEREFORE, Lee Vandagriff and wife, Jennie May Vandagriff, and Elsa McNatt, for and in consideration of the sum of One and No/100 Dollars (\$1.00) and other good and valuable consideration in hand paid by Standard Oil Company of Texas, do hereby grant to Standard Oil Company of Texas the right to commingle all of the production from the No. 1 McNatt-Vandagriff Unit with all of the production from the No. 1 Lee Vandagriff without the necessity of separate measurement or accounting as to the amount of oil produced from each well; except, however, Standard Oil Company of Texas, as operator, agrees to install and maintain an accurate metering device on each said well for purposes of calculating payments due the undersigned as divided royalty owners under the lands allocated to the said two wells.

Executed in counterpart this 5<sup>th</sup> day of April, 1957.

\_\_\_\_\_  
Lee Vandagriff

\_\_\_\_\_  
Jennie May Vandagriff  
Charlotte Landrie  
Executrix of the estate of  
Elsa McNatt, deceased.  
Elsa McNatt

STATE OF OKLAHOMA |

County of Tulsa |

On this \_\_\_\_\_ day of \_\_\_\_\_ A.D., 1957, before me personally appeared Lee Vandagriff and Jennie May Vandagriff, husband and wife, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

In witness whereof, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

My Commission Expires \_\_\_\_\_  
Notary Public in and for Tulsa County,  
Oklahoma

STATE OF CALIFORNIA |

State of California }  
County of Alameda } SS

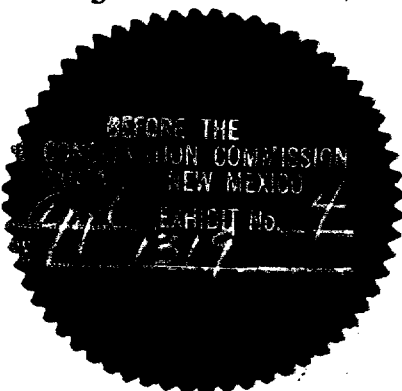
On This 5<sup>th</sup> day of April in the year One Thousand  
Nine Hundred and Fifty Seven before me Burchard H. Styles  
a Notary Public in and for the County of Alameda State of California, residing  
therein, duly commissioned and sworn, personally appeared Charlotte Landrie

known to me to be the person described in and whose name is subscribed  
to the within instrument, Production Agreement

and She acknowledged to me that She executed the same  
Production Agreement

In Witness Whereof, I have hereunto set my hand and affixed my Official Seal, the day and  
year in this certificate first above written.

Burchard H. Styles NOTARY PUBLIC  
In and for said County of Alameda State of California



GENERAL ACKNOWLEDGMENT

My Commission Expires

FORM NF26X-1 PICA Oakland, Calif