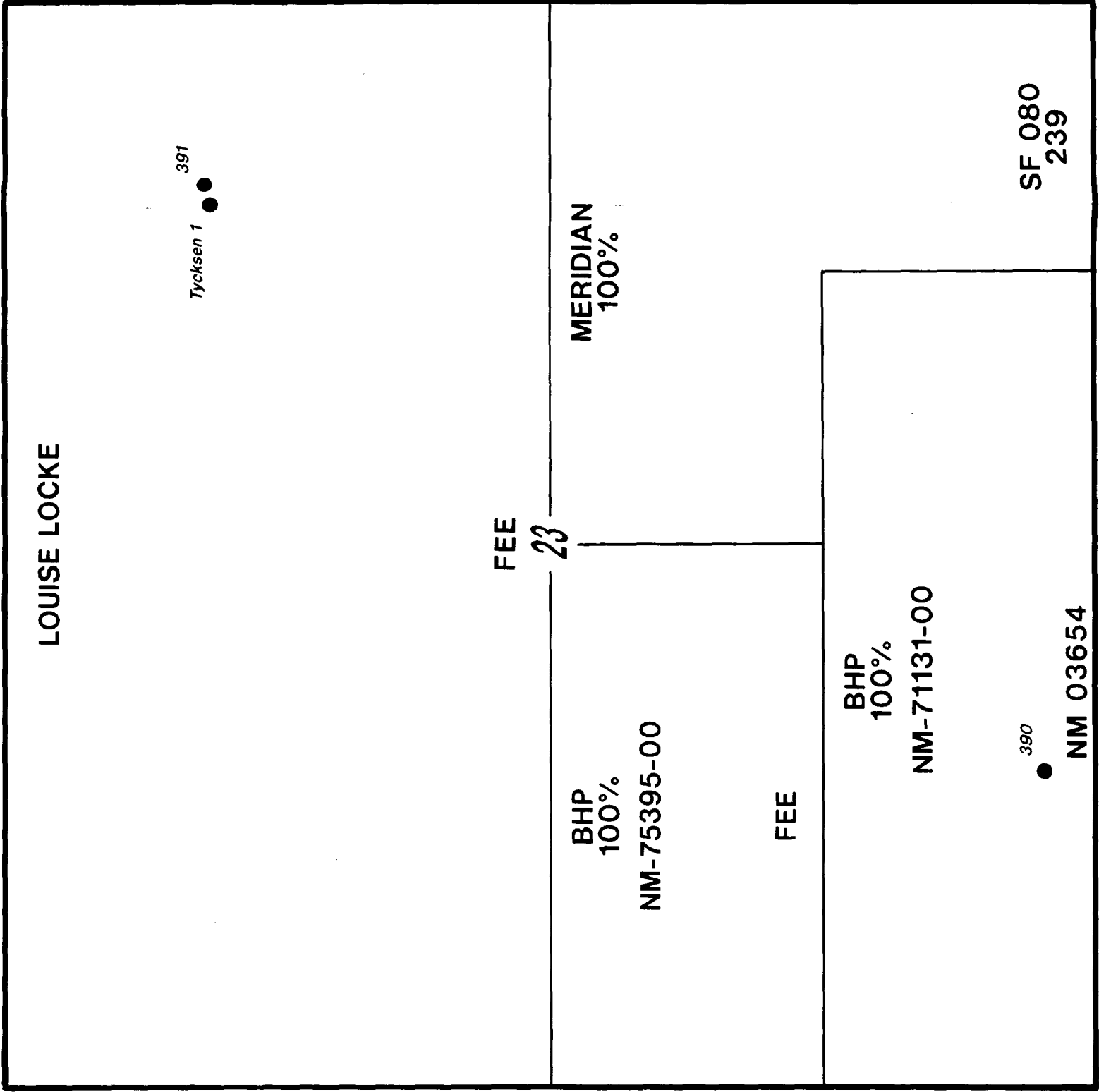
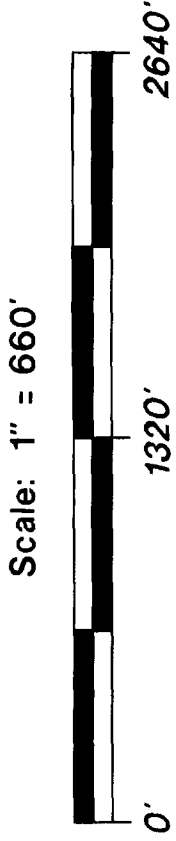


BHP Exhibits 1 through 9
Complete Set



BEFORE EXAMINER STOGNER
OIL CONSERVATION DIVISION
BHP EXHIBIT NO. 1
CASE NO. 10345 110346



BHP Petroleum
GALLEGOS CANYON UNIT
San Juan County, New Mexico
LAND PLAT
Sec. 23 T29N-R13W
T = 660' D. REINHARDT 6-91 3041 A-1
D. CARTER 6-91

Oil and Gas Mining Lease

Acorn Printing Co.

THIS AGREEMENT entered into this the 20th day of February, 1947
between Helen Zimmerman and R. J. Zimmerman, her husband Box 452 Farmington, N.M.
hereinafter called lessor,
and Charles Newbold of Aztec, New Mexico. hereinafter called lessee, does witness:

1. That lessor, for and in consideration of the sum of One and no/100 Dollars (\$ 1.00)
in hand paid, and of the covenants and agreements hereinafter contained to be performed by the lessee, has this day granted and leased and
hereby grants, leases and lets unto the lessee for the purpose of mining and operating for and producing oil and gas, casinghead gas and
casinghead gasoline, laying pipelines, building tanks, storing oil, building power stations, telephone lines, and other structures thereon to
produce, save, take care of and manufacture all of such substances, and for housing and boarding employees, the following described tract
of land in San Juan County, New Mexico, to wit: the East one-half Northeast

Quarter; Southwest Quarter of the Northeast Quarter and Thirteen acres in
the South Part of the Northwest Quarter of the Northeast Quarter.

in Section 23, Township 29N, Range 13W, and containing 137 acres, more or less.

2. This lease shall remain in force for a term of ten (10) years and as long thereafter as oil, gas, casinghead gas, casinghead gasoline or
any of them is or can be produced.

3. The lessee shall deliver to the credit of the lessor as royalty, free of cost, in the pipe line to which lessee may connect its wells the
equal one-eighth part of all oil produced and saved from the leased premises, or at lessee's option, may pay to the lessor for such one-eighth
royalty the market price for oil of like grade and gravity prevailing on the day such oil is run into the pipe line, or into storage tanks.

4. The lessee shall pay lessor, as royalty, one eighth of the proceeds from the sale of the gas, as such, for gas from wells where gas
only is found, and where not sold shall pay Fifty (\$50.00) Dollars per annum as royalty from each well, and while such royalty is so paid
such well shall be held to be a producing well under paragraph numbered two hereof. The lessor to have gas free of charge from any gas
well on the leased premises for stoves and inside lights in the principal dwelling house on said land by making his own connections with the
well, the use of said gas to be at the lessor's sole risk and expense. The lessee shall pay to the lessor for gas produced from any oil well and
used by the lessee for the manufacture of gasoline, or any other product, as royalty, one-eighth of the market value of such gas. If said gas
is sold by the lessee, then as royalty one-eighth of the proceeds of the sale thereof.

5. If operations for the drilling of a well for oil or gas are not commenced on said land on or before one year from this date, this
lease shall terminate as to both parties, unless the lessee shall, on or before one year from this date, pay or tender to the lessor or for the
lessor's credit in the First National Bank at Farmington, N. M., or its
successors, which bank and its successors are the lessor's agent and shall continue as the depository of any and all sums payable under this
lease, regardless of changes of ownership in said land or in the oil and gas, or in the rentals to accrue thereunder, the sum of

One Hundred Thirty Seven and no/100 Dollars (\$ 137.00) which shall
operate as rental and cover the privilege of deferring the commencement of drilling operations for a period of one year. In like manner
and upon like payments or tenders, the commencement of drilling operations may be further deferred for like periods successively. ~~The~~
~~payment of rental herein referred to may be made in currency, draft or check at the option of the lessee and the depositing of~~
~~such currency, draft or check in any post office with sufficient postage and properly addressed to the lessor, on said land, on or before the~~
~~rental paying date, shall be deemed payment as herein provided.~~ Notwithstanding the death of the lessor, or his successor in interest,
the payment or tender of rentals in the manner provided above shall be binding on the heirs, devisees, executors and administrators of
such person.

6. If at any time prior to the discovery of oil or gas on this land and during the term of this lease, the lessee shall drill a dry hole, or
holes on this land, this lease shall not terminate, provided operations for the drilling of a well shall be commenced by the next ensuing
rental paying date, or provided the lessee begins or resumes the payment of the rentals in the manner and amount herein above provided;
(and in this event the preceding paragraphs hereof governing the payment of rentals and the manner and effect thereof shall continue in
force).

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

8. The lessee shall have the right to use, free of cost, gas, oil and water found on said land for its operations thereon, except water
from the wells of the lessor. When required by lessor, the lessee shall bury pipe lines below plow depth and shall pay for damage caused by
its operation to growing crops on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises
without written consent of the lessor. Lessee shall have the right at any time during or after the expiration of this lease to remove all machinery,
fixtures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing.

9. If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants
hereof shall extend to the heirs, executors, administrators, successors and assigns, but no change of ownership in the land or in the
rentals or royalties shall be binding on the lessee until after notice to the lessee and it has been furnished with the written transfer or assignment
or a certified copy thereof. In case lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect
to the assigned portion or portions arising subsequent to the date of assignment.

10. If the leased premises are now or if same shall hereafter be owned in severalty or in separate tracts, the premises, nevertheless, shall
be developed and operated as one lease and all royalties accruing hereunder shall be treated as an entirety and shall be divided among and
paid to such separate owners in the proportions that the acreage owned by each such separate owners bears to the entire leased acreage.
There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease may be here-
after divided by sale, devise, or otherwise, or to furnish separate measuring or receiving tanks. It is hereby agreed that, in the event this
lease shall be assigned as to a part or as to parts of the above described lands, and the holder or owner of any such part or parts shall fail
or make default in the payment of the proportionate part of the rent due from him or them, such default shall not operate to defeat or af-
fect this lease in so far as it covers a part or parts of said land upon which said lessee or any assigns hereof shall make due payment of
said rental. If at any time there be as many as four parties entitled to rentals or royalties, lessee may withhold payments hereof unless and
until all parties designate, in writing, in a recordable instrument to be filed with the lessee, a common agent to receive all payments due
hereunder, and to execute division and transfer orders on behalf of said parties, and their respective successors in title.

11. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the lessee, at its option, may pay
and discharge any taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in event it exer-
cises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge
of any such mortgage, tax or other lien, any royalty or rentals accruing hereunder.

12. Notwithstanding anything in this lease contained to the contrary, it is expressly agreed that if lessee shall commence drilling
operations at any time while this lease is in force, this lease shall remain in force and its terms shall continue so long as such operations
are prosecuted and, if production results therefrom, then as long as production continues.

13. If within the primary term of this lease production on the leased premises shall cease from any cause, this lease shall not terminate
provided operations for the drilling of a well shall be commenced before or on the next ensuing rental paying date; or, provided lessee be-
gins or resumes the payment of rentals in the manner and amount herein above provided. If, after the expiration of the primary term of
this lease, production on the leased premises shall cease from any cause, this lease shall not terminate, provided lessee resumes operations
for drilling a well within sixty (60) days from such cessation, and this lease shall remain in force during the prosecution of such opera-
tions and, if production results therefrom, then as long as production continues.

14. Lessee may at any time surrender this lease, in whole or in part, by delivering or mailing a written declaration of surrender
to the lessor or to the common agent named in the proper county.

15. It is agreed that this lease shall never be forfeited or cancelled for failure to perform in whole or in part any of its implied cov-
enants, conditions or stipulations until it shall have first been finally judicially determined that such failure exists, and after such final
determination, lessee is given a reasonable time therefrom to comply with any such covenants, conditions or stipulations.

All covenants, conditions and stipulations of this lease shall be deemed to be incorporated herein by reference to the original lease and its amendments.

CASE NO.

10345/10346

ALL payments or tenders may be made by check or draft of lessee or any assignee thereof, mailed or delivered on or before the rental paying date.

OIL CONSERVATION DIVISION

1-29

and shall continue in full force and effect until lease is terminated or produce the oil, gas or other mineral and as long thereafter as production continues in paying quantities or drilling or reworking operations are continued as elsewhere herein provided.

17. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said lessor or lessee.

18. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damages for failure to comply therewith, if compliance is prevented by, or if, IN WITNESS WHEREOF, we sign the day and year first above written. such failure is the result of any such Law, Order, Rule or Regulation.

WITNESS:

Helen Zimmerman

R. J. Zimmerman

74463

| | | |
|---|---------|-----------|
| MID-CONTINENT | Revised | Universal |
| OIL AND GAS LEASE | | |
| FROM | | |
| Helen Zimmerman et vir. | | |
| TO | | |
| Charles Newbold | | |
| No. Acres | Term | |
| Dated | 194 | |
| Section | Twp. | Rge. |
| County | | |
| STATE OF New Mexico | | |
| County of San Juan | | |
| This instrument was filed for record on the | | |
| 19 day of April, 1947 | | |
| at 10:38 o'clock A. M., and duly recorded | | |
| in Book 125 Page 153 of the | | |
| record of this office. | | |
| Liska Dial | | |
| County Clerk | | |
| When Recorded | | |
| Return to L. P. Hine | | |
| P.O. Box 335, Albuquerque, N. M. | | |

ACKNOWLEDGMENT OF NATURAL PERSON

STATE OF NEW MEXICO

COUNTY OF San Juan

ss.

On this 26th day of Feb., 1947, before me personally appeared Helen Zimmerman and R. J. Zimmerman, her husband

to me known to be the person 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 official signature and affixed my notarial seal the day and year first above written.

My Commission expires: March 27th, 1948

G. C. Culpepper

Notary Public

(SEAL)

ACKNOWLEDGMENT OF NATURAL PERSON ACTING AS ATTORNEY

STATE OF NEW MEXICO

COUNTY OF

ss.

On this day of 194, before me personally appeared

to me known to be the person who executed the foregoing instrument in behalf of

and acknowledged that he executed the same as the free act and deed of said

ASSIGNMENT OF OIL AND GAS LEASE

Know All Men by These Presents:

That the undersigned, Charles Newbold and wife,Edna Frances Newbold

(hereinafter called Assignor), for and in consideration of One Dollar (\$1.00) the receipt whereof is hereby acknowledged, does hereby sell, assign, transfer and set over unto

STANOLIND OIL AND GAS COMPANY(hereinafter called Assignee), rights, title and interest in and to the oil and gas lease dated February 20, 1947, 19 from Helen Zimmerman and husband, R. J. Zimmerto Charles Newbold lessor, Swhich recorded in book _____, page _____, 125 as said lease covers the following described land in San Juan County, State of New Mexico:

The East Half of Northeast Quarter (E/2 NE/4),
 Southwest Quarter of Northeast Quarter (SW/4 NE/4)
 and Thirteen (13) Acres in South Part of Northwest Quarter of
 Northeast Quarter (NW/4 NE/4) Section Twenty-three (23),
 Township Twenty-nine (29) North, Range Thirteen (13) West,
 containing 137 acres more or less.

together with the rights incident thereto and the personal property thereon, appurtenant thereto, or used or obtained in connection therewith.

And for the same consideration the Assignor covenants with the Assignee, its or his heirs, successors or assigns: That the Assignor is the lawful owner of and has good title to the interest above assigned in and to said lease, estate, rights and property, free and clear from all liens, encumbrances or adverse claims; That said lease is a valid and subsisting lease on the land above described, and all rentals and royalties due thereunder have been paid and all conditions necessary to keep the same in full force have been duly performed; and that the Assignor will warrant and forever defend the same against all persons whomsoever, lawfully claiming or to claim the same.

EXECUTED, This 28th day of February, 1947.

(Charles Newbold) Charles Newbold
 (Edna Frances Newbold) Edna Frances Newbold

ACKNOWLEDGMENT FOR INDIVIDUAL (Oklahoma and Kansas,

STATE OF NEW MEXICOCOUNTY OF SAN JUAN } ssBefore me, the undersigned, a Notary Public within and for said County and State, on this 18th day of

April, 1947, personally appeared Charles Newbold
 and wife, Edna Frances Newbold to me well known to be the
 identical person.... who executed the within and foregoing instrument, and duly acknowledged to me that they executed the same as
 their free and voluntary act and deed for the uses and purposes therein set forth.

In testimony whereof I have hereunto set my hand and official seal the day and year last above written.

My Commission expires July 22, 1950
 My Commission expires _____ Liska Dial Notary Public
 (SEAL)

ACKNOWLEDGMENT FOR CORPORATION

STATE OF _____ } ss

COUNTY OF _____

Before me, the undersigned, a Notary Public within and for said County and State, on this

STATE OF NEW MEXICO } ssCounty of San Juan

I hereby certify that this instrument

filed for record on April 19at 10:39 A.M.in book 125 page 154

of the Records of said County.

Liska Dial

Probate Clerk and ex-officio

Deputy

2.33... M. and ...
Recorded in book... page...
of the Records of said county.
Virginia A. Kistell
Probate Clerk and Ex-Officio Recorder.
Mattie Gorman
Deputy

ASSIGNMENT

STATE OF NEW MEXICO }
COUNTY OF SAN JUAN }

KNOW ALL MEN BY THESE PRESENTS:

THAT in consideration of \$1.00 and other good and valuable considerations, the receipt of which is hereby acknowledged, Stanolind Oil and Gas Company, a corporation, hereby does bargain, sell, assign, transfer and convey unto Earl A. Benson and Wm. V. Montin, their heirs and assigns, an undivided 1/2 of all its right, title and interest in and to each of the oil and gas leases described in the Lease Schedule marked Exhibit "A", attached hereto and made a part hereof, insofar as said leases respectively cover the land specifically described in said Lease Schedule, said land being situated in San Juan County, State of New Mexico.

Certain of the leases described in said Lease Schedule are located within the unit area described in that certain Unit Agreement for the Development and Operation of the Gallegos Canyon Unit Area, County of San Juan, State of New Mexico, dated November 1, 1950, which leases have been committed to said Unit Agreement and the Unit Operating Agreement executed by the working interest owners in connection therewith. With respect to such leases so committed, this assignment is expressly made subject to said Unit Agreement and Unit Operating Agreement. This assignment is further made subject to the terms and provisions of that certain agreement made and entered into on the 1st day of December, 1949, by and between Stanolind Oil and Gas Company and Earl A. Benson and Wm. V. Montin, which agreement is styled "Contract Providing for the Drilling of Six Test Wells and Assignment of Lease Acreage".

This assignment is made without warranty of any kind, express or implied.

EXECUTED this 14 day of November, 1951.

ATTEST:
[Signature]
Assistant Secretary

STANOLIND OIL AND GAS COMPANY

BY [Signature]
Attorney in Fact



STATE OF TEXAS

COUNTY OF TARRANT

On this 14 day of November, 1951, before me appeared John A. Evans to me personally known, who, being by me duly sworn did say that he is the Attorney in Fact of Stanolind Oil and Gas Company, and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said John A. Evans acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal on this, the day and year first above written.

NOTARY PUBLIC
My Commission Expires 6-1-53
COUNTY OF TARRANT

Ada Belle Gartman
Notary Public in and for Tarrant
County, Texas. Ada Belle Gartman

LEASE SCHEDULE

EXHIBIT "A" PAGE ONE STATE OF NEW MEXICO COUNTY OF SAN JUAN

(County Records)

Stanolind
LEASE NO.

| LESSOR | LESSEE | DATE | DESCRIPTION | RECORDED BOOK | RECORDED PAGE |
|-------------------------|-------------------------------|----------|--|------------------|------------------|
| J. E. Crawford, et ux | Charles Newbold | 1/30/47 | NE/4 SW/4, NW/4 SE/4, W/2 SE/4 SW/4, SW/4 SW/4 Section 24; W/2 NW/4, N/2 SW/4 Section 25; NE/4 SE/4 Section 26-29N-12W | 125 | 161 |
| Mrs. Maud Parrell | Stanolind Oil and Gas Company | 10/23/47 | E/2 SE/4 Section 26-29N-12W | 130 | 76 |
| J. E. Crawford, et ux | Charles Newbold | 2/27/47 | S/2 NE/4, NW/4 SE/4 Section 28-29N-12W | 125 | 163 |
| L. V. Goff, et ux | Charles Newbold | 1/31/47 | NW/4 Section 29; SE/4 SW/4 Section 20-29N-12W | 125 | 157 |
| H. H. Smith, et ux | Charles Newbold | 2/8/47 | W/2 NW/4, W 24 ac. of NW/4 SW/4 Section 19-29N-12W; E 5 ac. of SE/4 NE/4 Sec. 24-29N-13W | 125 | 167 |
| W. T. Calloway | Charles Newbold | 2/11/47 | SW/4 NW/4, N/2 SW/4 Section 30-29N-12W SE/4 NE/4 Section 25-29N-13W | 125 | 159 |
| J. W. Doak, et ux | Charles Newbold | 1/30/47 | E/2 NW/4, NE/4 SW/4, NE/4, SW/4 NW/4, NW/4 SW/4 Section 26-29N-12-W. | 125 | 155 |
| Helen Zimmerman, et vir | Charles Newbold | 2/20/47 | E/2 NE/4, SW/4 NE/4, and 13 ac. in S part NW/4 NE/4 Section 23-29N-13W | 125 | 153 |
| Daye Miller, et al | Charles Newbold | 2/11/47 | NW/4 SE/4, S/2 SE/4, SE/4 SW/4 Section 30-29N-12W | 125 | 151 |
| J. S. Hartman, et al | Charles Newbold | 1/31/47 | NE/4 NW/4, SE/4 Section 34; SW/4 NW/4, W/2 SW/4 Section 35-29N-12W | 125 | 149 |
| Phil Schenck, et ux | Charles Newbold | 2/24/47 | SW/4 NE/4 Section 25-29N-13W; W/2 SW/4, SE/4 SW/4 Section 29-29N-12W | 125 | 147 |
| J. S. Hartman, et al | Charles Newbold | 1/31/47 | E/2 SW/4, SE/4, E/2 NE/4 Section 35-29N-12W | 125 | 145 |

EXHIBIT "A" PAGE TWO STATE OF NEW MEXICO COUNTY OF SALT JUAN (County Records)

| Stanolind Lease No. | LESSOR | LESSEE | DATE | DESCRIPTION | RECORDED PAGE | 177 |
|------------------------|--------------------------|-------------------------------|---------|---|------------------|-----|
| 74469 | Owen K. McCarty, et ux | Charles Newbold | 3/13/47 | East 23 ac. in NW/4 NW/4 Section 24-29N-13W ✓ | 125 | 177 |
| 74480-A | Maria C. Peterson | Charles Newbold | 3/12/47 | NE/4 NW/4, SW/4 SE/4 Section 25-29N-12W ✓ | 125 | 169 |
| 74480-B | Cecelia P. Ransom | Stanolind Oil and Gas Company | 3/12/48 | NE/4 NW/4, SW/4 SE/4 Section 25-29N-12W ✓ | 135 | 122 |
| 74780-C | Cecil R. Peterson, et ux | Stanolind Oil and Gas Company | 3/1/49 | NE/4 NW/4, SW/4 SE/4 Section 25-29N-12W ✓ | 135 | 301 |
| 74481 | J. B. Lancaster | Charles Newbold | 3/8/47 | S/2 NW/4, SW/4 NE/4 Section 24-29N-13W ✓ | 125 | 175 |
| 74482 | Joe T. Kellenaers, et ux | Charles Newbold | 3/8/47 | NE/4 NW/4 Section 24-29N-13W ✓ | 125 | 171 |
| 74483 | H. B. Sammons, et vir | Charles Newbold | 2/27/47 | NW/4 NW/4, S/2 NW/4, NE/4 SW/4 Section 28-29N-12W ✓ | 125 | 165 |
| 74484 | Andres Medina | Charles Newbold | 3/12/47 | N/2 NE/4 Section 33; N/2 NW/4 Section 34-29N-12W ✓ | 125 | 173 |
| 74494 | Thomas F. Kerby, et ux | Stanolind Oil and Gas Company | 5/8/47 | East 60 ac. of E/2 SW/4 Section 19-29N-12W ✓ | 125 | 241 |
| 79788 | Thomas F. Kerby, et ux | Stanolind Oil and Gas Company | 9/17/47 | West 20 ac. of E/2 SW/4 Section 19-29N-12W ✓ | 130 | 25 |
| 79789 | S. H. Carlton, et ux | Stanolind Oil and Gas Company | 9/17/47 | West 12 ac. of NW/4 NW/4 Section 24-29N-12W ✓ | 130 | 26 |
| 79790 | Howard H. Smith, et ux | Stanolind Oil and Gas Company | 9/17/47 | East 16 ac. of NW/4 SW/4 Section 19-29N-12W ✓ | 130 | 27 |
| 79792 | H. B. Sammons, et al | Stanolind Oil and Gas Company | 9/17/47 | E/2 SE/4 SE/4 Section 27-29N-12W ✓ | 130 | 28 |
| 79793 | Thomas Gordon, et ux | Stanolind Oil and Gas Company | 9/24/47 | S/2 SE/4 Section 22-29N-12W ✓ | 130 | 30 |

177
169
122
301
175
171
165
173
241
25
26
27
28
30

EXHIBIT "A" PAGE THREE
 STATE OF NEW MEXICO COUNTY OF SAN JUAN
 (County Records)

100

| Stanolind LEASE NO. | LESSOR | LESSEE | DATE | DESCRIPTION | RECORDED PAGE | (County Records) |
|------------------------|--------------------------|----------------------------------|----------|---|------------------|------------------|
| 79794-A | Mrs. C. V. H. Carlisle | Stanolind Oil and Gas Company | 9/17/47 | W/2 SW/4 SE/4 Section 27-29N-12W ✓ | 130 | 77 |
| 79794-B | M. H. Stark, et ux | Stanolind Oil and Gas Company | 8/18/48 | E/2 NE/4 NE/4, NW/4 NE/4 Section 34; SW/4 SE/4, NW/4 SW/4, W/2 SW/4 SW/4 Section 27; E/2 SE/4 Section 28-29N-12W | 130 | 467 |
| 79794-C | Jesse T. Brimball, et ux | Stanolind Oil and Gas Company | 12/16/48 | NW/4 SW/4, W/2 SW/4 SW/4 Section 27; E/2 SE/4 Section 28-29N-12W | 135 | 169 |
| 79800 | H. L. Sterling, et al | Stanolind Oil and Gas Company | 5/15/47 | NW/4 NE/4, SE/4 NW/4, S/2 NE/4, N/2 NW/4 Section 30; SW/4 SW/4 Section 19- 29N-12W; S/2 S/2 Section 24; N/2 N/2 ✓ Section 25-29N-13W | 130 | 78 |
| 87720 | J. D. Roquemore, et ux | Stanolind Oil and Gas Company | 8/17/48 | E/2 SW/4 SW/4 Section 20-29N-12A | 135 | 1 |
| 87722 | C. W. Clegg, et ux | Stanolind Oil and Gas Company | 8/19/48 | E/2 SW/4 Section 15-29N-12W ✓ | 135 | 5 |
| 87729 | Anthony J. Michel, et al | Stanolind Oil and Gas | 9/8/48 | W/2 E/2 NE/4, E/2 E/2 NE/4 Section 24- 29N-13W, Except 5 ac. out of the S/2 of the last call ✓ | 135 | 31 |
| 87766 | Sandia Corporation | anolind Oil and Gas Company | 10/5/48 | Lot 2 or SW/4 NW/4, SE/4 NW/4, NE/4 SW/4, N/2 SE/4 Section 18-29N-12W ✓ | 135 | 105 |
| 87770 | John B. Arrington, et al | Stanolind Oil and Gas Company | 8/18/48 | W/2 NE/4, E/2 NW/4 Section 35-29N-12W ✓ | 135 | 93 |
| 87774-A | Gladys Booram | Stanolind Oil and Gas Company | 11/1/48 | E/2 SW/4 SW/4, SE/4 SW/4 Section 13- 29N-13W | 135 | 127 |
| 87774-B | Thomas W. Kerby, et ux | Stanolind Oil and Gas Company | 11/1/48 | E/2 SW/4 SW/4, SE/4 SW/4 Section 13- 29N-13W | 135 | 176 |

LEASE SCHEDULE

EXHIBIT "A" PAGE FOUR LESSOR LESSSEE STATE OF NEW MEXICO COUNTY OF SAN JUAN (County Records)

| Stanolind LEASE NO. | LESSOR | LESSSEE | DATE | DESCRIPTION | RECORDED PAGE | 138 |
|------------------------|-------------------------------|----------------------------------|----------|--|------------------|-----|
| 87781 | Charles W. Beers, et ux | Stanolind Oil and Gas Company | 9/8/48 | SW/4 SE/4 Section 24, except 4 ac; NW/4 NE/4 Section 25-29N-12W ✓ | 135 | 138 |
| 87782 | Jessie Cox Churchill | Stanolind Oil and Gas Company | 11/12/48 | NW/4 SW/4 Section 13; All that part of NE/4 SE/4 Section 14 lying E of Echo Irrigation Ditch, Twp. 29N-13W | 135 | 142 |
| 87789 | J. B. Brown, et ux | Stanolind Oil and Gas Company | 11-29-48 | W/2 SW/4 SW/4 Section 13-29N-13W ✓ | 135 | 144 |
| 87810 | Clair Patterson, et al | Stanolind Oil and Gas Company | 12/14/48 | N/2 SW/4 NE/4, S 3/4 NW/4 SE/4 ✓ Section 25-29N-12W | 135 | 151 |
| 87821 | Jesse T. Brimball, et ux | Stanolind Oil and Gas Company | 12/16/48 | SE/4 SW/4 Section 27-29N-12W ✓ | 135 | 168 |
| 87823 | Arthur Coy, et ux | Stanolind Oil and Gas Company | 12/16/48 | East 1,071 ft. of SW/4 NW/4 Section 13- 29N-13W ✓ | 135 | 179 |
| 79961 | Charles R. Keller, Jr., et ux | Stanolind Oil and Gas Company | 6/28/48 | S/2 N/2 Section 34-29N-12W ✓ | 130 | 412 |
| 87679 | Edos James Strawn, et ux | Stanolind Oil and Gas Company | 8/2/48 | NW/4 NW/4 Section 13; Frac. part of NE/4 NE/4 Section 14-29N-13W | 135 | 10 |
| 87702 | Goldie A. Chapman, et ux | Stanolind Oil and Gas Company | 8/17/48 | W/2 SW/4 SW/4 Section 20; SE/4 SE/4 Section 19-29N-12W ✓ | 130 | 464 |
| 87705 | F. L. Lee, et ux | Stanolind Oil and Gas Company | 8/17/48 | E/2 N/2 Section 29; SW/4 SE/4 ✓ Section 20-29N-12W | 130 | 469 |
| 87706 | Frank Mararow, et ux | Stanolind Oil and Gas Company | 8/13/48 | SE/4 SW/4 Section 22; NE/4 NW/4 Section 27-29N-12W ✓ | 130 | 470 |

ASSIGNMENT

STATE OF NEW MEXICO)
COUNTY OF NEW MEXICO)

KNOW ALL MEN BY THESE PRESENTS:

County of San Juan, New Mexico
I hereby certify that this instrument
was recorded in the
at 3:10 p.m. on January 20, 1952
recorded in Book 175, Page 181
of the Records of said county.

Virginia L. Battell
Notary Public and ex-officio Register

That in consideration of \$1.00 and other good and valuable considerations, the receipt of which is hereby acknowledged, Earl A. Benson and Ivy E. Benson, husband and wife, and Wm. V. Montin and Kathleen M. Montin, husband and wife, hereby do bargain, sell, assign, transfer and convey unto Benson & Montin, Inc., a corporation, all of their right, title and interest in and to each of the oil and gas leases described in the Lease Schedule marked Exhibit "A", attached hereto and made a part hereof, insofar as said leases respectively cover the land specifically described in said Lease Schedule, said land being situated in San Juan County, State of New Mexico.

The leases described in said Lease Schedule are located within the unit area described in that certain Unit agreement for the Development and Operation of the Gallegos Canyon Unit Area, County of San Juan, State of New Mexico, dated November 1, 1950, which leases have been committed to said Unit Agreement and the Unit Operating Agreement executed by the working interest owners in connection therewith. With respect to such leases so committed, this assignment is expressly made subject to said Unit Agreement and Unit Operating Agreement. This assignment is further made subject to the terms and provisions of that certain agreement made and entered into on the 1st day of December, 1949, by and between Stanolind Oil and Gas Company and Earl A. Benson and Wm. V. Montin, which agreement is styled "Contract Providing for the Drilling of Six Test Wells and Assignment of Lease Acreage."

This assignment is made without warranty of any kind, express, or implied.

Executed this 18th day of January, 1952.

Earl A. Benson
Earl A. Benson

Ivy E. Benson
Ivy E. Benson

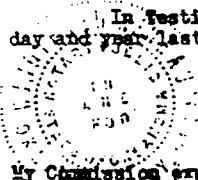
Wm. V. Montin
Wm. V. Montin

Kathleen M. Montin
Kathleen M. Montin

STATE OF OKLAHOMA)
COUNTY OF OKLAHOMA) SS

Before me, the undersigned, a Notary Public within and for said County and State, on the 18th day of January, 1952, personally appeared Earl A. Benson, Ivy E. Benson, Wm. V. Montin, and Kathleen M. Montin, to me well known to be the identical persons who executed the same as their free and voluntary act and deed for the uses and purposes set forth therein.

In Testimony Whereof I have hereunto set my hand and official seal the day and year last above written.



James E. [Signature]
Notary Public

My Commission expires 7/10/55

LEASE SCHEDULE

| EXHIBIT "A" PAGE ONE | STATE OF NEW MEXICO | COUNTY OF SAN JUAN | LESSOR | DATE | DESCRIPTION | Recorded Book Page |
|----------------------|------------------------------|--------------------|----------|---|-------------|--------------------|
| 74461 | Stanford Oil and Gas Company | Charles Newbold | 1/30/47 | W/2 NW/4, W/2 SW/4 Section 25 NE/4 SE/4 Section 26-29N-12W | 125 161 | |
| 74462 | Stanford Oil and Gas Company | Charles Newbold | 10/23/47 | NE/4 SE/4 Section 26-29N-12W SE/4 SE/4 Section 26-29N-12W | 130 76 | |
| 74463 | Stanford Oil and Gas Company | Charles Newbold | 2/27/47 | S/2 NE/4, NW/4 NE/4 Sec. 28-29N-12W | 125 165 | |
| 74464 | Stanford Oil and Gas Company | Charles Newbold | 1/31/47 | NW/4 Sec. 29; SE/4 SW/4 Sec. 20, 29N-12W | 125 157 | |
| 74465 | Stanford Oil and Gas Company | Charles Newbold | 2/8/47 | W/2 NW/4, W 24 ac. of NW/4 SW/4 Section 19-29N-12W; E 5 ac. of SE/4 NE/4 Section 24-29N-13W | 125 167 | |
| 74466 | Stanford Oil and Gas Company | Charles Newbold | 2/11/47 | SW/4 NW/4, W/2 SW/4 Sec. 30-29N-12W SE/4 NE/4 Section 25-29N-13W | 125 159 | |
| 74467 | Stanford Oil and Gas Company | Charles Newbold | 1/30/47 | E/2 NW/4, NE/4 SW/4, NE/4, SW/4 NW/4, NW/4 SW/4 Section 26-29N-12W | 125 155 | |
| 74468 | Stanford Oil and Gas Company | Charles Newbold | 2/20/47 | E/2 NE/4, SW/4 NE/4, and 13 ac. in S part NW/4 NE/4 Section 23-29N-13W | 125 153 | |
| 74469 | Stanford Oil and Gas Company | Charles Newbold | 2/11/47 | NW/4 SE/4, S/2 SE/4, SE/4 SW/4 Section 30-29N-12W | 125 151 | |
| 74470 | Stanford Oil and Gas Company | Charles Newbold | 1/31/47 | NE/4 SW/4, SE/4 Section 34; W/2 SW/4, SW/4 NW/4 Sec. 35-29N-12W | 125 149 | |
| 74471 | Stanford Oil and Gas Company | Charles Newbold | 2/24/47 | SW/4 NE/4 Sec. 25-29N-13W; W/2 SW/4, SE/4 SW/4 Section 29-29N-12W | 125 147 | |
| 74472 | Stanford Oil and Gas Company | Charles Newbold | 1/31/47 | E/2 SW/4, SE/4, E/2 NE/4 Section 35-29N-12W | 125 145 | |
| 74473 | Stanford Oil and Gas Company | Charles Newbold | 3/13/47 | East 28 ac. in NW/4 NW/4 Section 24-29N-13W | 125 177 | |

LEASE SCHEDULE

EXHIBIT "A" PAGE TWO STATE OF NEW MEXICO COUNTY OF SAN JUAN

| LESSOR | LESSEE | DATE | DESCRIPTION | Recorded Book Page |
|---------------------------------------|-------------------------------|----------|--|--------------------|
| Stanolind TR. Lease No. 150 | Charles Newbold | 3/12/47 | NE 1/4 NW 1/4, SW 1/4 SE 1/4 Sec. 25-29N-12W | 125 169 |
| 79480-1-150 Maria O. Peterson | Stanolind Oil and Gas Company | 3/12/48 | NE 1/4 NW 1/4, SW 1/4 SE 1/4 Sec. 25-29N-12W | 135 122 |
| 79480-2-150 Cecelia F. Rabson | Stanolind Oil and Gas Company | 3/1/49 | NE 1/4 NW 1/4, SW 1/4 SE 1/4 Sec. 25-29N-12W | 135 301 |
| 79480-3-150 Cecil E. Peterson, et ux | Charles Newbold | 3/8/47 | S 1/2 NW 1/4, SW 1/4 NE 1/4 Sec. 24-29N-13W | 125 175 |
| 79481-1-108 S. B. Lancaster | Charles Newbold | 3/27/47 | NW 1/4 NW 1/4, S 1/2 NW 1/4, NE 1/4 SW 1/4 28-29N-12W | 125 165 |
| 79483-1-129 H. B. Sammons, et ux | Charles Newbold | 3/8/47 | NE 1/4 NW 1/4 Section 24-29N-13W | 125 171 |
| 79483-2-107 Joe. E. Kellenaers, et ux | Charles Newbold | 3/12/47 | N 1/2 NE 1/4 Sec. 33; N 1/2 NW 1/4 Sec. 34-29N-12W | 125 173 |
| 79484-1-144 Andres Medina | Stanolind Oil and Gas Company | 5/8/47 | E. 60 ac. of N 1/2 SW 1/4 Sec. 19-29N-12W | 125 241 |
| 79484-2-118 Thomas F. Kerby, et ux | Stanolind Oil and Gas Company | 9/17/47 | W. 20 ac. of E 1/2 SW 1/4 Section 19-29N-12W | 130 25 |
| 79768-1-119 Thomas F. Kerby, et ux | Stanolind Oil and Gas Company | 9/17/47 | W. 12 ac. of NW 1/4 NW 1/4 Section 24-29N-13W | 130 26 |
| 79769-1-105 S. H. Carlton, et ux | Stanolind Oil and Gas Company | 9/17/47 | E. 16 ac. of NW 1/4 SW 1/4 Section 19-29N-12W | 130 27 |
| 79790-1-121 Howard H. Smith, et ux | Stanolind Oil and Gas Company | 9/17/47 | E 1/2 SE 1/4 SE 1/4 Section 27-29N-12W | 130 28 |
| 79792-1-139 H. B. Sammons, et al | Stanolind Oil and Gas Company | 9/24/47 | S 1/2 SE 1/4 Section 22-29N-12W | 130 30 |
| 79793-1-141 Thomas Gordon, et ux | Stanolind Oil and Gas Company | 9/17/47 | W 1/2 SW 1/4 SE 1/4 Section 27-29N-12W | 130 77 |
| 79794-1-134 Mrs. C. V. H. Carlisle | Stanolind Oil and Gas Company | 8/18/48 | W 1/2 SW 1/4 SE 1/4 Section 27-29N-12W | 130 467 |
| 79794-2-135 M. H. Stark, et ux | Stanolind Oil and Gas Company | | W 1/2 SW 1/4 SE 1/4 Section 27-29N-12W | |
| 79794-3-128 Jesse T. Brimhall, et ux | Stanolind Oil and Gas Company | 12/16/48 | NW 1/4 SW 1/4, W 1/2 SW 1/4 SW 1/4 Sec. 27-29N-12W | 135 169 |
| 79800-1-112 H. L. Sterling, et al | Stanolind Oil and Gas Company | 5/15/47 | NW 1/4 NE 1/4, SE 1/4 NW 1/4, S 1/2 NE 1/4, N 1/2 NW 1/4 Sec. 30; SW 1/4 SW 1/4 Sec. 19-29N-12W; S 1/2 S 1/2 Sec. 24; N 1/2 N 1/2 Section 25-29N-13W | 130 78 |

LEASE SCHEDULE

EXHIBIT "A" PAGE THREE

STATE OF

NEW MEXICO

COUNTY OF

SAN JUAN

RAM

Stanolind TR.

Lease No. No.

LESSOR

LESSEE

DATE

DESCRIPTION

Recorded Book Page

87720 ✓ 127 J. D. Roquemore, et ux

87729 ✓ 110 Anthony J. Michel, et al

87766 ✓ 115 Sandia Corporation

87774-A ✓ 116

87774-A ✓ 100 Gladys Booras

87774-B ✓ 100 Thomas V. Kerby, et ux

87782 ✓ 97 Jessie Cox Churchill

87789 ✓ 99 J. B. Brown, et ux

87810 ✓ 151 Clair Patterson, et al

87821 ✓ 132 Jesse T. Brimhall, et ux

87823 ✓ 98 Arthur Coy, et ux

79961 ✓ 143 Charles R. Keller, Jr., et ux

87679 ✓ 96 Knou James Strawn, et ux

87702 ✓ 117 Goldie A. Chapman, et ux

87705 ✓ 125 F. V. Lee, et ux

87706 ✓ 139 Frank Harsrow, et ux

Return:
Barren & Monte
1501 Petroleum Bldg.
Oklahoma City 10-10-44

| | | | |
|-------------------------------|----------|---|---------|
| Stanolind Oil and Gas Company | 8/17/48 | E/2 SW/4 SW/4 Sec. 20-29N-12W | 135 1 |
| Stanolind Oil and Gas Company | 9/8/48 | W/2 E/2 NE/4, N/2 E/2 NE/4 Section 24-29N-13W, except 5 ac. out of the S/2 of the last call | 135 31 |
| Stanolind Oil and Gas Company | 10/5/48 | Lot 2 or SW/4 NW/4, SE/4 NW/4, NE/4 SW/4 Section 18-29N-12W, W/2 SE/4 Section 18-29N-12W | 135 105 |
| Stanolind Oil and Gas Company | 11/1/48 | E/2 SW/4 SW/4, SE/4 SW/4 Section 13-29N-13W | 135 127 |
| Stanolind Oil and Gas Company | 11/1/48 | E/2 SW/4 SW/4, SE/4 SW/4 Section 13-29N-13W | 135 176 |
| Stanolind Oil and Gas Company | 11/12/48 | NW/4 SW/4 Section 13-29N-13W | 135 142 |
| Stanolind Oil and Gas Company | 11/29/48 | W/2 SW/4 SW/4 Section 13-29N-13W | 135 144 |
| Stanolind Oil and Gas Company | 12/4/48 | S 3/4 NW/4 SE/4 Section 25-29N-12W | 135 1-1 |
| Stanolind Oil and Gas Company | 12/16/48 | SE/4 SW/4 Section 27-29N-12W | 135 168 |
| Stanolind Oil and Gas Company | 12/16/48 | E. 1.071 ft. of SW/4 NW/4 Section 13-29N-13W | 135 179 |
| Stanolind Oil and Gas Company | 6/28/48 | S/2 N/2 Section 34-29N-12W | 130 412 |
| Stanolind Oil and Gas Company | 8/2/48 | NW/4 NW/4 Section 13-29N-13W | 135 10 |
| Stanolind Oil and Gas Company | 8/17/48 | W/2 SW/4 SW/4 Sec. 20; SE/4 SE/4 Section 19-29N-12W | 130 464 |
| Stanolind Oil and Gas Company | 8/17/48 | E/2 N/2 Sec. 29; SW/4 SE/4 Sec. 20-29N-12W | 130 469 |
| Stanolind Oil and Gas Company | 8/13/48 | SE/4 SW/4 Sec. 22; NW/4 NW/4 Section 27-29N-12W | 130 470 |

121

122-12

ASSIGNMENT

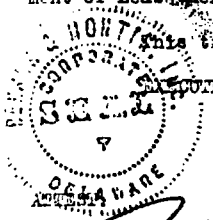
STATE OF NEW MEXICO)
COUNTY OF SAN JUAN)

KNOW ALL MEN BY THESE PRESENTS:

STATE OF NEW MEXICO, ss.
County of San Juan, ss.
I, Notary Public, do hereby certify that this instrument was
filed for record on March 6, 1953
at 8:40 o'clock a.m., and duly re-
corded in Book 203, page 121
of the Records of said county.
[Signature]
Notary Public and ex-officio Recorder.

That HENSON & MONTIN, INC., a corporation, for and in consideration of the sum of \$1.00 and other good and valuable considerations to it paid by Earl A. Benson and Wm. V. Montin, the receipt and sufficiency of which are hereby acknowledged, hereby do bargain, sell, transfer and deliver unto said EARL A. HENSON and WM. V. MONTIN all its interest in and to that certain oil and gas lease dated February 20, 1947, made and entered into by and between Helen Zimmerman and R. J. Zimmerman, her husband, lessors, and Charles Newbold, lessee, recorded in Book 125, at Page 153, insofar as said lease covers the E/2 NE/4, SW/4 NE/4, and 13 acres in the South part of the NW/4 NE/4 Section 23-29N-13W, San Juan County, New Mexico.

This transfer is expressly made subject to that certain Unit Agreement for the Development and Operation of the Gallegos Canyon Unit Area, County of San Juan, State of New Mexico, dated November 1, 1950, and to the Unit Operating Agreement executed by the working interest owners in connection therewith. This assignment is further made subject to the terms and provisions of that certain agreement made and entered into on the 1st day of December, 1949, by and between Stanolind Oil and Gas Company and Earl A. Benson and Wm. V. Montin, which agreement is styled "Contract Providing for the Drilling of Six Test Wells and Assignment of Lease Acreage."



This transfer is made without warranty of any kind, express or implied.
WITNESSED This 15th day of July, 1952.

[Signature]
Secretary

HENSON & MONTIN, INC.

By Earl A. Benson
President

STATE OF OKLAHOMA)
COUNTY OF OKLAHOMA) SS

On this 23rd day of July, 1952, before me, Winnifred Reneau, a Notary Public in and for said County and State, personally appeared Earl A. Benson, to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as its President, and acknowledged to me that he executed the same as his free and voluntary act and deed, and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth, and that he is authorized and empowered by such corporation to execute said instrument.



[Signature]
Notary Public

My Commission expires July 10, 1955

Return to Henson & Montin, Inc.
1801 Oklahoma City
Oklahoma City, Okla.

165

24-10
STATE OF NEW MEXICO, County of San Juan SS.
I hereby certify this instrument was filed for record
on October 11, 1947, at 10:46 A.M.,
and duly recorded in book 244 Page 1467 of the
Records of said county.
Virginia H. Rottell
Probate Clerk and ex-officio, Recorder

THE STATE OF NEW MEXICO |
COUNTY OF SAN JUAN |

ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS:

That, in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, STANOLIND OIL AND GAS COMPANY, a corporation, and EARL A. BENSON and WM. V. MONTIN (hereinafter referred to as "Assignors"), do hereby bargain, sell, assign, transfer and convey unto LLOYD D. LOCKE and LLOYD B. TAYLOR, doing business as and under the name of Locke-Taylor Drilling Company, their respective heirs and assigns (hereinafter referred to as "Assignees"), all of the Assignors' right, title and interest in and to the following described oil, gas and mineral lease, covering land situated in San Juan County, New Mexico, to wit:

(Stanolind Lease No. 74463)

Lessor: Helen Zimmerman and R. J. Zimmerman, her husband
Lessee: Charles Newbold
Dated: February 20, 1947
Recorded: Volume 125, at Page 153, Records of San Juan
County, New Mexico

insofar as said lease covers the following described land in said County and State, to wit:

The East Half of the Northeast Quarter (E/2 of NE/4), the Southwest Quarter of the Northeast Quarter (SW/4 of NE/4), and 13 acres in the South part of the Northwest Quarter of the Northeast Quarter of Section 23, T-29-N, R-13-W,
FROM THE SURFACE THEREOF DOWN TO THE BASE OF THE PICTURED CLIFFS FORMATION

(said lease and land above described as to the depth hereinabove specified, being sometimes hereinafter referred to as the "lease acreage"), subject to the following terms, covenants and conditions:

1. In addition to any and all other overriding royalties, production payments and other encumbrances to which said lease acreage may be subject, the Assignor hereby excepts and reserves unto themselves, their respective successors, heirs and assigns, in the proportion of one half (1/2) to Stanolind Oil and Gas Company, one fourth (1/4) to Earl A. Benson, and one fourth (1/4) to Wm. V. Montin, the following overriding royalty:

107-A

(a) Five percent of eight-eighths ($\frac{5}{8}$ of $\frac{8}{8}$) of all oil, distillate, condensate and other liquid hydrocarbons produced and saved from said lease acreage under said lease, or any extensions or renewals thereof, which shall be delivered free of all cost and expense, except taxes on production, at the well or wells on said lease acreage or, at the Assignors' option, to the credit of the Assignors into the pipe line to which said well or wells may be connected;

(b) Five percent of eight-eighths ($\frac{5}{8}$ of $\frac{8}{8}$) of all gas and casinghead gas produced and saved from said lease acreage under said lease, or any extensions or renewals thereof, the market value (at the well) of which shall be paid to the Assignors free of all cost and expense, except taxes on production.

2. In addition to the foregoing overriding royalty and to any other overriding royalties, production payments and other encumbrances to which said lease acreage may be subject, the Assignors hereby except and reserve unto themselves, their respective successors, heirs and assigns, in the proportion of one half ($\frac{1}{2}$) to Stanolind Oil and Gas Company, one fourth ($\frac{1}{4}$) to Earl A. Benson, and one fourth ($\frac{1}{4}$) to Wm. V. Montin, five percent of eight-eighths ($\frac{5}{8}$ of $\frac{8}{8}$) of all the oil, distillate, condensate, gas, casinghead gas and other hydrocarbon substances produced and saved from said lease acreage under said lease, or any extension or renewal thereof, until the Assignors, their successors, heirs or assigns, shall have received therefrom, free of all costs, expenses and charges for development and operations, the net total sum of One Thousand Nine Hundred Ninety Five Dollars (\$1,995.00) in excess of taxes on production; provided, that, at the option of the Assignors, the above specified portion of said production, or any of it, shall be delivered to the Assignors free of said costs, expenses and charges at the well or wells on said lease acreage or, at the Assignors' option, to the credit of the Assignors into the pipe line to which said well or wells may be connected.

3. With respect to the overriding royalty and production payment herein excepted and reserved by the Assignors, the Assignors and the Assignees agree, as follows:

(a) That oil and gas used in drilling and operations on said lease acreage and in the handling of production therefrom shall be deducted before said overriding royalty and said production payment are computed.

(b) That the Assignees shall furnish to the Assignors authentic itemized monthly reports of all production from said lease acreage, such reports to be mailed not later than the fifteenth day of the month following that for which the report is made.

4. As to any wells drilled on said lease acreage by the Assignees after the delivery of this assignment, the Assignees shall give the Assignors access to said wells and the derrick floor at all reasonable times and, upon request of the Assignors, shall furnish to the Assignors well samples of all cores and cuttings consecutively taken, unless the Assignors themselves elect to take such samples; and, at the request of the Assignors, the Assignees shall furnish to the Assignors copies of any electrical well formation surveys made.

5. In the event that the Assignees should elect to surrender, let expire, abandon or release all or any of their rights in said lease acreage, or any part thereof, the Assignees shall notify the Assignors not less than sixty (60) days in advance of such surrender, expiration, abandonment or release and, if requested so to do by the Assignors, the Assignees immediately shall reassign such rights in said lease acreage, or such part thereof, to the Assignors.

6. This assignment is made subject to all the terms and the express and implied covenants and conditions of the above described lease, insofar as it covers the said lease acreage, which terms, covenants and conditions the Assignees hereby assume and agree to perform with respect to the said lease acreage. Said terms, covenants and conditions, insofar as the said lease acreage is concerned, shall be binding on the Assignees, not only in favor of the lessors and their heirs and assigns, but also in favor of the Assignors and their successors, heirs and assigns.

7. This assignment is made without warranty of any kind.

8. Assignors have heretofore, as owners of the aforesaid lease, executed that certain Unit Agreement for the Development and Operation of the Gallegos Canyon Area dated November 1, 1950, formed under the Act of Congress approved February 25, 1920, wherein Earl A. Benson and Wm. V. Montin are named Unit Operators, and Assignors have also executed that certain Unit Accounting Agreement under said Unit Agreement dated January 15, 1951. The land covered by said lease is within the boundaries of the unit area of said Unit Agreement, but is not yet within any participating area formed or designated thereunder. The lessors of said lease have

107-6

refused to execute said Unit Agreement. Assignors make no representation or warranty as to whether the said lease acreage is or is not committed to or affected by said Unit Agreement or Unit Accounting Agreement by reason of the execution by Assignors of the instruments above referred to, or either of them, and Assignees accept this Assignment without prejudice to their right to contend that the lease acreage herein assigned is acquired free from the provisions of said Unit Agreement and Unit Accounting Agreement, but in the event said lease acreage shall be found to be subject to the terms of said agreements, Assignees accept said lease acreage subject to all the terms and provisions of said agreements.

9. All notices, reports and other communications required or permitted hereunder, or desired to be given with respect to the rights or interests herein assigned or reserved, shall be deemed to have been properly given or delivered when delivered personally or sent by registered mail or telegraph, with all postage or charges fully prepaid, and addressed to the Assignors and Assignees, respectively, as follows:

Assignors:

Stanolind Oil and Gas Company
Oil and Gas Building
P. O. Box 1410
Fort Worth, Texas

Benson-Montin
316 Petroleum Building
Oklahoma City, Oklahoma

Assignees:

Locke-Taylor Drilling Company
407 North Allen
Farmington, New Mexico

10. The terms, covenants and conditions hereof shall be binding upon, and shall inure to the benefit of the Assignors and Assignees, the successors and assigns of Stanolind Oil and Gas Company, and the respective heirs, administrators, executors, devisees, representatives and assigns of the other parties hereto; and such terms, covenants and conditions shall be covenants running with the land above described and the lease acreage herein assigned and with each transfer or assignment of said land or lease acreage.

TO HAVE AND TO HOLD said lease acreage unto the Assignees, their respective heirs and assigns, subject to the terms, covenants and conditions hereinabove set forth.

EXECUTED THIS 23rd day of January, 1953.

Ivy E. Benson
Ivy E. BENSON
Kathleen M. Montin
Kathleen M. MONTIN

Earl A. Benson
EARL A. BENSON
Wm. V. Montin
WM. V. MONTIN

Assistant Secretary
STATE OF OKLAHOMA

STANOLIND OIL AND GAS COMPANY

Attorney in Fact



STATE OF OKLAHOMA
COUNTY OF OKLAHOMA

On this 23rd day of January, 1953, before me personally appeared EARL A. BENSON and wife, Ivy E. Benson, 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 seal on this, the day and year first above written.

My Commission Expires:

July 10, 1955

Notary Public in and for
Oklahoma County, Oklahoma

STATE OF OKLAHOMA
COUNTY OF OKLAHOMA

On this 23rd day of January, 1953, before me personally appeared WM. V. MONTIN and wife, Kathleen M. Montin, 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 seal on this, the day and year first above written.

My Commission Expires:

July 10, 1955

Notary Public in and for
Oklahoma County, Oklahoma

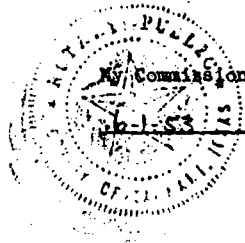
107-6

THE STATE OF TEXAS |

COUNTY OF TARRANT |

On this 23rd day of Jan, ¹⁹⁵³1952, before me appeared E. J. Redland, to me personally known, who, being by me duly sworn did say that he is the Attorney in Fact of Stanolind Oil and Gas Company, and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said E. J. Redland acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal on this, the day and year first above written.



My Commission Expires: 12-1-53

Arath G. Fickens
Notary Public in and for
Tarrant County, Texas



Filed for record the _____ day of _____, A. D. 19____, at _____ o'clock _____ M.

80

No. _____

RECORDED

This Deed, Made this 8th day of November in the year of our Lord one thousand nine hundred and fifty-four between

Lloyd B. Taylor and Mildred E. Taylor, his wife,

of the County of San Juan and State of ~~Colorado~~ New Mexico of the first part, and

Lloyd D. Locke and Louise Y. Locke, his wife,

of the County of La Plats and State of Colorado, of the second part,

Witnesseth. That the said parties of the first part, for and in consideration of the sum of

One Dollar and other good and valuable consideration----- DOLLARS, to the said parties of the first part in hand paid by the said parties of the second part, the receipt whereof is hereby confessed and acknowledged, have remised, released, sold, conveyed and Quit-Claimed, and by these presents do remise, release, sell, convey and Quit-Claim unto the said parties of the second part, their heirs and assigns, forever, all the right, title, interest, claim and demand which the said parties of the first part have in and to the following described leases with gas production New Mexico situate, lying and being in the County of San Juan and State of ~~Colorado~~, to-wit:

One Gas Well known as Locke-Smith No. 1, located in Sec. 27, Township 30 North, Range 12 West, N. M. P. M., known as Laurence and Sally Smith Lease, containing 112 acres, under contract to Southern Union Gas Co.

One Gas Well known as Foutz No. 1, located in NW 1/4, Sec. 5, Township 27 North, Range 12 West, N.M.P.M., Lease containing 160 acres, under contract to El Paso Natural Gas Co.

One Gas Well known as Tycksen No. 1, located in the NE 1/4 of Sec. 22, Township 29 N., Range 13 West, containing 320 acres, under contract to El Paso Natural Gas Co.,

said wells complete with casing, leases, and appurtenances.

To Have and to Hold the Same, Together with all and singular the appurtenances and privileges thereunto belonging or in anywise thereunto appertaining, and all the estate, right, title, interest and claim whatsoever of the said parties of the first part, either in law or equity, to the only proper use, benefit and behoof of the said part of the second part, their heirs and assigns, forever.

In Witness Whereof, The said parties of the first part have hereunto set their hands and seals the day and year first above written.

Signed, Sealed and Delivered in Presence of

Lloyd B. Taylor Seal
Mildred E. Taylor Seal
Seal
Seal

New Mexico
STATE OF ~~COLORADO~~

County of San Juan

The foregoing instrument was acknowledged before me this 8th day of November 1954 by Lloyd E. Taylor and Mildred E. Taylor, his wife.

Witness my hand and official seal.
My commission expires

Richard W. Smith
NOTARY PUBLIC



My Commission Expires Oct. 25, 1958

No.

Quit-Claim Deed

TO

STATE OF *New Mexico*
COUNTY OF *San Juan* } ss.

I hereby certify that this Deed was filed for
Record on the *27* day of *December*
A. D. 19*54*, at *4:00* o'clock *P*. M., in my
office, and duly recorded in Book *265*
Page No. *80*

William E. Kettle
RECORDER.

By _____ DEPUTY.

Fees, \$ _____

WHEN RECORDED RETURN TO

Office of Locke
Durango, Colorado

OUT WEST PBTG. & STAMP CO., COLORADO SPRINGS 81609

465-81

Filed for record the.....day of..... A. D. 19..... at.....o'clock.....M.

No..... REORDER

This Deed, Made this 23rd day of December in the year of our Lord one thousand nine hundred and Fifty-four between

LLOYD D. LOCKE

of the County of La Plata and State of Colorado, of the first part, and

LOUISE Y. LOCKE

of the County of La Plata and State of Colorado, of the second part.

Witnesseth. That the said part Y of the first part, for and in consideration of the sum of one dollar and other good and valuable considerations-----~~to be made~~ to the said party of the first part in hand paid by the said party of the second part, the receipt whereof is hereby confessed and acknowledged, ha S remised, released, sold, conveyed and Quit-Claimed, and by these presents do es remise, release, sell, convey and Quit-Claim unto the said party of the second part, his heirs and assigns, forever, all the right, title, interest, claim and demand which the said party of the first part has in and to the following described leases with gas production New Mexico situate, lying and being in the County of San Juan and State of ~~COLO~~ to-wit:

One Gas Well known as Locke-Smith No. 1, located in Section 27, Township 30 North, Range 12 West, N. M. P. M., known as Laurence and Sally Smith Lease, containing 112 acres, under contract to Southern Union Gas Co.

One Gas Well known as Foutz No. 1, located in NW $\frac{1}{4}$, Section 5, Township 27 North, Range 12 West, N. M. P. M., Lease containing 160 acres, under contract to El Paso Natural Gas Co.

One Gas Well known as Tycksen No. 1, located in the NE of Section 23, Township 29 N., Range 13 West, Lease containing 320 acres, under contract to El Paso Natural Gas Co.,

said wells complete with casing, leases, and appurtenances.

To Have and to Hold the Same, Together with all and singular the appurtenances and privileges thereunto belonging or in anywise thereunto appertaining, and all the estate, right, title, interest and claim whatsoever of the said part Y of the first part, either in law or equity, to the only proper use, benefit and behoof of the said part Y of the second part, her heirs and assigns, forever.

In Witness Whereof, The said part Y of the first part ha S hereunto set his hand and seal the day and year first above written.

Signed, Sealed and Delivered in Presence of

Lloyd D. Locke

Seal
Seal
Seal
Seal

STATE OF COLORADO,
County of La Plata } ss.
acknowledged before me this 23rd
by* Lloyd D. Locke

The foregoing instrument was
day of December , 1954

Witness my hand and official seal.
My commission expires October 19, 1957

Kathleen Owen
NOTARY PUBLIC.

*If acting in official or representative capacity, insert name and also office or capacity and for whom acting.

1-83

No.

Quit-Claim Deed

TO

STATE OF Colorado
County of San Juan } ss.

I hereby certify that this Deed was filed for

Record on the 27 day of December

A. D. 1954, at 4:05 o'clock A.M., in my
office, and duly recorded in Book 265

Page No. 810

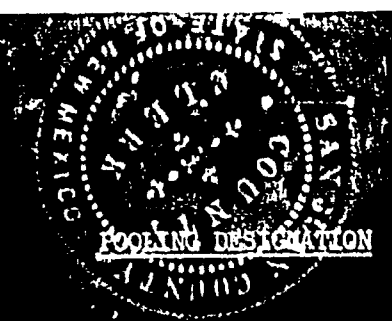
Virginia B. Little
RECORDER.

By U. J. H. H. H. DEPUTY.

Fees, \$.....

WHEN RECORDED RETURN TO

1211 1/2
Colorado Springs
OUT WEST PRtg. & STAMP CO., COLORADO SPRINGS 1776A



STATE OF NEW MEXICO

County of San Juan

I hereby certify that this instrument was
filed for record on the 23 day of
Feb 1955
at 7:37 o'clock A.M., and duly re-
corded in book 270 page 23
of the Records of said county.

Probate Clerk and ex-officio Recorder.

Lisa Dial
Bonnie Lane
Deputy

WHEREAS, Lloyd D. Locke and Lloyd B. Taylor, doing business under the name and style of Locke-Taylor Drilling Company, of Farmington, New Mexico, are the owners and holders of that certain oil and gas lease executed and delivered by William S. Allen and Melva J. Allen, husband and wife, and Ula Allen, a widow, lessors, dated and executed December 13, 1951, reference to which is more particularly made in that certain instrument recorded in Book 186 at page 178 of the records in the office of the County Clerk and Recorder of San Juan County, New Mexico, covering and embracing the following described land situate in said San Juan County, to-wit:

The NW $\frac{1}{4}$, Sec. 23, Twp. 29N, Rge. 13W, N.M.P.M.,
containing 160 acres, more or less; and,

WHEREAS, the said Lloyd D. Locke and Lloyd B. Taylor, doing business under the name and style of Locke-Taylor Drilling Company, of Farmington, New Mexico, are the owners and holders of that certain oil and gas lease executed and delivered by John A. Lee and Elinore K. Lee, husband and wife, lessors, to Lloyd D. Locke and Lloyd B. Taylor, which said lease is recorded in Book 192 at Page 161 of the public records in the office of the County Clerk and Recorder of San Juan County, New Mexico, covering and embracing the following described lands situate in San Juan County, New Mexico, to-wit:

Beginning at a point on the North line of Sec. 23, 40 rods E. from the NW corner of the NE $\frac{1}{4}$ of said section, thence S. 746.8 feet, thence E. 770 feet, thence N. 746.8 feet, thence W. 770 feet, to place of beginning, all in Twp. 29N, Rge. 13W, N.M.P.M., containing 12 acres, more or less; and,

WHEREAS, Lloyd D. Locke and Lloyd B. Taylor, doing business under the name and style of Locke-Taylor Drilling Company, of Farmington, New Mexico, are the owners and holders of that certain oil and gas lease executed and delivered by Helen Zimmerman and R. J. Zimmerman, husband and wife, on February 20, 1947, to Charles Newbold, Aztec, New Mexico, which said lease is recorded in Book 125 and Page 153 of the public records of San Juan County, New Mexico, and which said lease was assigned to said Lloyd D. Locke

APR 1955

1-A

BEFORE EXAMINER STOODER

OIL CONSERVATION DIVISION

10345/10346 EXHIBIT NO. 2A

GHP

and Lloyd B. Taylor, dba Locke-Taylor Drilling Company, insofar as said lease pertains to and covers the oil and gas and petroleum products to and including the Pictured Cliffs formation and all other geological formations lying and being lesser in depth than the Pictured Cliffs formation, covering the following described land situate in the County of San Juan, New Mexico, to-wit:

The E $\frac{1}{2}$ of the NE $\frac{1}{4}$, the SW $\frac{1}{4}$ of the NE $\frac{1}{4}$ and 13 acres in the south part of the NW $\frac{1}{4}$ of the NE $\frac{1}{4}$, all in Sec. 23, Twp. 29N, Rge. 13W, N.M.P.M., containing 133 acres, more or less; and

WHEREAS, B. E. Dustin and Ruth Dustin, husband and wife, and Louis Dustin, a widow, executed and delivered to Earl A. Benson and William V. Montin, of Oklahoma City, Oklahoma, that certain oil and gas lease dated the 21st day of April, 1951, which said lease is recorded in Book 175 at Page 137 of the Public records in the office of the County Clerk and Recorder of San Juan County, New Mexico, and the said Earl A. Benson and William V. Montin, joined by their respective wives, executed and delivered to Lloyd D. Locke and Lloyd B. Taylor, doing business under the name and style of Locke-Taylor Drilling Company, of Farmington, New Mexico, an assignment of the aforesaid oil and gas lease to and including the Pictured Cliffs formation and any and all geological formations situated at a lesser depth than the Pictured Cliffs formation, as to the following described lands situate and being in San Juan County, New Mexico, to-wit:

Beginning at the NW corner of the NE $\frac{1}{4}$ of Sec. 23, Twp. 29N, Rge. 13W, N.M.P.M., thence South 60 rods; thence east 40 rods; thence North 60 rods; thence West 40 rods to the place of beginning, containing 15 acres, more or less; and,

WHEREAS, it is specifically provided in each of the aforesaid oil and gas leases, or amendments thereto, that the owners of said respective oil and gas leases at any time, and from time to time, may pool or unitize all or any part or parts of the lands embraced in said respective

leases, as is more particularly set out in said respective leases, and the said Lloyd D. Locke and Lloyd B. Taylor, doing business under the name and style of Locke-Taylor Drilling Company, joined by Stanolind Oil and Gas Company, a corporation, and joined by said Earl A. Benson and William V. Montin, joined by their respective wives, have elected to pool or unitize all of the lands embraced in said several respective leases under a unitized drilling unit, embracing the N $\frac{1}{2}$ of Sec. 23, Twp. 29N, Rge. 13W, N.M.P.M., to conform with the spacing rules and regulations provided by the Oil Conservation Commission of the State of New Mexico.

NOW, THEREFORE, we, the said Lloyd D. Locke and Lloyd B. Taylor doing business under the name and style of Locke-Taylor Drilling Company, of Farmington, New Mexico, and said Stanolind Oil and Gas Company, a corporation, and joined by said Earl A. Benson and William V. Montin, so by these presents unitize and pool all and singular the lands embraced in said respective oil and gas leases, as hereinabove more particularly described, into one drilling unit and acreage pool for the purpose of operating and drilling, producing and marketing ~~oil~~ gas, and hydrocarbon substances from the said lands embraced in said above mentioned leases, embracing and covering all and singular the following described lands situate in San Juan County, New Mexico, as one drilling unit or pool, to-wit:

The N $\frac{1}{2}$ of Sec. 23, Twp. 29N, Rge. 13W, N.M.P.M., containing 320 acres, more or less.

PROVIDED, HOWEVER, that this Pooling Designation and Declaration shall apply to and be binding upon said Stanolind Oil and Gas Company, a corporation, and Earl A. Benson and William V. Montin as embracing and pertaining to only those geological formations lying in and above the Pictured Cliffs formation.

IT HEREBY IS FURTHER DECLARED by the said Lloyd D. Locke and Lloyd B. Taylor, dba Locke-Taylor Drilling Company, and said Stanolind Oil and

[Handwritten signature]
[Handwritten initials]
 W V M
 E A B

Gas Company, a corporation, and said Earl A. Benson and William V. Montin, that all of the production of gas and hydrocarbon substances produced and saved from any and all wells drilled on the said hereinabove described lands be, and they hereby are unitized and pooled under one unit of lands, provided, however, that such unitization shall apply only to the Pictured Cliffs formation and other formations of lesser depth or depths than the Pictured Cliffs formation insofar as the same pertains to said lands embraced in the aforesaid lease to said Stanolind Oil and Gas Company, a corporation, and the lands embraced in said lease to Earl A. Benson and William V. Montin, more particularly hereinabove described.

IN WITNESS WHEREOF, the said Lloyd D. Locke and Lloyd B. Taylor have hereunto set their hands this 30 day of Sept., 1953, and said Stanolind Oil and Gas Company, a corporation, has caused its name to be hereto subscribed and attested by its duly authorized and acting officials, this 14th day of December, ¹⁹⁵⁴~~1953~~, and said Earl A. Benson and William V. Montin have hereunto set their hands this 30th day of October, 1953.



Lloyd D. Locke
LLOYD D. LOCKE

Lloyd B. Taylor
LLOYD B. TAYLOR

AND
STANOLIND OIL & GAS COMPANY

BY: [Signature]
ATTORNEY-IN-FACT



Earl A. Benson
EARL A. BENSON

[Signature]
WILLIAM V. MONTIN

STATE OF COLORADO)
COUNTY OF LA PLATA) SS.

On this 20th day of September, 1953, before me personally appeared Lloyd D. Locke, to me known to be the person named in and who signed the foregoing instrument, and he acknowledged that he signed the same as his free act and deed.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above in this certificate written.

Ray M. Doon

My Commission Expires:
July 25 1956

STATE OF COLORADO)
COUNTY OF LA PLATA) SS.

On this 20th day of September, 1953, before me personally appeared Lloyd B. Taylor, to me known to be the person named in and who signed the foregoing instrument, and he acknowledged that he signed the same as his free act and deed.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above in this certificate written.

Ray M. Doon

My Commission Expires:
July 25 1956

23-E

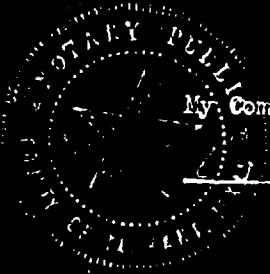
STATE OF TEXAS)
) SS.
COUNTY OF TARRANT)

On this 14th day of December, ¹⁹⁵⁴1953, before me
appeared E. J. Beddard, to me personally known,
who, being by me duly sworn did say that he is the Attorney in Fact
of Stanolind Oil and Gas Company, and that the seal affixed to said
Instrument is the corporate seal of said corporation and that said
instrument was signed and sealed in behalf of said corporation by
authority of its board of directors, and said E. J. Beddard
acknowledged said instrument to be the free act and deed of said
corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my
seal on this, the day and year first above written.

Notary Public in and for
Tarrant County, Texas

My Commission Expires: _____

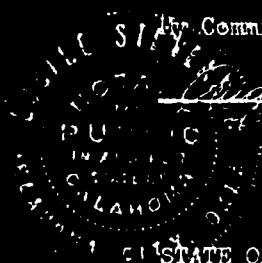


STATE OF OKLAHOMA)
) SS:
COUNTY OF OKLAHOMA)

On this 30th day of October, 1953, before me personally appeared Earl A. Benson, to me known to be the person named in and who signed the foregoing instrument, and he acknowledged that he signed the same as his free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above in this certificate written.


Lucile Stevenson
Notary Public

My Commission Expires:
Aug 3 1957


STATE OF OKLAHOMA)
) SS.
COUNTY OF OKLAHOMA)

On this 30th day of October, 1952, before me personally appeared William V. Montin, to me known to be the person named in and who signed the foregoing instrument, and he acknowledged that he signed the same as his free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above in this certificate written.

My Commission Expires:
Aug 3 1957


Lucile Stevenson
Notary Public

STATE OF NEW MEXICO }
COUNTY OF SAN JUAN }

I hereby certify that the foregoing

Pooling Disposition

is a true copy of the original on file in my
said office this 22nd day of

July 1991

Carol Bandif

Verla Brown, Deputy Clerk

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
EARL A. BENSON AND WILLIAM V. MONTIN
FOR THE APPROVAL OF GALLEGOS CANYON
UNIT AGREEMENT EMBRACING 39,324.51
ACRES OF LAND IN TOWNSHIP 28 NORTH,
N.M.P.M., SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 247
ORDER NO. 1

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause coming on for hearing at ten o'clock a.m., on the 24th day of April, 1951, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," upon the application of Earl A. Benson and William V. Montin for approval of the Gallegos Canyon Unit Agreement, embracing lands situated in San Juan County, New Mexico, and the Commission having considered said application and the evidence introduced in support thereof and being fully advised in the premises:

FINDS that the proposed unit plan will in principle tend to promote the conservation of oil and gas and the prevention of waste;

IT IS, THEREFORE, ORDERED BY THE COMMISSION AS FOLLOWS:

Section 1. That this order shall be known as the

GALLEGOS CANYON UNIT AGREEMENT ORDER.

Section 2. (a) That the project herein referred to shall be known as the Gallegos Canyon Unit Agreement, and shall hereafter be referred to as the "project."

(b) That the plan by which the Project shall be operated shall be embraced in the form of a unit agreement for the development and operation of the Gallegos Canyon Unit Agreement Area referred to in the Petitioners' petition and filed with said petition, and such plan shall be known as the Gallegos Canyon Unit Agreement Plan.

Section 3. That the Gallegos Canyon Unit Agreement Plan is hereby approved as a proper conservation measure; provided, however, that notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing in

3-9C B25

| | |
|-----------------------------|----------------------|
| BEFORE EXAMINER STOGNER | |
| OIL CONSERVATION DIVISION | |
| <u>BHP</u> | EXHIBIT NO. <u>3</u> |
| CASE NO. <u>10345/10346</u> | |

any other rights, duties or obligations which are now, or may hereafter be, vested in the New Mexico Oil Conservation Commission by law relative to the supervision and control of operations for exploration and development of any lands committed to said Callegos Canyon Unit Agreement, or relative to the production of oil or gas therefrom.

Section 4. (a) That the Unit Area shall be the following described lands, all located in San Juan County, New Mexico, to-wit:

NEW MEXICO PRINCIPAL MERIDIAN:

Township 28 North, Range 11 West

Sec. 7 - All
Sec. 18 - All
Sec. 19 - All

Township 28 North, Range 12 West

Secs. 7 to 34, incl.

Township 28 North, Range 13 West

Secs. 11 to 14, incl.
Secs. 23 to 26, incl.
Secs. 35 and 36

Township 29 North, Range 12 West

Sec. 16 - SW $\frac{1}{4}$
Secs. 17 to 21, Incl.
Sec. 22 - W $\frac{1}{2}$, SE $\frac{1}{4}$
Sec. 25 - W $\frac{1}{2}$, SE $\frac{1}{4}$
Secs. 26 to 36, incl.

Township 29 North, Range 13 West

Sec. 13 - All
Secs. 23 to 26, incl.
Secs. 34 to 36, incl.

Said area embraces a total of 39,324.51 acres of land.

(b) The Unit Area may be enlarged or contracted as provided in said Plan.

Section 5. That the Unit Operator shall file with the Commissioner of Public Lands an executed original or executed counterpart of the Callegos Canyon Unit Agreement within thirty days after the effective date thereof.

Section 6. That any party owning rights in the unitized sub-
sidence who does not commit such rights to said Unit Agreement before
the effective date thereof may thereafter become a party thereto by
subscribing to such agreement or counterpart thereof. The unit opera-
tor shall file with the Commission within thirty days an original of
any such counterpart.

Section 7. That this Order shall become effective on the first
day of the calendar month next following the approval of the Commis-
sioner of Public Lands of the State of New Mexico and the Director of
the United States Geological Survey, and shall terminate ipso facto
on the termination of said Unit Agreement. The last unit operator
shall immediately notify the Commission in writing of such termina-
tion.

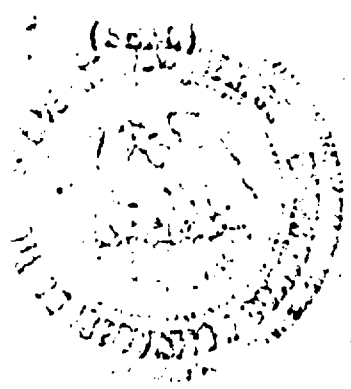
DONE at Santa Fe, New Mexico, this 24 day of April, 1951.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Chairman

Ray J. Lipp
Member

R. R. Bourke
Secretary.



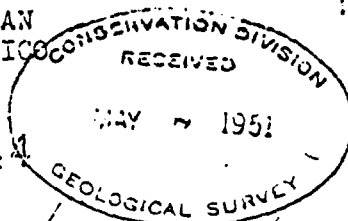
5-9c P45

UNIT AGREEMENT FOR THE DEVELOPMENT AND
OPERATION OF THE GALLECOS CANYON UNIT AREA
COUNTY OF SAN JUAN
STATE OF NEW MEXICO

RECEIVED

APR 26 1951

I-Sec. No. 841



THIS AGREEMENT, entered into as of the 1st day of November,
1950, by and between the parties subscribing, ratifying, or consenting here-
to, and herein referred to as the "parties hereto";

WITNESSETH:

WHEREAS, the parties hereto are the owners of working, royalty or other
oil or gas interests in the unit area subject to this agreement; and

WHEREAS, the term "working interest owner" as used herein and in other
contracts between and among the parties relating to the subject lands shall mean
and refer only to such an interest committed hereto as may be obligated to bear
or share, either in cash or out of production (other than by permitting the use
of unitized substances for development, production, repressuring or recycling
purposes), a portion or all of the costs or expenses of developing, equipping or
operating any land within the Unit Area subject to this agreement. If the working
interest in any tract is or shall hereafter be owned by more than one party, the
term "working interest owner", when used with respect to such tract, shall refer
to all such parties owning the working interest therein; and

WHEREAS, the allotted land mineral leasing act of March 3, 1909, (35 Stat.
783, 25 U. S. C. sec. 396) authorizes the leasing of restricted allotted Indian
lands subject to rules and regulations prescribed by the Secretary of the Interior;
and

WHEREAS, the act of February 25, 1920, 41 Stat. 437, 30 U.S.C. Sec. 181,
et seq., as amended by the Act of August 8, 1946, 60 Stat. 950, authorizes Federal
lessees and their representatives to unite with each other, or jointly or separately
with others, in collectively adopting and operating under a cooperative or unit
plan of development or operation of any oil or gas pool, field, or like area, or
any part thereof, for the purpose of more properly conserving the natural resources
thereof whenever determined and certified by the Secretary of the Interior to be
necessary or advisable in the public interest; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is
authorized by an Act of the Legislature (Chap. 88, Laws 1943) to consent to or
approve this agreement on behalf of the State of New Mexico, insofar as it covers

July, 1950

17185

and includes lands and mineral interests of the State of New Mexico; and

WHEREAS, the Oil Conservation Commission of the State of New Mexico is authorized by an Act of the Legislature (Chap. 72, Laws 1935) to approve this agreement and the conservation provisions hereof;

WHEREAS, the parties hereto hold sufficient interests in the Gallegos Canyon Unit Area to give reasonably effective control of operations therein; and

WHEREAS, it is the purpose of the parties hereto to conserve natural resources, prevent waste, and secure other benefits obtainable through development and operation of the area subject to this agreement under the terms, conditions, and limitations herein set forth;

NOW, THEREFORE, in consideration of the premises and the promises herein contained, the parties hereto commit to this agreement their respective interests in the unit area and agree severally among themselves as follows:

1. ENABLING ACT AND REGULATIONS: The acts of March 3, 1909, February 25, 1920, and May 11, 1938, as amended, supra, and all valid pertinent regulations, including operating and unit plan regulations, heretofore issued thereunder or valid pertinent and reasonable regulations hereafter issued thereunder are accepted and made a part of this agreement, and as to non-Federal land applicable State laws are accepted and made part of this agreement.

2. UNIT AREA: The following described land is hereby designated and recognized as constituting the unit area:

NEW MEXICO PRINCIPAL MERIDIAN

Township 28 North, Range 11 West

Sec. 7-All
Sec. 18-All
Sec. 19-All

Township 28 North, Range 12 West

Secs. 7 to 34, incl.

Township 28 North, Range 13 West

Secs. 11 to 14, incl.
Secs. 23 to 26, incl. ✓
Secs. 35 and 36

Township 29 North, Range 12 West

Sec. 16-SW/4
Secs. 17 to 21, incl.
Sec. 22-W/2, SE/4
Sec. 25-W/2, SE/4
Secs. 26 to 36, incl.

Township 29 North, Range 13 West

Sec. 13-All
Secs. 23 to 26, incl.
Secs. 34 to 36, incl.

17485

Total Unit Area embraces 39,324.51 acres, more or less.

Exhibit "A" attached hereto is a map showing the unit area and the known ownership of all land and leases in said area. Exhibit "B" attached hereto is a schedule showing the percentage and kind of ownership of oil and gas interests in all land in the unit area. Exhibits "A" and "B" shall be revised by the Unit Operator whenever changes in the unit area or other changes render such revision necessary, but no such revision shall be retroactive. Not less than seven copies of the revised exhibits shall be filed with the Oil and Gas Supervisor, hereinafter referred to as "Supervisor", and two copies with the Commissioner of Public Lands of the State of New Mexico, hereinafter referred to as "State Commissioner".

The above-described unit area shall when practicable be expanded to include therein any additional tracts regarded as reasonably necessary or advisable for the purposes of this agreement, or shall be contracted to exclude lands not within any participating area whenever such expansion or contraction is necessary or advisable to conform with the purposes of this agreement. Such expansion or contraction shall be in the following manner:

(a) Unit Operator, on its own motion or on demand of the Director of the Geological Survey, hereinafter referred to as "Director", or on demand of the State Commissioner, shall prepare a notice of proposed expansion or contraction describing the contemplated changes in the boundaries of the unit area, the reasons therefor, and the proposed effective date thereof;

(b) Said notice shall be delivered to the Supervisor, and the Superintendent of the Navajo Indian Reservation, the Commissioner of Indian Affairs hereinafter referred to as "Indian Commissioner", and the State Commissioner, and copies thereof mailed to the last known address of each working interest owner, lessee, and lessor whose interests are affected, advising that 30 days will be allowed for submission to the Unit Operator of any objections;

(c) Upon expiration of the 30-day period provided in the preceding item (b) hereof, Unit Operator shall file with the Supervisor and State Commissioner evidence of mailing of the notice of expansion or contraction and a copy of any objections thereto which have been filed with the Unit Operator;

(d) After due consideration of all pertinent information, the Director and State Commissioner shall approve in whole or in part or reject the proposed expansion or contraction. To the extent that it may be approved, such expansion or contraction shall become effective as of the date prescribed in the notice thereof.

17185

All land committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement".

3. UNITIZED SUBSTANCES: All oil, gas, natural gasoline, and associated fluid hydrocarbons in any and all formations of the unitized land are unitized under the terms of this agreement and herein are called "unitized substances".

4. UNIT OPERATOR: Earl A. Benson and William V. Pontin are hereby designated as Unit Operator and by signature hereto commit to this agreement all interests in unitized substances vested in them as set forth in Exhibit "B", and agree and consent to accept the duties and obligations of Unit Operator for the discovery, development and production of unitized substances as herein provided. Whenever reference is made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as owner of interests in unitized substances.

Prior to the establishment of a participating area or areas hereunder, the Unit Operator may resign as Unit Operator whenever not in default under this agreement, but no Unit Operator shall be relieved from the duties and obligations of Unit Operator for a period of six months after it has served notice of intention to resign on all owners of working interests subject hereto and the Director, Superintendent, Indian Commissioner, and State Commissioner unless a new Unit Operator shall have been selected and approved and shall have assumed the duties and obligations of Unit Operator prior to the expiration of said six-month period. Unless a successor operator is selected and approved, and assumes the duties and obligations of operator prior to the effective date of the retiring operator's relinquishment of duties, the retiring operator must place all wells drilled hereunder in a satisfactory condition for suspension or abandonment as may be required by the Supervisor and the State Commissioner under applicable Federal and State oil and gas operating regulations.

Unit Operator shall have the right to resign while a participating area established hereunder is in existence but such resignation shall not become effective unless and until a successor unit operator has been selected and approved and has agreed to accept the duties and responsibilities of Unit Operator effective upon the termination of such duties and responsibilities of the retiring Unit Operator. The resignation of Unit Operator shall not release Unit Operator from any liability for any default by it hereunder occurring prior to the effective date of its resignation.

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Upon default or failure in the performance of its duties or obligations

under this agreement, the Unit Operator may be removed by a majority vote of owners of working interests determined in like manner as herein provided for the selection of a successor Unit Operator. Prior to the effective date of relinquishment by, or within six months after removal of Unit Operator, the duly qualified successor Unit Operator shall have an option to purchase on reasonable terms all or any part of the equipment, material, and appurtenances in or upon the land subject to this agreement, owned by the retiring Unit Operator and used in its capacity as such Operator, or if no qualified successor operator has been designated, the working interest owners may purchase such equipment, material, and appurtenances. At any time within the next ensuing three months any equipment, material, and appurtenances not purchased and not necessary for the preservation of wells may be removed by the retiring Unit Operator, but if not removed shall become the joint property of the owners of unitized working interests in the participating area or, if no participating area has been established, in the entire unit area. The termination of the rights as Unit Operator under this agreement shall not terminate the right, title, or interest of such Unit Operator in its separate capacity as owner of interests in unitized substances.

5. SUCCESSOR UNIT OPERATOR: Whenever the Unit Operator shall relinquish the right as Unit Operator or shall be removed, the owners of the unitized working interests in the participating area on an acreage basis, or in the unit area on an acreage basis until a participating area shall have been established, shall select a new Unit Operator. A majority vote of the working interests qualified to vote shall be required to select a new Unit Operator; provided, that if a majority but less than 75 per cent of the working interests qualified to vote are owned by one party to this agreement, a concurring vote of at least one additional working interest owner shall be required to select a new Unit Operator. Such selection shall not become effective until (a) a Unit Operator so selected shall accept in writing the duties and responsibilities of Unit Operator, and (b) the selection shall have been approved by the Director and State Commissioner. If no successor Unit Operator is selected and qualified as herein provided, the Director and State Commissioner at their election may declare this unit agreement terminated.

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6. UNIT OPERATING AGREEMENT: If the Unit Operator is not the sole owner of working interests, all costs and expenses incurred in conducting unit operations hereunder and the working interest benefits accruing hereunder shall be apportioned among the owners of unitized working interests in accordance with a unit operating

agreement by and between the Unit Operator and the other owners of such interests, whether one or more, separately or collectively. Any agreement or agreements entered into between the working interest owners and the Unit Operator as provided in this section, whether one or more, are herein referred to as the "Unit Operating Agreement". No such agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the Unit Operator of any right or obligation established under this unit agreement, and in case of any inconsistency or conflict between this unit agreement and the unit operating agreement, this unit agreement shall prevail. Three true copies of any unit operating agreement executed pursuant to this section shall be filed with the Supervisor.

7. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR: Except as otherwise specifically provided herein, the exclusive right, privilege, and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating, and distributing the unitized substances are hereby delegated to and shall be exercised by the Unit Operator as herein provided. Each working interest owner shall take in kind, or market individually or through an agent, its respective portion of the unitized substances and acting individually or through an agent shall pay all royalty, overriding royalty or other payments to which the portion of such working interest owner is subject. The right is hereby secured to the United States and the State of New Mexico under existing or future laws and regulations to elect to take its respective royalty shares in kind or value. Acceptable evidence of title to said rights shall be deposited with said Unit Operator and, together with this agreement, shall constitute and define the rights, privileges, and obligations of Unit Operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this agreement the Unit Operator, in such capacity as Unit Operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

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The Unit Operator shall pay all costs and expenses of operation with respect to the unitized land; and no charge therefor shall be made against the royalty owners. If and when the Unit Operator is not the sole owner of all working interests, such costs shall be charged to the account of the owners of working interests, and the Unit Operator shall be reimbursed therefor by such owners and shall account to the working interest owners for their respective

shares of the production and benefits derived from operations hereunder, all in the manner and to the extent provided in the unit operating agreement. If the Unit Operator is the sole working interest owner, he shall bear all such costs and expenses. The Unit Operator shall render each month to the owners of unitized interests entitled thereto an accounting of the operations on unitized land during the previous calendar month, and shall pay in value or deliver in kind to each party entitled thereto a proportionate and allocated share of the benefits accruing hereunder in conformity with operating agreements, leases, or other independent contracts between the Unit Operator and the parties hereto either collectively or individually.

The development and operation of land subject to this agreement under the terms hereof shall be deemed full performance by the Unit Operator of all obligations for such development and operation with respect to each and every part or separately owned tract of land subject to this agreement, regardless of whether there is any development of any particular part or tract of the unit area, notwithstanding anything to the contrary in any lease, operating agreement, or other contract by and between the parties hereto or any of them.

8. DRILLING TO DISCOVERY: Within 6 months after the effective date hereof, the Unit Operator shall begin to drill an adequate test well at a location to be approved by the Supervisor if such location is upon Indian or Federal lands, and if upon State lands or patented lands, such location shall be approved by the Oil Conservation Commission of the State of New Mexico, hereinafter referred to as the Commission, unless on such effective date a well is being drilled conformably with the terms hereof, and thereafter continue such drilling diligently to a depth of 6500 feet unless at a lesser depth unitized substances shall be discovered which can be produced in paying quantities or unless at a lesser depth the Dakota formation has been adequately tested or the Unit Operator shall at any time establish to the satisfaction of the Supervisor as to wells on Indian or Federal land, or the Commission as to wells on State land or patented land, 17185 that further drilling of said well would not be warranted or practicable. Nevertheless, completion of a well in paying quantities, prior to testing the Dakota or reaching 6500 feet in depth, shall not relieve the Unit Operator from the obligation to commence such a Dakota test well within one year thereafter. If the first or any subsequent test well fails to result in the discovery of a deposit of unitized substances capable of being produced in paying quantities, the Unit Operator shall continue drilling diligently one well at a time, allowing not more

than 6 months between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of said Supervisor if on Indian or Federal land or the State Commissioner if on State land or patented land, or until it is reasonably proved that the unitized land is incapable of producing unitized substances in paying quantities. Nothing in this section shall be deemed to limit the right of the Unit Operator to resign, as provided in Section 4 hereof, after any well drilled under this section is placed in a satisfactory condition for suspension or is plugged and abandoned pursuant to applicable regulations.

Upon application, the Director and the State Commissioner may modify the drilling requirements of this section and grant reasonable extensions of time when in their opinion, such actions are warranted. Upon failure to comply with the drilling provisions of this section, the Director and State Commissioner may, after reasonable notice to the Unit Operator and each working interest owner, lessee, and lessor at their last known addresses, declare this unit agreement terminated.

9. PLAN OF FURTHER DEVELOPMENT AND OPERATION: Within six months after completion of a well capable of producing unitized substances in paying quantities, the Unit Operator shall submit for the approval of the Supervisor, the State Commissioner, and the Commission an acceptable plan of development and operation for the unitized land which, when approved by the Supervisor, the State Commissioner, and the Commission, shall constitute the further drilling and operating obligations of the Unit Operator under this agreement for the period specified therein subject to the Dakota test well provisions of Section 8. Thereafter, from time to time before the expiration of any existing plan, the Unit Operator shall submit for the approval of the Supervisor, the State Commissioner, and the Commission, a plan for an additional specified period for the development and operation of the unitized land. Any plan submitted pursuant to this section, subject to the Dakota test well provisions of Section 8, shall provide for exploration of the unitized 17205 area and for the determination of the commercially productive area thereof in each and every productive formation and shall be as complete and adequate as the Supervisor, the State Commissioner, and the Commission may determine to be necessary for timely development and proper conservation of the oil and gas resources of the unitized area and shall (a) specify the number and locations of any wells to be drilled and the proposed order and time for such drilling; and (b) to the extent practicable specify the operating practices regarded as necessary and advisable

for proper conservation of natural resources. Separate plans may be submitted for separate productive zones, subject to the approval of the Supervisor, the State Commissioner, and the Commission. Said plan or plans shall be modified or supplemented when necessary to meet changed conditions or to protect the interests of all parties to this agreement. Reasonable diligence shall be exercised in complying with the obligations of the approved plan of development. The Supervisor and State Commissioner are authorized to grant a reasonable extension of the six-month period herein prescribed for submission of an initial plan of development where such action is justified because of unusual conditions or circumstances. After completion hereunder of a well capable of producing oil and gas in paying quantities, subject to the Dakota test well provisions of Section 8, no further wells except such as may be necessary to afford protection against operations not under this agreement or such as may be specifically approved by the Supervisor and the State Commissioner shall be drilled except in accordance with a plan of development approved as herein provided.

10. PARTICIPATION AFTER DISCOVERY: Upon completion of a well pursuant to the provisions of Section 8 hereof capable of producing unitized substances in paying quantities or as soon thereafter as required by the Supervisor or the State Commissioner, the Unit Operator shall submit for approval by the Director, the Commissioner, and the Commission a schedule, based on subdivisions of the public-land survey or aliquot parts thereof, of all unitized land then regarded as reasonably proved to be productive of unitized substances in paying quantities; all land in said schedule on approval of the Director, the State Commissioner, and Commission to constitute a participating area, effective as of the date of first production. Said schedule also shall set forth the percentage of unitized substances to be allocated as herein provided to each unitized tract in the participating area so established, and shall govern the allocation of production from and after the date the participating area becomes effective. A separate participating area shall be established in like manner for each separate pool or deposit of unitized substances or for any group thereof produced as a single pool or zone. The participating area or areas so established shall be revised from time to time, subject to like approval, whenever such action appears proper as a result of further drilling operations or otherwise, to include additional land then regarded as reasonably proved to be productive in paying quantities, and the percentage of allocation shall also be revised accordingly. The effective date of any revision shall be the first of the month following the date of first authentic knowledge or

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information on which such revision is predicated, unless a more appropriate effective date is specified in the schedule. No land shall be excluded from a participating area on account of depletion of the unitized substances.

It is the intent of this section that a participating area shall represent the area known or reasonably estimated to be productive in paying quantities; but, regardless of any revision of the participating area, nothing herein contained shall be construed as requiring any retroactive apportionment of any sums accrued or paid for production obtained prior to the effective date of revision of the participating area.

In the absence of Agreement at any time between the Unit Operator and the Director, the State Commissioner, and Commission as to the proper definition or redefinition of a participating area, or until a participating area has, or areas have, been established as provided herein, the portion of all payments affected thereby may be impounded in a manner mutually acceptable to the owners of working interests, except royalties due the Indians, the United States, and the State of New Mexico which shall be determined by the Supervisor and the State Commissioner and the amount thereof deposited as directed by the Supervisor as to Indian and Federal lands and deposited with the Commissioner of Public Lands as to State lands to be held as unearned money until a participating area is finally approved and then applied as earned or returned in accordance with a determination of the sum due as Indian, Federal, and State royalty on the basis of such approved participating area.

Whenever it is determined, subject to the approval of the Supervisor as to wells on Indian and Federal land, the State Commissioner as to wells on State land, and the Commission as to patented land, that a well drilled under this agreement is not capable of production in paying quantities and inclusion of the land on which it is situated in a participating area is unwarranted, production from such well shall be allocated to the land on which the well is located so long as that well is not within a participating area established for the pool or deposit from which such production is obtained.

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11. ALLOCATION OF PRODUCTION: All unitized substances produced from each participating area established under this agreement, except any part thereof used for production or development purposes hereunder, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of unitized land of the participating area established for such production and, for the purpose of determining any benefits that accrue on an acreage basis,

each such tract shall have allocated to it such percentage of said production as its area bears to the said participating area. It is hereby agreed that production of unitized substances from a participating area shall be allocated as provided herein regardless of whether any wells are drilled on any particular part or tract of said participating area.

12. DEVELOPMENT OR OPERATION ON NON-PARTICIPATING LAND OR FORMATIONS: Any party or parties hereto, other than the Unit Operator, owning or controlling a majority of the working interests in any unitized land not included in a participating area and having thereon a regular well location in accordance with a well-spacing pattern established under an approved plan of development and operation, with appropriate approval, may drill a well at such location at such party's sole risk, cost, and expense to test any formation for which a participating area has not been established or to test any formation for which a participating area has been established if such location is not within said participating area, unless within 90 days of receipt of notice from said party or parties of intention to drill the well the Unit Operator elects and commences to drill such well in like manner as other wells are drilled by the Unit Operator under this agreement.

If such well, by whomsoever drilled, results in production such that the land upon which it is situated may properly be included in a participating area, such participating area shall be established or enlarged as provided in this agreement, and the well shall thereafter be operated by the Unit Operator pursuant to the terms of this agreement as other wells within participating areas, and there shall be a financial adjustment between the parties who financed the well and the working interest owners in the participating area concerning their respective drilling and other investment cost, all as provided in the unit operating agreement.

If any well, by whomsoever drilled, as provided in this section, obtains production insufficient to justify inclusion of the land on which said well is situated in a participating area, such well may be operated and produced by the party drilling the well. If the drilling of such well was financed by parties other than the working interest owners on the well tract, details of financial arrangements and operations as between such parties shall be provided for in the unit operating agreement.

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Wells drilled or produced at the sole expense and for the sole benefit of an owner of working interest other than the Unit Operator shall be operated and produced pursuant to the conservation requirements of this agreement. Royalties

in amount or value of production from any such well shall be paid as specified in the underlying lease and agreements affected.

13. ROYALTIES AND RENTALS: Royalty on each unitized tract shall be paid or delivered by the parties obligated therefor as provided by existing leases, contracts, laws, and regulations at the lease or contract rate upon the unitized substances allocated to the tract. Nothing herein contained shall operate to relieve the lessees of Indian, Federal, or State lands from their obligations under the terms of their respective leases to pay rentals and royalties.

Royalty due the Navajo Indians and the United States shall be computed as provided in the operating regulations and paid in value or delivered in kind as to all unitized substances on the basis of the amounts thereof allocated to unitized Indian and Federal land as provided herein at the rates specified in the respective Indian and Federal leases or at such lower rate or rates as may be authorized by law or regulations; provided that for leases on which the royalty rate depends on the daily average production per well, said average production shall be determined in accordance with the operating regulations as though each participating area were a single consolidated lease.

Unitized substances produced from any participating area and used therein in conformance with good operating practice for drilling, operating, camp, or other production or development purposes or under an approved plan of operation for repressuring or cycling said participating area, or for development outside of such participating area if for the purposes of drilling exploratory wells or for camps or other purposes benefiting the unit as a whole, shall be free from any royalty or other charge except as to any products extracted from unitized substances so used. If Unit Operator introduces gas for which royalties have been paid into any participating area hereunder from sources other than such participating area for use in repressuring, stimulation of production, or increasing ultimate production in conformity with a plan first approved by the Supervisor, a like amount of gas may be sold without payment of royalty as to dry gas but not as to the products extracted therefrom; provided, that gas so introduced shall bear a proportionate and equitable share of plant fuel consumption and shrinkage in the total volume of gas processed from such participating area; and provided further, that such withdrawal shall be at such time as may be provided in the plan of operation or as may otherwise be consented to by the Supervisor as conforming to good petroleum engineering practice; provided, however, that said right of withdrawal royalty free shall terminate upon termination of the unit agreement.

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Each working interest owner and lessee presently responsible for the payment of rentals, or his successor in interest, shall be responsible for and shall pay all rentals of whatsoever kind on his respective lease. Rental or minimum royalty for Indian and Federal land of the United States subject to this agreement shall be paid at the rate specified in the respective Indian and Federal leases or such rental or minimum royalty as to Federal land is waived, suspended, or reduced by law or by approval by the Secretary of the Interior, hereinafter referred to as "Secretary". Rentals on State of New Mexico lands subject to this agreement shall be paid at the rates specified in the respective leases, or may be reduced and suspended upon the order of the Commissioner of Public Lands of the State of New Mexico pursuant to applicable laws and regulations.

14. CONSERVATION: Operations hereunder and production of unitized substances shall be conducted to provide for the most economical and efficient recovery of said substances, to the end that the maximum efficient yield may be obtained without waste, as defined by or pursuant to State or Federal law or regulation; and production of unitized substances shall be limited to such production as can be put to beneficial use with adequate realization of fuel and other values.

15. DRAINAGE: The Unit Operator shall take appropriate and adequate measures to prevent drainage of unitized substances from unitized land by wells on land not subject to this agreement, or pursuant to applicable regulations pay a fair and reasonable compensatory royalty as determined by the Supervisor for Indian and Federal land or as approved by the State Commissioner as to State land. Unit Operator shall be reimbursed for the cost thereof by the working interest owners in the manner provided in the unit operating agreement.

16. LEASES AND CONTRACTS CONFORMED TO AGREEMENT: The parties hereto holding interests in leases embracing unitized Indian, Federal, or State land consent that the Secretary and the State Commissioner, respectively, may and said Secretary, or his duly authorized representative, and State Commissioner by their approval of this agreement do, establish, alter, change, or revoke the drilling, producing, rental, minimum royalty, and royalty requirements of such leases and the regulations in respect thereto, to conform said requirements to the provisions of this agreement, but otherwise the terms and conditions of said leases shall remain in full force and effect.

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Said parties further consent and agree, and the Secretary or his duly authorized representative, and the State Commissioner by their respective approvals

hereof determine, that during the effective life of this agreement, drilling and producing operations performed by the Unit Operator upon any unitized land will be accepted and deemed to be operations under and for the benefit of all unitized leases embracing Indian, Federal and State land; that no such lease shall be deemed to expire by reason of failure to produce wells situated on land therein embraced; and that all leases or other contracts concerning such land, except as otherwise provided herein, shall be modified to conform to the provisions of this agreement and shall be continued in force and effect beyond their respective terms during the life of this agreement. Any Federal lease for a term of 20 years or any renewal thereof or any part of such lease which is made subject to this agreement shall continue in force until the termination hereof. Any other Federal lease committed hereto shall continue in force as to the committed land so long as the lease remains committed hereto, provided a valuable deposit of unitized substances is discovered prior to the expiration date of the primary term of such lease. Authorized suspension of all operations and production on the unitized land shall be deemed to constitute authorized suspension with respect to each unitized lease.

The parties hereto holding interests in privately owned land within the unit area consent and agree, to the extent of their respective interests, that each such lease may be continued in effect beyond the primary term of such lease and during the term of this agreement, provided however that until some portion of the land in a privately owned lease is included in a participating area said lease may be kept in force only by the payment of the delay rentals in the time, manner and amount provided by said lease. Except as in this section otherwise provided, all leases or other contracts concerning such land shall be modified to conform to the provisions of this agreement and shall be continued in force and effect during the life of this agreement; that drilling and producing operations conducted on any tract of land committed to this agreement will be accepted and deemed to be performed on and for the benefit of each and every tract of such privately owned land committed hereto; that no lease affecting said privately owned land shall be deemed to expire by reason of failure to drill or to produce wells situated on such lands; and that authorized suspension of all operations and production on unitized land shall be deemed to constitute authorized suspension with respect to all unitized leases affecting privately owned lands.

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17. SPECIAL INDIAN LAND PROVISIONS: Notwithstanding any other provisions, including but not limited to Sections 13 and 16 of this unit agreement, it is

expressly understood and agreed that any Indian land lease having a portion of its area within and a portion outside the unit area shall be segregated as to such portion for all intents and purposes as fully and effectively as if they had been issued as separate leases.

18. COVENANTS RUN WITH LAND: The covenants herein shall be construed to be covenants running with the land with respect to the interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee, or other successor in interest. No assignment or transfer of any working, royalty, or other interest shall be binding on the Unit Operator until the first day of the next calendar month after the Unit Operator is furnished with the original or photostatic or certified copy of the instrument of transfer.

19. EFFECTIVE DATE AND TERM: This agreement shall become effective upon approval by the State Commissioner and the Director and shall have a term of 5 years commencing as of said effective date, unless (a) the date of expiration is extended by the Director and the State Commissioner, or (b) it is reasonably determined prior to the expiration of the fixed term of any extension thereof that the unitized land is incapable of production of unitized substances in paying quantities and after notice of intention to terminate the agreement on such ground is given by the Unit Operator to all parties in interest at their last known addresses, the agreement is terminated with the approval of the Director and the State Commissioner, or (c) a valuable discovery of unitized substances has been made on unitized land during said initial term or any extension thereof, in which case the agreement shall remain in effect so long as unitized substances can be produced from the unitized land in paying quantities; or (d) it is terminated as provided in Sections 5 and 8 hereof.

This agreement may be terminated at any time by not less than 75 percentum, on an acreage basis, of the owners of working interest signatory hereto with the approval of the Director and the State Commissioner.

20. RATE OF PROSPECTING, DEVELOPMENT, AND PRODUCTION: All production and the disposal thereof shall be in conformity with allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under any Federal or State statute. The Director is hereby vested with authority to alter or modify from time to time, in his discretion, the rate of prospecting and

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development and within the limits made or fixed by the Commission to alter or modify the quantity and rate of production under this agreement, such authority being hereby limited to alteration or modification in the public interest, the purpose thereof and the public interest to be served thereby to be stated in the order of alteration or modification; provided further that no such alteration or modification shall be effective as to any land of the State of New Mexico as to the rate of prospecting and development in the absence of the specific written approval thereof by the State Commissioner and as to any lands of the State of New Mexico or privately-owned lands subject to this agreement as to the quantity and rate of production in the absence of specific written approval thereof by the Commission.

21. CONFLICT OF SUPERVISION: Neither the Unit Operator nor the working interest owners nor any of them shall be subject to any forfeiture, termination, or expiration of any rights hereunder or under any leases or contracts subject hereto, or to any penalty or liability for delay or failure in whole or in part to comply therewith to the extent that the said Unit Operator, working interest owners or any of them are hindered, delayed, or prevented from complying therewith by reason of failure of the Unit Operator to obtain with the exercise of due diligence the concurrence of the representatives of the United States and the representatives of the State of New Mexico in and about any matters or thing concerning which it is required herein that such concurrence be obtained. The parties hereto, including the Commission, agree that all powers and authority vested in the Commission in and by any provisions of this contract are vested in the Commission and shall be exercised by it pursuant to the provisions of the laws of the State of New Mexico and subject in any case to appeal or judicial review as may now or hereafter be provided by the laws of the State of New Mexico.

22. UNAVOIDABLE DELAY: All obligations under this agreement requiring the Unit Operator to commence or continue drilling or to operate on or produce unitized substances from any of the lands covered by this agreement shall be suspended while, but only so long as, the Unit Operator despite the exercise of due care and diligence is prevented from complying with such obligations, in whole or in part, by strikes, lockouts, acts of God, Federal, State, or municipal laws or agencies, unavoidable accidents, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters beyond the reasonable control of the Unit Operator whether similar to matters herein enumerated or not.

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23. TAXES: The working interest owners shall render and pay for their account and the account of the royalty owners all valid taxes on or measured by the unitized substances in and under or that may be produced, gathered and sold from the land subject to this contract after the effective date of this agreement, or upon the proceeds or net proceeds derived therefrom. The working interest owners on each tract shall and may charge the proper proportion of said taxes to the royalty owners having interests in said tract, and may currently retain and deduct sufficient of the unitized substances or derivative products, or net proceeds thereof from the allocated share of each royalty owner to secure reimbursement for the taxes so paid. No such taxes shall be charged to the United States or the State of New Mexico or to any lessor who has a contract with his lessee which requires the lessee to pay such taxes.

24. NON-JOINDER AND SUBSEQUENT JOINDER: If the owner of any interest in a tract within the unit area fails or refuses to subscribe or consent to this agreement, the owner of the working interest in that tract may withdraw said tract from this agreement by written notice to the Director and the Unit Operator prior to the approval of this agreement by the Director. Any oil or gas interests in lands within the unit area not committed hereto prior to submission of this agreement for final approval may thereafter be committed hereto by the owner or owners thereof subscribing or consenting to this agreement and, if the interest is a working interest, by the owner of such interest also subscribing to the Unit Operating Agreement. After operations are commenced hereunder, the right of subsequent joinder, as provided in this section, by a working interest owner is subject to such requirements or approvals, if any, pertaining to such joinder, as may be provided for in the Unit Operating Agreement. After final approval hereof, joinder to this agreement by a non-working interest owner must be consented to in writing by the working interest owner committed hereto and responsible for the payment of any benefits that may accrue hereunder in behalf of such non-working interest. Prior to final approval hereof, joinder by any owner of non-working interest must be accompanied by appropriate joinder by the owner of the corresponding working interest in order for the interest to be regarded as effectively committed hereto. A subsequent joinder shall be effective as of the first day of the month following the filing with the Supervisor of duly executed counterparts of all or any papers necessary to establish effective commitment of any tract to this agreement unless objection to such joinder is duly made within 60 days by the Director.

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25. COUNTERPARTS: This agreement may be executed in any number of counterparts no one of which needs to be executed by all parties or may be ratified or consented to by separate instrument in writing specifically referring hereto and shall be binding upon all those parties who have executed such a counterpart, ratification, or consent hereto with the same force and effect as if all such parties had signed the same document and regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands within the above described unit area.

26. FAIR EMPLOYMENT: The Unit Operator shall not discriminate against any employee or applicant for employment because of race, creed, color, or national origin, and an identical provision shall be incorporated in all sub-contracts.

27. LOSS OF TITLE: In the event title to any tract of unitized land or substantial interest therein shall fail and the true owner cannot be induced to join this unit agreement, so that such tract is not committed to this unit agreement, there shall be such readjustment of participation as may be required on account of such failure of title. In the event of a dispute as to title or as to any interest in unitized land, the Unit Operator may withhold payment or delivery on account thereof without liability for interest until the dispute is finally settled; provided, that as to Federal and State land or leases, no payments of funds due the United States or the State of New Mexico shall be withheld, but such funds shall be deposited as directed by the Supervisor and the Commissioner of Public Lands of the State of New Mexico, respectively, to be held as unearned money pending final settlement of the title dispute, and then applied as earned or returned in accordance with such final settlement.

28. NO PARTNERSHIP: It is expressly agreed that the relation of the parties hereto is that of independent contractors and nothing in this agreement contained, expressed or implied, nor any operations conducted hereunder, shall create or be deemed to have created a partnership or association between the parties hereto or any of them.

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IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed and have set opposite their respective names the date of execution.

WITNESS:

DATE:

UNIT OPERATOR AND WORKING INTEREST OWNER

Robert M. Anderson

By Carl A. Benson

Address: 316 Petroleum Building
Oklahoma City, Oklahoma

By [Signature]

By _____

By _____

WORKING INTEREST OWNERS

ATTEST:

DATE:

STANOLIND OIL AND GAS COMPANY

APPROVED

BY

Vice-President

Assistant Secretary

Address: P. O. Box 591, Tulsa, Oklahoma

ATTEST:

Secretary

By

President

Address:

ATTEST:

Secretary

By

President

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STATE OF _____
COUNTY OF _____

On this _____ day of _____, 19____, before me appeared _____
_____, to me personally known, who, being by me duly
sworn, did say that he is the _____ President of _____

and that the seal affixed to said instrument is the corporate seal of said corporation,
and that said instrument was signed and sealed in behalf of said corporation by
authority of its Board of Directors, and said _____
acknowledged said instrument to be the free act and deed of said corporation.

Given under my hand and notarial seal this _____ day of _____, 19____.

My Commission expires:

Notary Public

STATE OF _____
COUNTY OF _____

On this _____ day of _____, 19____, before me appeared _____
_____, to me personally known, who, being by me duly
sworn, did say that he is the _____ President of _____ STANOLIND OIL AND GAS COMPANY

and that the seal affixed to said instrument is the corporate seal of said corporation,
and that said instrument was signed and sealed in behalf of said corporation by
authority of its Board of Directors, and said _____
acknowledged said instrument to be the free act and deed of said corporation.

Given under my hand and notarial seal this _____ day of _____, 19____.

My Commission expires:

_____ 1254

STATE OF _____
COUNTY OF _____

On this _____ day of _____, 19____, before me appeared _____
_____, to me personally known, who, being by me duly
sworn, did say that he is the _____ President of _____

and that the seal affixed to said instrument is the corporate seal of said corporation,
and that said instrument was signed and sealed in behalf of said corporation by
authority of its Board of Directors, and said _____
acknowledged said instrument to be the free act and deed of said corporation.

Given under my hand and notarial seal this _____ day of _____, 19____.

My Commission expires:

Notary Public

STATE OF _____
COUNTY OF _____

On this _____ day of _____, 19____, before me appeared _____
_____, to me personally known, who, being by me duly
sworn, did say that he is the _____ President of _____

and that the seal affixed to said instrument is the corporate seal of said corporation,
and that said instrument was signed and sealed in behalf of said corporation by
authority of its Board of Directors, and said _____
acknowledged said instrument to be the free act and deed of said corporation.

Given under my hand and notarial seal this _____ day of _____, 19____.

My Commission expires:

Notary Public

(New Mexico)

17185

STATE OF Oklahoma)
COUNTY OF Oklahoma)

On this 1st day of November, 1950, before me personally appeared
Earl A. Benson and Wm. V. Martin
to me known to be the persons described in and who executed and delivered the
foregoing instrument, and acknowledged to me that they executed the same as their
free act and deed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 1st day of November, 1950.

My Commission expires:

August 3rd, 1953

STATE OF _____)
COUNTY OF _____)

On this _____ day of _____, 19____, before me personally appeared
to me known to be the person _____ described in and who executed and delivered the
foregoing instrument, and acknowledged to me that _____ executed the same as _____
free act and deed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this _____ day of _____, 19____.

My Commission expires:

Notary Public

STATE OF _____)
COUNTY OF _____)

On this _____ day of _____, 19____, before me personally appeared
to me known to be the person _____ described in and who executed and delivered the
foregoing instrument, and acknowledged to me that _____ executed the same as _____
free act and deed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this _____ day of _____, 19____.

My Commission expires:

Notary Public

STATE OF _____)
COUNTY OF _____)

On this _____ day of _____, 19____, before me personally appeared
to me known to be the person _____ described in and who executed and delivered the
foregoing instrument, and acknowledged to me that _____ executed the same as _____
free act and deed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this _____ day of _____, 19____.

My Commission expires:

Notary Public

STATE OF _____)
COUNTY OF _____)

On this _____ day of _____, 19____, before me personally appeared
to me known to be the person _____ described in and who executed and delivered the
foregoing instrument, and acknowledged to me that _____ executed the same as _____
free act and deed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this _____ day of _____, 19____.

My Commission expires:

Notary Public

now, or may hereafter, be vested in the New Mexico Oil Conservation Commission by law relative to the supervision and control of operations for exploration and development of any lands committed to said Gallegos Canyon Unit Agreement, or relative to the production of oil or gas therefrom.

Section 4. (a) That the Unit Area shall be the following described lands, all located in San Juan County, New Mexico, to-wit:

NEW MEXICO PRINCIPAL MERIDIAN:

Township 28 North, Range 11 West

Sec. 7 - All
Sec. 18- All
Sec. 19- All

Township 28 North, Range 12 West

Secs. 7 to 34, incl.

Township 28 North, Range 13 West

Secs. 11 to 14, incl.
Secs. 23 to 26, incl.
Secs. 35 and 36

Township 29 North, Range 12 West

Sec. 16 - SW/4
Secs. 17 to 21, incl.
Sec. 22 - W/2, SE/4
Sec. 25 - W/2, SE/4
Secs. 26 to 36, incl.

Township 29 North, Range 13 West

Sec. 13 - All
Secs. 23 to 26, incl.
Secs. 34 to 36, incl.

Said area embraces a total of 39,324.51 acres of land.

(b) The Unit Area may be enlarged or contracted as provided in said Plan.

Section 5. That the Unit Operator shall file with the Commissioner of Public Lands an executed original or executed counterpart of the Gallegos Canyon Unit Agreement within thirty days after the effective date thereof.

MAY 8 '51

Section 6. That any party owning rights in the unitized substances who does not commit such rights to said Unit Agreement before the effective date thereof may thereafter become a party thereto by subscribing to such agreement or counterpart thereof. The unit operator shall file with the Commission within thirty days an original of any such counterpart.

Section 7. That this Order shall become effective on the first day of the calendar month next following the approval of the Commissioner of Public Lands of the State of New Mexico and the Director of the United States Geological Survey, and shall terminate ipso facto on the termination of said Unit Agreement. The last unit operator shall immediately notify the Commission in writing of such termination.

DONE at Santa Fe, New Mexico, this 24th day of April, 1951.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

/s/ GUY SHEPARD, Member

R. R. SPURRIER, Secretary

(SEAL)

EXHIBIT "B"

SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF OIL AND GAS INTERESTS IN ALL LAND IN THE CALLEGOS CANYON UNIT AGREEMENT

FEDERAL LANDS

| TRACT NO. | FEDERAL LEASE NO. (SANTA FE) | DESCRIPTION | | | NO. ACRES | LEASE OWNER OF RECORD | ROYALTY OWNERS & INTEREST | | | WORKING INTEREST OWNER UNDER OPTION AGREEMENT | | |
|-----------|---|-------------|-----|----------------------------------|----------------------|-----------------------|---------------------------|-------|------|---|---|---------------------|
| | | TWP | R | SEC | | | SECTION SUBDIVISIONS | OWNER | ORRI | RI OR | OPERATING AGREEMENT LEASE OR ASSIGNMENT | PERCENTAGE INTEREST |
| | | | | | | | | | | | | |
| 1 | 0524 (NM) (Lse.App.) | 29N | 13W | 24 | - N/2 S/2 | 160.00 | E. B. Todhunter | USA | RI | 12 $\frac{1}{2}$ % | E. B. Todhunter | 87.5000 |
| 2 | 047019-B 3-6-36 (Producing Lease) | 28N | 11W | 7 - Lot 1 18 | SE/4 NE/4, SW/4 SE/4 | 106.90 | Summit Oil Co. | USA | RI | 12 $\frac{1}{2}$ % | Southern Union Gas Co. Summit Oil Co. | 87.5000 |
| 3 | 076444 11-1-45 | 29N | 12W | 18 | - Lot 3 | 39.43 | Pauline S. McNaughton | USA | RI | 12 $\frac{1}{2}$ % | J. J. Hudson | 87.5000 |
| 4 | 076444 11-1-45 | 29N | 13W | 23 - S/2 SW/4, 26 - NE/4 NE/4 | SW/4 SE/4 | 160.00 | Pauline S. McNaughton | USA | RI | 12 $\frac{1}{2}$ % | J. J. Hudson | 87.5000 |
| 5 | 077731 8-1-46 | 29N | 12W | 21 | - NE/4 | 160.00 | Pauline S. McNaughton | USA | RI | 12 $\frac{1}{2}$ % | J. J. Hudson | 87.5000 |
| 6 | 077966 2-1-48 | 28N | 13W | 23 - All 24 - All 14 - S/2 | | 1600.00 | Carlos Robinson | USA | RI | 12 $\frac{1}{2}$ % | Southern Union Gas Co. | 87.5000 |
| 7 | 077967 2-1-48 | 28N | 13W | 35 - All 36 - All | | 1280.00 | Gerald L. Davies | USA | RI | 12 $\frac{1}{2}$ % | Southern Union Gas Co. | 87.5000 |
| 8 | 078072 2-1-48 | 28N | 13W | 11 | - All | 275.36 | W. H. Sloan | USA | RI | 12 $\frac{1}{2}$ % | W. H. Sloan | 87.5000 |

April 1951

17135

#17185

CERTIFICATION--DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior under the Act approved March 3, 1909, 35 Stat. 783, 25 U.S.C. sec. 396, as to certain restricted INDIAN lands, and delegated to the Commissioner of Indian Affairs by Departmental Order 2508 of January 11, 1949, 14 F.R. 258; and

Pursuant to the authority vested in the Secretary of the Interior, as to FEDERAL lands, under the Act approved February 25, 1920, 41 Stat. 437; 30 U.S.C. secs. 181, et seq., as amended by the Act of August 8, 1946, 60 Stat. 950, and delegated to the Director of the Geological Survey by Departmental Order 2365 of October 8, 1947, 43 C.F.R. sec. 4.611, 12 F.R. 6784, we do hereby:

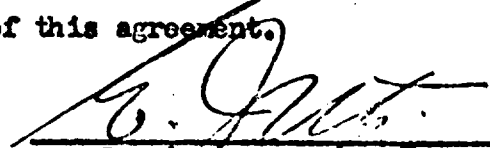
A. Approve the attached agreement for the development and operation of the Gallegos Canyon Unit Area, San Juan County, State of New Mexico.

B. Certify and determine that the unit plan of development and operation contemplated in the attached agreement is necessary and advisable in the public interest for the purpose of more properly conserving the natural resources.

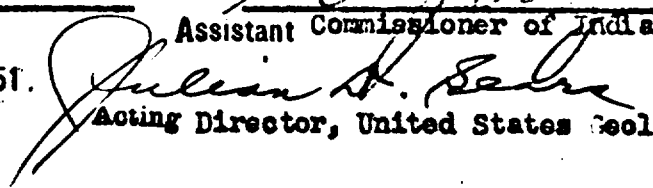
C. Certify and determine that the drilling, producing, rental, and royalty provisions of all Indian leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of this agreement.

D. Certify and determine that the drilling, producing rental, minimum royalty, and royalty requirements of all Federal leases committed to said agreement are hereby established, altered, changed or revoked to conform with the terms and conditions of this agreement.

Dated JUL 25 1951


Assistant Commissioner of Indian Affairs

Dated JUL 25 1951.


Acting Director, United States Geological Survey

-90

6-17185

7.185
The undersigned, Commissioner of Public Lands of the State of
New Mexico, having considered the Application of Earl A. Benson and
William T. Benson for approval of the Gallegos Canyon Unit Agreement,
covering lands in San Juan County, New Mexico, described in said
Agreement, and the undersigned having considered the aforesaid Appli-
cation and the evidence offered by the Petitioners at the hearing
before the Oil Conservation Commission on the 24th day of April,
1951, do hereby approve the same.

1. The said Gallegos Canyon Unit Agreement will tend to pro-
mote the conservation of oil and gas and the better utilization of
reservoirs in the area.

2. Under the operation of the proposed Agreement,
the State of New Mexico will receive its fair share of the recover-
able oil and gas in place under its lands in the area affected.

3. The Agreement is in other respects for the best inter-
ests of the State of New Mexico.

Said Agreement is hereby approved.

Dated April 24th, 1951, at Santa Fe, New Mexico.

George H. Raymond
Commissioner of Public Lands.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

37784

IN THE MATTER OF THE APPLICATION OF
EARL A. BENSON AND WILLIAM V. MONTIN
FOR THE APPROVAL OF GALLEGOS CANYON
UNIT AGREEMENT EMBRACING 39,324.51
ACRES OF LAND IN TOWNSHIP 28 NORTH,
RANGES 11, 12 AND 13 WEST AND TOWNSHIP
29 NORTH, RANGES 12 AND 13 WEST, N. M. P. M.,
SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 247
ORDER NO. R-68

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause coming on for hearing at ten o'clock a. m., on the 24th day of April, 1951, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," upon the application of Earl A. Benson and William V. Montin for approval of the Gallegos Canyon Unit Agreement, embracing lands situated in San Juan County, New Mexico, and the Commission having considered said application and the evidence introduced in support thereof and being fully advised in the premises:

FINDS that the proposed unit plan will in principle tend to promote the conservation of oil and gas and the prevention of waste;

IT IS, THEREFORE, ORDERED BY THE COMMISSION AS FOLLOWS:

Section 1. That this order shall be known as the

GALLEGOS CANYON UNIT AGREEMENT ORDER.

Section 2. (a) That the project herein referred to shall be known as the Gallegos Canyon Unit Agreement, and shall hereafter be referred to as the "Project."

(b) That the plan by which the Project shall be operated shall be embraced in the form of a unit agreement for the development and operation of the Gallegos Canyon Unit Agreement Area referred to in the Petitioners' petition and filed with said petition, and such plan shall be known as the Gallegos Canyon Unit Agreement Plan.

Section 3. That the Gallegos Canyon Unit Agreement Plan is hereby approved as a proper conservation measure; provided, however, that notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing in any manner any rights, duties or obligations which are

FEDERAL LANDS

| TRACT NO. | FEDERAL LEASE NO. (SANTA FE) | DESCRIPTION | | | NO. ACRES | LEASE OWNER OF RECORD | ROYALTY OWNERS & INTEREST | | | WORKING INTEREST OWNER UNDER OPTION AGREEMENT | | |
|-----------|---------------------------------|-------------|-----|---|-----------|-----------------------|---------------------------|-------|------------|---|---|---------------------|
| | | TWP | R | SEC | | | SECTION SUBDIVISIONS | OWNER | RI OR ORPI | INTEREST | OPERATING AGREEMENT LEASE OR ASSIGNMENT | PERCENTAGE INTEREST |
| | | | | | | | | | | | | |
| 9 | 078106 12-1-47 | 28N | 12W | 15 - All 17 - All 18 - All 19 - NW/4 21 - NW/4, SE/4 22 - NW/4 | 2536.94 | A. D. Kneale | USA | RI | 12 3/4% | Mid-Continent Petroleum Corporation | 87.5000 | |
| 10 | 078109 2-1-48 | 29N | 12W | 21 - NW/4, N/2 SW/4, SE/4 26 - S/2 SW/4, W/2 SE/4 27 - S/2 NE/4 28 - NE/4 NE/4 31 - All 33 - SE/4 34 - S/2 SW/4 7 - All 8 - All 9 - W/2 10 - All 11 - Lots 3 & 4 | 2561.19 | Charles Klein | USA | RI | 12 3/4% | Mid-Continent Petroleum Corporation | 87.5000 | |
| 11 | 078209 10-1-49 | 29N | 12W | 28 - NW/4 SW/4 30 - NE/4 NE/4, NE/4 SE/4 LOT 4 34 - NW/4 SW/4 35 - NW/4 NW/4 | 239.68 | R. V. Wickens | USA | RI | 12 3/4% | Albuquerque Assoc. Oil Company | 87.5000 | |
| 11-A | 078209 10-1-49 | 29N | 12W | 28 - SW/4 SE/4, SE/4 SW/4 33 - S/2 NE/4 | 160.00 | R. V. Wickens | USA | RI | 12 3/4% | H. K. Beardmore | 87.5000 | |

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FEDERAL LANDS

| TRACT NO. | FEDERAL LEASE NO. (SANTA FE) | TWP | R | SEC | DESCRIPTION | NO. ACRES | LEASE OWNER OF RECORD | ROYALTY OWNERS & INTEREST | | WORKING INTEREST OWNER UNDER OPTION AGREEMENT OPERATING AGREEMENT LEASE OR ASSIGNMENT | | PERCENTAGE INTEREST |
|-----------|---|-----|-----|---|---------------------|-----------|---|---------------------------|------------|--|--|---------------------|
| | | | | | | | | OWNER | RI OR ORRI | INTEREST | INTEREST | |
| 12 | 078303 12-1-47 | 29N | 12W | 18 | E/2 SE/4, SE/4 NE/4 | 120.00 | J. J. Hudson | USA | RI | 12 1/2 % | Albuquerque Assoc Oil 5/8 WI | 54.6875 |
| 13 | 078370 12-1-47 | 29N | 12W | 17 - NE/4, E/2 NW/4 18 - N/2 N/2, SW/4 NE/4 | | 439.32 | Nathan Kessler | USA | RI | 12 1/2 % | Carroll & Cornell 3/8 WI | 32.8125 |
| 14 | 03401 (078370 - Old Serial No.) 12-1-47 | 29N | 12W | 17 - W/2 NW/4 | | 80.00 | Albuquerque Assoc. Oil (Nathan Kessler - Original Lessee) | USA | RI | 12 1/2 % | Albuquerque Assoc. Oil 5/8 WI | 54.6875 |
| 15 | 078780 (Use App.) | 28N | 11W | 7 - SE/4 SE/4 18 - NE/4 NE/4, E/2 SE/4 | | 160.00 | Hazel L. Gentle | USA | RI | 12 1/2 % 3 % | Niles Oil Company | 84.5000 |
| 16 | 078807 4-1-48 | 28N | 13W | 12 - Lcts 1,2,3,4 & S/2 S/2 13 - All 14 - N/2 | | 1235.40 | H. K. Riddle | USA | RI | 12 1/2 % 2 % | Stanolind 1/2 WI Benson & Montin 1/2 WI | 42.7500 42.7500 |
| 17 | 078828 8-1-49 | 28N | 12W | 11 - S/2 S/2 14 - NE/4 NE/4, SW/4 NE/4, SW/4 22 - NE/4 23 - W/2 NW/4 27 - All 28 - All 29 - E/2 | | 2240.00 | Clinton C. Seymour | USA | RI | 12 1/2 % 2 % | Stanolind 1/2 WI Benson & Montin 1/2 WI | 42.7500 42.7500 |
| 18 | 078903 2-1-48 | 28N | 12W | 33 - All 34 - All | | 1280.00 | Carroll T. Payne | USA | RI | 12 1/2 % | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 |

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FEDERAL LANDS

| TRACT NO. | FEDERAL LEASE NO. (SANTA FE) | DESCRIPTION | | | NO. ACRES | LEASE OWNER OF RECORD | ROYALTY OWNERS & INTEREST | | | WORKING INTEREST OWNER | | |
|-----------|---------------------------------|-------------|-----|---|-----------|-----------------------|---------------------------|---------------------|----------|--|---------------------|---------------------|
| | | TWP | R | SEC | | | OWNER | ORRI | INTEREST | UNDER OPTION AGREEMENT | LEASE OR ASSIGNMENT | PERCENTAGE INTEREST |
| 19 | 078904 2-1-48 | 28N | 12W | 23 - E/2, SW/4, E/2 NW/4 24 - All 25 - All 26 - All | 2480.00 | Carol T. Payne | USA | RI | 12 1/4% | Stanolind 1/2 WI Benson & Montin 1/2 WI | | 43.7500 43.7500 |
| 20 | 078905 7-1-48 | 28N | 12W | 11 - Lots 1 & 2 12 - SW/4 SW/4 13 - W/2 NW/4, SW/4 14 - NW/4, NW/4 NE/4, SE/4 22 - S/2 31 - Lots 3 & 4, E/2 SW/4 | 1207.18 | Vance W. McManus | USA | RI | 12 1/4% | Stanolind 1/2 WI Benson & Montin 1/2 WI | | 43.7500 43.7500 |
| 21 | 078926 5-1-48 | 29N | 13W | 25 - S/2 NW/4, S/2 26 - S/2, NW/4, W/2 NE/4, SE/4 NE/4 35 - All | 1640.00 | Vance W. McManus | USA | RI | 12 1/4% | Stanolind 1/2 WI Benson & Montin 1/2 WI | | 43.7500 43.7500 |
| 22 | 078949 2-1-48 | 29N | 12W | 18 - S/2 SW/4 19 - E/2 NW/4, NW/4 NE/4 | 199.48 | L. B. Hodges | USA | RI | 12 1/4% | L. B. Hodges | | 87.5000 |
| 23 | 079065 10-1-49 | 29N | 13W | 34 - All | 640.00 | L. N. Hagood | USA | RI | 12 1/4% | L. N. Hagood | | 87.5000 |
| 24 | 079244 5-1-48 | 28N | 12W | 19 - NE/4 20 - NW/4 | 320.00 | Albert K. Senter, Jr. | USA | RI | 12 1/4% | Stanolind 1/2 WI Benson & Montin 1/2 WI | | 43.7500 43.7500 |
| 25 | 079346 5-1-49 | 28N | 12W | 32 - All | 640.00 | Mary C. Hagood | USA | RI | 12 1/4% | Benson & Montin | | 82.5000 |
| | | | | | | | | Mary C. Hagood ORRI | 5% | | | |

April 1951

171855

FEDERAL LANDS

| TRACT NO. | FEDERAL LEASE NO. (SANTA FE) | DESCRIPTION | | NO. ACRES | LEASE OWNER OF RECORD | ROYALTY OWNERS & INTEREST | | WORKING INTEREST OWNER | PERCENTAGE INTEREST | | |
|-----------|---------------------------------|-------------|-----|---------------------------|--------------------------|--|---------|------------------------|---------------------|----------------------------------|------------|
| | | TWP | R | | | SEC | SECTION | | | OWNER | RI OR ORRI |
| 34-A | 080723 1-1-50 | 29N | 12W | 21 - S/2 SW/4 | 160.00 | E. J. Johnson | USA | RI | 12 3/4% | Albuquerque Assoc. Oil 5/8 WI | 54.6875 |
| | | | | 28 - NE/4 NW/4, NW/4 NE/4 | | | | | | Carrcll & Cornell 3/8 WI | 32.8125 |
| 35 | 080844 (Ise.App.) | 28N | 11W | 19 - All | 635.84 | Thelma L. Stephens (Now Thelma L. Rhodes) | USA | RI | 12 3/4% | Benson & Montin | 82.5000 |
| | | | | | | | | | | Thelma L. Rhodes | 5 % |
| 36 | 080962 7-1-50 | 29N | 12W | 29 - NE/4 SE/4, NE/4 SW/4 | 80.00 | Elma R. Jones | USA | RI | 12 3/4% | Elma R. Jones | 87.5000 |

TOTAL FEDERAL LEASES ----- 24,716.72

FEDERAL LANDS

| TRACT NO. | FEDERAL LEASE NO. (SANTA FE) | DESCRIPTION | | | NO. ACRES | LEASE OWNER OF RECORD | ROYALTY OWNERS & INTEREST | | WORKING INTEREST OWNER UNDER OPTION AGREEMENT | | PERCENTAGE INTEREST |
|-----------|---------------------------------|-------------|-----|--|-----------|---|---------------------------|------|---|---|---------------------|
| | | TWP | R | SEC | | | OWNER | ORRI | LEASE OR ASSIGNMENT | OPERATING AGREEMENT | |
| 26 | 079907 9-1-48 | 29N | 12W | 26 - NW/4 NW/4 27 - N/2 NE/4 | 120.00 | A. T. Callahan | USA | RI | 12 1/2% | Albuquerque Assoc. Oil 5/8 WI Carroll & Cornell 3/8 WI | 54.6875 32.8125 |
| 27 | 080224 (Use.App.) | 29N | 12W | 27 - N/2 SE/4 | 80.00 | E. A. Hanson | USA | RI | 12 1/2% | E. A. Hanson E. A. Hanson Chickadee Co. | 87.5000 |
| 28 | 080239 9-1-49 | 29N | 13W | 23 - N/2 SE/4, SE/4 SE/4 | 120.00 | George Siegel | USA | RI | 12 1/2% | J. J. Hudson | 87.5000 |
| 29 | 080491 (Use.App.) | 29N | 12W | 17 - SE/4 | 160.00 | Grace E. Van Hook | USA | RI | 12 1/2% | Grace E. Van Hook | 87.5000 |
| 30 | 080600 (Use.App.) | 29N | 12W | 17 - SW/4 | 160.00 | Grace E. Van Hook | USA | RI | 12 1/2% | Grace E. Van Hook | 87.5000 |
| 31 | 080614 (Use.App.) | 29N | 13W | 13 - E/2 SE/4, NE/4, NE/4 NW/4 | 280.00 | Albert W. Senter, Jr. | USA | RI | 12 1/2% | Stanolind Benson & Montin | 43.7500 43.7500 |
| 32 | 080647 3-1-48 | 29N | 12W | 22 - N/2 S/2 | 160.00 | H. K. Riddle | USA | RI | 12 1/2% | H. K. Riddle | 87.5000 |
| 33 | 080647 | 29N | 12W | 22 - NW/4 | 160.00 | H. K. Riddle (Assigned to Tom Bolack Assignment not yet approved) | USA | RI | 12 1/2% | Tom Bolack | 87.5000 |
| 34 | 080723 1-1-50 | 29N | 12W | 19 - E/2 NE/4, NE/4 SE/4 20 - N/2, N/2 S/2, SE/4 SE/4 | 640.00 | E. J. Johnson | USA | RI | 12 1/2% | J. J. Hudson | 87.5000 |

April 1951

NAVAJO INDIAN ALLOTTED LANDS

| TRACT NO. | TWP | R | DESCRIPTION | | NO. ACRES | LEASE OWNER OR RECORD | ROYALTY OWNER & INTEREST | | WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT, LEASE, ASSIGNMENT OR LAND INTEREST | |
|-----------|-----|-----|-------------|----------------------------------|-----------|-----------------------|---|------------|--|----------------|
| | | | SECTION | SUBDIVISIONS | | | OWNER | RI OR ORRI | INTEREST | COWNER |
| 37 | 28N | 12W | 9 | Lots 1 & 2, S/2 SE/4 16 - N/2 | 456.24 | Glenn J. Smith | Navajo Indians | RI | 12 1/2% | Glenn J. Smith |
| 38 | 28N | 12W | 16 | S/2 | 640.00 | The Texas Co. | Nati ne alstee Bestoon Little Charley Niti yealth na dalth or Joe Dohy Nati ye na yah or John Dohy Nah-da-lathe-Cah or Robert Adobe Dohy Glin nos bah Alth ta yo lalth or Ray Victor Es scn so ah (Decleared - see below for him in addition to those listed here) | RI | 12 1/2% | The Texas Co. |
| 39 | 28N | 12W | 19 | S/2 | 792.62 | The Texas Co. | Hod-tah-ne-tsose Els tso nas pah or Helen Jcse or Mrs. John Jose Pahe Hod tah ne tsosee or Paul Jones Pah Hod tah ne tsosee or John Russel John Charlie Ha ncp pah or Martha Jose (minor heir) Ah kee or Tom Jose (minor heir) Dah noz bah or Bessie Charlie (minor heir) Boz de bah or Betty Charlie (minor heir) Glen ye ne bah or Jessie Charlie (minor heir) Na glee bah or Alice Charlie (minor heir) Yeth e bah or Isabel Charlie (minor heir) | | | |

* Heirs of Es scn so at
Largo Blackie
Nafonni Blackie
Rastus Blackie
Joe Blackie
Glen na gair

April 1951

NAVAJO INDIAN ALLOTTED LANDS

| TRACT NO. | DESCRIPTION | | | NO. ACRES | LEASE OWNER OF RECORD | ROYALTY OWNER & INTEREST | | WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT, LEASE, ASSIGNMENT OR LAND INTEREST | | | |
|-----------|-------------|-----|-----|-------------|-----------------------|--------------------------|---|--|----------------|------------------------|---------|
| | TWP | R | SEC | | | SECTION | OWNER | RI OR ORRI | INTEREST OWNER | INTEREST | |
| 40 | 28N | 12W | 29 | - W/2 | 320.00 | The Texas Co. | Bah or Mrs. Moses Ha tah ne ch wood or Niti ye chi nos wood Hah he bah or Mrs. Charlie Frank Bah Yazzie or Lewis Benett or Ray Kee Els Tso nas pah or Mrs. George John Lewis or Clee gee halth begay Glin haz bah Haska th nil wood or Lewis Yazzie Ya Na Ne bah or John Benett Na nis pah or Dorothy Yazzie Glinth yelth hos bah or Mrs. Benett Hostin-es-kihe or Joe Paul Be ta ne Begay or John Benett Francisco Begay Hah he pah or Mrs. Charlie Frank | RI | 12 1/2% | The Texas Co. | 87.5000 |
| 41 | 28N | 12W | 31 | - N/2, SE/4 | 472.00 | The Texas Co. | Hostin-es-kihe or Joe Paul Be ta ne Begay or John Benett Francisco Begay Hah he pah or Mrs. Charlie Frank | RI | 12 1/2% | The Texas Co. | 87.5000 |
| 42 | 28N | 12W | 30 | - All | 624.60 | Jernigan | Bah Yazzie or Lewis Benett or Ray Kee Els tso nas pah or Mrs. John Jones John Lewis or Clee gee halth begay Glin haz bah or Minnie Charles or Mrs. Billie Charlie Haska th nil wood or Lewis Yazzie Glinth yelth hos bah or Mary Lewis or Mrs. Joe Lewis Hah he pah or Mrs. Charlie Frank | RI | 12 1/2% | Southern Union Gas Co. | 87.5000 |

April 1951

NAVAJO INDIAN ALLIOTTED LANDS

| TRACT NO. | TWP | R | SEC | SUBDIVISIONS | SECTION | NO. | ACRES | LEASE OWNER OF RECORD | ROYALTY OWNER & INTEREST | | WORKING INTEREST OWNER UNDER | |
|-----------|-----|-----|-----|---|---------|--------|-----------------|--|--------------------------|------------|---|----------|
| | | | | | | | | | OWNER | RI OR ORRI | OPTION AGREEMENT, OPERATING AGREEMENT, LEASE, ASSIGNMENT OR LAND INTEREST | INTEREST |
| 43 | 28N | 13W | 25 | - All | | 640.00 | Jernigan | Hah nuz bah or Thelma Batonnne Na tah elth wolth or Little Charlie Pah Tso or Astha Vazza or Isabelle (Decedent - will not probated as of April 24, 1951) Hosh ka tya or Key Chee or Paul Newman Hostin es kihe or Joe Paul Keeth Chee or Joe Charlie Ossie or Ocie or Thelma Todi Cheene Tsosie or Zcnnie th palia May Todi cheene tsosie or Lucy Charley Navajo Thomas Haska yeth e dal or Kee Max Joe Thomas Atad or Da naz bah Walter Thomas (minor heirs) | RI | 12 3/4% | Southern Union Gas Co. | 87.5000 |
| 44 | 28N | 13W | 26 | - All | | 640.00 | Jernigan | Navajo Thomas or Thomas Tomas Hoska ye ah yah Thomas or Kee Max Es dot nin bah Thomas or Pauline Thomas cr Mrs. Jake Begay Ye nel wood Thomas or John Bleason | RI | 12% | Southern Union Gas Co. | 87.5000 |
| 45 | 29N | 12W | 32 | - SE/4 NE/4 33 - NE/4 NW/4 S/2 NW/4 SW/4 | | 320.00 | Benson & Montin | Nati ye na yah or John Adobe *Es son so ah (decedent - see view for him) Nita yealth na dalth or Joe Adobe Alth ta yo lalth or Ray Victor Glin noz bah Hah da lathe cah or Robert Adobe | RI | 12 3/4% | Benson & Montin | 87.5000 |

* Heir of Es son so ah
Largo Blackie
Natonnie Blackie
Rustin Blackie
Joe Blackie
Glen no pak

April 1951

STATE LANDS

| TRACT NO. | STATE LEASE NO. | TWP | R | DESCRIPTION | NO. ACRES | LEASE OWNER OF RECORD | ROYALTY OWNER & INTEREST | | WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT LEASE OR ASSIGNMENT | | |
|-----------|---------------------|-----|-----|--|-----------|--------------------------|---------------------------------|--------------------|--|---------|----------|
| | | | | | | | OWNER | ORRI | INTEREST | OWNER | INTEREST |
| | | | | | | | | | | | |
| 46 | E-2447 2-10-59 | 28N | 11W | 7 - Lot 2 | (27.53) | Skelly Oil Co. | State of RI New Mexico | 12 $\frac{1}{2}$ % | Skelly Oil Co. | 87.5000 | |
| | | | | 18 - NE/4 NW/4, SE/4 NW/4 NW/4 SE/4 | (80.00) | | | | | | |
| | | | | NW/4 SW/4 | (40.00) | | | | | | |
| | | 28N | 12W | SE/4 SW/4 | (38.93) | | | | | | |
| | | | | 12 - Lots 1, 2 & 3, S/2 SE/4 | (40.00) | | | | | | |
| | | | | 13 - SE/4 NW/4, NW/4 SE/4, S/2 SE/4 | (162.80) | | | | | | |
| | | 29N | 12W | 16 - NE/4 SW/4 | (160.00) | | | | | | |
| | | | | 32 - SW/4 NE/4, NE/4 SW/4 | (40.00) | | | | | | |
| | | | | 36 - NE/4 NW/4, NE/4 SW/4, SW/4 SE/4 | (80.00) | | | | | | |
| | | 29N | 13W | 36 - NW/4 NE/4 | (120.00) | | | | | | |
| | | | | TOTAL TRACT 46 | (40.00) | | | | | | |
| | | | | | 829.26 | | | | | | |
| 47 | B-10870 12-10-53 | 28N | 11W | 7 - Lots 4 & 5 | (65.44) | T & P Coal & Oil Company | State of RI New Mexico | 12 $\frac{1}{2}$ % | T & P Coal & Oil Co. | 87.5000 | |
| | | | | 18 - NW/4 NE/4, Lots 1 & 2 | (117.80) | | | | | | |
| | | | | 16 - SE/4 SW/4 | (40.00) | | | | | | |
| | | 29N | 12W | 36 - NW/4 SW/4 | (40.00) | | | | | | |
| | | | | TOTAL TRACT 47 | 263.24 | | | | | | |
| 48 | | 28N | 11W | 7 - Lot 3 | 27.55 | Not Leased | State of Min. All New Mexico | All | Not Leased | - | |
| 49 | | 28N | 11W | 7 - SE/4 SW/4 | 40.00 | Not Leased | State of Min. All New Mexico | All | Not Leased | - | |
| 50 | | 28N | 11W | 7 - SW/4 SE/4 | 40.00 | Not Leased | State of Min. All New Mexico | All | Not Leased | - | |

April 1951

17185

STATE LANDS

| TRACT NO | STATE LEASE NO. | DESCRIPTION | | | NO. ACRES | LEASE OWNER OF RECORD | ROYALTY OWNER & INTEREST | | | WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT LEASE OR ASSIGNMENT | | | |
|----------|-----------------------|-------------|-----|-----|-----------|-----------------------|--------------------------------------|-----------------------------|--------------------|--|------------------------------|---------|----------|
| | | TWP | R | SEC | | | SECTION | SUBDIVISIONS | OWNER | RI OR | INTEREST | OWNER | INTEREST |
| | | | | | | | | | | | | | |
| 51 | E-397 6-11-55 | 28N | 11W | 18 | SW/4 NE/4 | 40.00 | Southern Union Gas Co. New Mexico | RI | 12 $\frac{1}{2}$ % | Southern Union Gas Co. | | 87.5000 | |
| 52 | - | 28N | 11W | 18 | NE/4 SW/4 | 40.00 | Not leased | State of Min. New Mexico | All | Not leased | | | |
| 53 | B-9094-9 4-15-51 | 28N | 11W | 18 | SW/4 SW/4 | 38.95 | Otto Schindler | State of RI New Mexico | RI | 12 $\frac{1}{2}$ % | Otto Schindler | | 87.5000 |
| 54 | E-284-9 4-13-55 | 28N | 12W | 12 | Lot 4 | 27.60 | Arthur W. Sunter | State of RI New Mexico | RI | 12 $\frac{1}{2}$ % | Arthur W. Sunter | | 87.5000 |
| 55 | E-3151 12-14-59 | 28N | 12W | 12 | SE/4 SW/4 | 40.00 | John W. Hjerstedt | State of RI New Mexico | RI | 12 $\frac{1}{2}$ % | John W. Hjerstedt | | 87.5000 |
| 56 | E-1065-1 1-7-56 | 28N | 12W | 13 | N/2 NE/4 | 80.00 | Stanolind | State of RI New Mexico | RI | 12 $\frac{1}{2}$ % | Stanolind | | 87.5000 |
| 57 | B-11513-10 10-2-54 | 28N | 12W | 13 | NE/4 NW/4 | 40.00 | Paul T. Purcell | State of RI New Mexico | RI | 12 $\frac{1}{2}$ % | Paul T. Purcell | | 87.5000 |
| 58 | E-3156 12-15-59 | 28N | 12W | 13 | S/2 NE/4 | 80.00 | Bertha Rahn & Frieda Rahn | State of RI New Mexico | RI | 12 $\frac{1}{2}$ % | Bertha Rahn & Frieda Rahn | | 87.5000 |
| 59 | B-9145-27 5-15-51 | 28N | 12W | 13 | NE/4 SE/4 | 40.00 | Phillip Gates | State of RI New Mexico | RI | 12 $\frac{1}{2}$ % | Phillip Gates | | 87.5000 |
| 60 | E-498 8-10-55 | 29N | 12W | 16 | SW/4 SW/4 | 40.00 | T P Coal & Oil | State of RI New Mexico | RI | 12 $\frac{1}{2}$ % | T P Coal & Oil Co. | | 87.5000 |

STATE LANDS

| TRACT NO. | STATE LEASE No. | DESCRIPTION | | | NO. ACRES | LEASE OWNER OF RECORD | ROYALTY OWNER & INTEREST | | WORKING INTEREST OWNER UNDER | | | |
|--------------|-----------------------|-------------|-----|-----|--------------|--------------------------|--------------------------|-------------|------------------------------|--|--|--------------------|
| | | TWP | R | SEC | | | SECTION | SUBDIVISION | RI OR | | INTEREST | INTEREST |
| | | | | | | | | | OWNER | ORRI | | |
| 61 | B-9145-4 5-15-51 | 29N | 12W | 16 | - | NW/4 | SW/4 | 40.00 | Thelma Gapen | State of RI 12 $\frac{1}{2}$ % New Mexico | Thelma Gapen | 87.5000 |
| 62 | - | 29N | 12W | 32 | - | NW/4 | NW/4 | 40.00 | Not Leased | State of Min. All New Mexico | Not Leased | - |
| 63 | - | 29N | 12W | 32 | - | SW/4 | NW/4 | 40.00 | Not Leased | State of Min. All New Mexico | Not Leased | - |
| 64 | B-10405-24 6-24-53 | 29N | 12W | 32 | - | SE/4 | NW/4 | 40.00 | Stanolind | State of RI 12 $\frac{1}{2}$ % New Mexico | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 |
| 65 | - | 29N | 12W | 32 | - | NW/4 | SW/4 | 40.00 | Not Leased | State of Min. All New Mexico | Not Leased | - |
| 66 | B-10405-3 6-24-53 | 29N | 12W | 32 | - | SE/4 | SW/4 | 40.00 | F. V. Norvell | State of RI 12 $\frac{1}{2}$ % New Mexico | F. V. Norvell | 87.5000 |
| 67 | B-11318-10 6-26-54 | 29N | 12W | 32 | - | SW/4 | SW/4 | 40.00 | H. R. Anderson | State of RI 12 $\frac{1}{2}$ % New Mexico | H. R. Anderson | 87.5000 |
| 68 | - | 29N | 12W | 32 | - | NW/4 | SE/4 | 40.00 | Not Leased | State of Min. All New Mexico | Not Leased | - |
| 69 | E-2754 7-8-59 | 29N | 12W | 32 | - | SW/4 | SE/4 | 40.00 | S. E. Day | State of RI 12 $\frac{1}{2}$ % New Mexico | S. E. Day | 87.5000 |
| 70 | B-10405-9 6-24-53 | 29N | 12W | 32 | - | NE/4 | SE/4 | 40.00 | L. M. Johnson | State of RI 12 $\frac{1}{2}$ % New Mexico | L. M. Johnson | 87.5000 |

STATE LANDS

| TRACT NO. | STATE LEASE NO. | DESCRIPTION | | | FO. ACRES | LEASE OWNER OF RECORD | ROYALTY OWNER & INTEREST | | | WORKING INTEREST OWNER UNDER | | | |
|-----------|-----------------------|-------------|-----------|----------|---------------------------|-----------------------|-------------------------------|-----------------------------|-------|------------------------------|--|---|----------|
| | | TWP | R | SEC | | | SECTION | SUBDIVISIONS | OWNER | RI OR ORRI | INTEREST | OPTION AGREEMENT, OPERATING AGREEMENT LEASE OR ASSIGNMENT | INTEREST |
| | | | | | | | | | | | | | |
| 71 | B-10405-27 6-24-53 | 29N | 12W | 32 | - SE/4 SE/4 | 40.00 | Harry Wright | State of RI New Mexico | RI | 12 $\frac{1}{2}$ % | Harry Wright | 87.5000 | |
| 72 | B-10644-17 9-10-53 | 29N | 12W | 36 | - NE/4 NE/4 | 40.00 | Stanolind | State of RI New Mexico | RI | 12 $\frac{1}{2}$ % | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 | |
| 73 | B-10644-19 9-10-53 | 29N | 12W | 36 | - NW/4 NE/4 | 40.00 | Clarence Rupp | State of RI New Mexico | RI | 12 $\frac{1}{2}$ % | Clarence Rupp | 87.5000 | |
| 74 | B-11303 6-10-54 | 29N | 12W | 36 | - NW/4 NW/4 | 40.00 | T P Coal & Oil Co. | State of RI New Mexico | RI | 12 $\frac{1}{2}$ % | T P Coal & Oil Co. | 87.5000 | |
| 75 | - | 29N | 12W | 36 | - SW/4 NW/4 | 40.00 | Not Leased | State of Min. New Mexico | Min. | All | Not Leased | - | |
| 76 | B-10644-22 9-10-53 | 29N | 12W | 36 | - SE/4 NW/4 | 40.00 | Stanolind | State of RI New Mexico | RI | 12 $\frac{1}{2}$ % | Stanolind 1/2 WI Benson and Montin 1/2 WI | 43.7500 43.7500 | |
| 77 | B-10644-9 9-10-53 | 29N | 12W | 36 | - S/2 NE/4 | 80.00 | Pearl Kercheval | State of RI New Mexico | RI | 12 $\frac{1}{2}$ % | Pearl Kercheval | 87.5000 | |
| 78 | B-9104-4 4-30-51 | 29N 29N | 13W 12 | 36 36 | - SE/4 NW/4 - S/2 SW/4 | 120.00 | Albuquerque Assoc. Oil Co. | State of RI New Mexico | RI | 12 $\frac{1}{2}$ % | Albuquerque Assoc. Oil Co. | 87.5000 | |
| 79 | B-9577 | 29N | 12W | 36 | - NW/4 SE/4 | 40.00 | Paton Bros. | State of RI New Mexico | RI | 12 $\frac{1}{2}$ % | Paton Bros. | 87.5000 | |
| 80 | - | 29N | 12W | 36 | - NE/4 SE/4 | 40.00 | Not Leased | State of Min. New Mexico | Min. | All | Not Leased | - | |

STATE LANDS

| TRACT NO. | STATE LEASE NO. | TWP | R | SEC | SECTION | SUE | DIVISIONS | NO. ACRES | LEASE OWNER OF RECORD | ROYALTY OWNER & INTEREST | | | WORKING INTEREST OWNER UNDER | | |
|-----------|----------------------|-----|-----|-----|---------|------|-----------|-----------|-----------------------|---------------------------------|---------|--|------------------------------|-------|----------|
| | | | | | | | | | | OWNER | RI OR | | INTEREST | OWNER | INTEREST |
| | | | | | | | | | | | ORRI | INTEREST | | | |
| 81 | - | 29N | 12W | 36 | - | SE/4 | SE/4 | 40.00 | Not Leased | State of Min. All New Mexico | All | Not Leased | - | - | |
| 82 | - | 29N | 13W | 36 | - | NE/4 | NE/4 | 40.00 | Not Leased | State of Min. All New Mexico | All | Not Leased | - | - | |
| 83 | - | 29N | 13W | 36 | - | NE/4 | NW/4 | 40.00 | Not Leased | State of Min. All New Mexico | All | Not Leased | - | - | |
| 84 | B-11017-8 2-18-54 | 29N | 13W | 36 | - | W/2 | NW/4 | 80.00 | John A. Owings | State of RI New Mexico | 12 1/8% | John A. Owings | \$7.5000 | | |
| 85 | B-331-9 5-16-55 | 29N | 13W | 36 | - | NW/4 | SW/4 | 40.00 | John A. Owings | State of RI New Mexico | 12 1/8% | John A. Owings | \$7.5000 | | |
| 86 | - | 29N | 13W | 36 | - | SE/4 | NE/4 | 40.00 | Not Leased | State of Min. All New Mexico | All | Not Leased | - | - | |
| 87 | - | 29N | 13W | 36 | - | SW/4 | NE/4 | 40.00 | Not Leased | State of Min. All New Mexico | All | Not Leased | - | - | |
| 88 | - | 29N | 13W | 36 | - | NE/4 | SW/4 | 40.00 | Not Leased | State of Min. All New Mexico | All | Not Leased | - | - | |
| 89 | - | 29N | 13W | 36 | - | NW/4 | SE/4 | 40.00 | Not Leased | State of Min. All New Mexico | All | Not Leased | - | - | |
| 90 | B-11017 2-18-54 | 29N | 13W | 36 | - | NE/4 | SE/4 | 40.00 | Stanolind | State of RI New Mexico | 12 1/8% | Stanolind 1/2 WI Benson and Montin 1/2 WI | 43.7500 43.7500 | | |

STATE LANDS

| TRACT NO. | STATE LEASE NO. | TWP | R | DESCRIPTION | NO. ACRES | LEASE OWNER OF RECORD | ROYALTY OWNER & INTEREST | | | WORKING INTEREST OWNER UNDER | |
|-----------|-----------------------|-----|-----|------------------|-----------|-----------------------|---------------------------|-------|--|---|----------|
| | | | | | | | NO. | RI OR | | OPTION AGREEMENT, OPERATING AGREEMENT LEASE OR ASSIGNMENT | INTEREST |
| | | | | | | | | OWNER | ORRI | | |
| 91 | B-11017-15 2-18-54 | 29N | 13W | 36 - SW/4 SW/4 ← | 40.00 | Stanclind | State of RI New Mexico | 12½% | Stanclind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 | |
| 92 | B-11017-11 2-18-54 | 29N | 13W | 36 - SE/4 SW/4 | 40.00 | John N. Jetkiewicz | State of RI New Mexico | 12½% | John N. Jetkiewicz | 87.5000 | |
| 93 | B-11017-1 2-18-54 | 29N | 13W | 36 - SW/4 SE/4 | 40.00 | E. H. Colby | State of RI New Mexico | 12½% | E. H. Colby | 87.5000 | |
| 94 | E-2526 3-10-59 | 29N | 13W | 36 - SE/4 SE/4 | 40.00 | C. C. Seymour | State of RI New Mexico | 12½% | C. C. Seymour | 87.5000 | |

TOTAL STATE LAND ----- 3,186.60

PATENTED LAND

| TRACT No. | LEASE EXPIRATION DATE | TWP R | DESCRIPTION | | NO. ACRES | LEASE OWNER OF RECORD | ROYALTY OWNER & INTEREST | | WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT, LEASE, ASSIGNMENT OR LAND | |
|-----------|-----------------------|---------|-------------|---|-----------|-----------------------|--------------------------------------|---------------|---|--------------------|
| | | | SEC | SECTION | | | OWNER | ORRI INTEREST | OWNER | INTEREST |
| 95 | Not leased | 29N 13W | 13 | SE 1/4 NW 1/4, NE 1/4 SW 1/4 W 1/2 SE 1/4 | 160.00 | Not Leased | Dorothy J Krause Geo. H. Krause | RI 6 1/4% | Dorothy J Krause 1/2 WI Geo. H. Krause 1/2 WI | 43.7500 43.7500 |
| 96 | 8-2-53 | 29N 13W | 13 | NW 1/4 NW 1/4 | 40.00 | Stanolind | Enos J Strawn & Dorothy B Strawn | RI 12 1/2% | Stanolind 1/2 WI Benson and Montin 1/2 WI | 43.7500 43.7500 |
| 97 | 11-12-53 | 29N 13W | 13 | NW 1/4 SW 1/4 | 40.00 | Stanolind | Jessie Cox Church- hill | RI 12 1/2% | Stanolind 1/2 WI Benson and Montin 1/2 WI | 43.7500 43.7500 |
| 98 | 12-16-53 | 29N 13W | 13 | E 1071' SW 1/4 NW 1/4 | 32.00 | Stanolind | Arthur Coy & Ruth Coy | RI 12 1/2% | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 |
| 99 | 11-29-53 | 29N 13W | 13 | W 1/2 SW 1/4 SW 1/4 | 20.00 | Stanolind | J B Brown & Vada B Brown | RI 12 1/2% | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 |
| 100 | 11-1-53 | 29N 13W | 13 | E 1/2 SW 1/4 SW 1/4, SE 1/4 SW 1/4 | 60.00 | Stanolind | Gladys Booram | RI 6 1/4% | Stanolind 1/2 WI Benson & Montin 1/2 WI | 21.3750 21.3750 |
| 101 | Not leased | 29N 13W | 13 | E 1/2 SW 1/4 SW 1/4, SE 1/4 SW 1/4 | 12.00 | Stanolind | Thomas Kerby & Josephine M. Kerby | RI 6 1/4% | Stanolind 1/2 WI Benson & Montin 1/2 WI | 21.3750 21.3750 |
| | | 29N 13W | 23 | Begin at a point on N line Sec 23, 40 rds E from NW corner of the NE 1/4 of said Sec; Thence S 746.3'; Thence E 770'; Thence N 746.3'; Thence W 770' to place of beginning. | | Not Leased | John A. Lee | RI 12 1/2% | John A. Lee | 37.5000 |

PATENTED LAND

| TRACT NO | LEASE EXPIRATION DATE | DESCRIPTION | | | NO. ACRES | LEASE OWNER OF RECORD | ROYALTY OWNER & INTEREST | | WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT, LEASE, ASSIGNMENT OR LAND INTEREST | | | | |
|----------|-----------------------|-------------|-----|-----|---|-----------------------|--------------------------|---|--|---|--|--|----------|
| | | TWP | R | SEC | | | SECTION | SUBDIVISION | Owner | RI OR ORRI | INTEREST | OWNER | INTEREST |
| | | | | | | | | | | | | | |
| 102 | 2-20-57 | 29N | 13W | 23 | - E/2 NE/4, SW/4 NE/4 & 13 acres in S part of NW/4 NE/4 | 133.00 | Stanolind | Helen Zimmerman & R. J. Zimmerman | RI | 12 1/2% | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 | |
| 103 | Not Leased | 29N | 13W | 23 | - NW/4, N/2 SW/4 | 240.00 | Not Leased | Wm. S. Allen & Eula L. Allen | RI | 12 1/2% | William S. Allen & Eula L. Allen | 67.5000 | |
| 104 | Not Leased | 29N | 13W | 23 | - Begin at NW cor. of the NE/4 of Sec. 23, Thence S 60 rds; Thence E 40 rds; Thence N 60 rds; Thence W 40 rds to beginning. | 15.00 | Not Leased | A. E. Dustin Est. | RI | 12 1/2% | A. E. Dustin Est. | 67.5000 | |
| 105 | 9-17-52 | 29N | 13W | 24 | - W 12 ac NW/4 NW/4 Sec. 24 | 12.00 | Stanolind | John B. & Wanda Lee Burrell | RI | 12 1/2% | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 | |
| 106 | 3-13-52 | 29N | 13W | 24 | - E 28 ac NW/4 NW/4 Sec. 24 | 28.00 | Stanolind | Owen K McCarty & Cecille F McCarty | RI | 12 1/2% | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 | |
| 107 | 3-8-52 | 29N | 13W | 24 | - NE/4 NW/4 | 40.00 | Stanolind | Jos T & Kathleen Kellenaers | RI | 12 1/2% | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 | |
| 108 | 3-8-52 | 29N | 13W | 24 | - S/2 NW/4, SW/4 NE/4 | 120.00 | Stanclind | S. B. Lancaster | RI | 12 1/2% | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 | |
| 109 | Not Leased | 29N | 13W | 24 | - NW/4 NE/4 less 1/2 ac in extreme SE cor | 39.50 | Not Leased | Clara Zanolio James F Zanolio Nicholas C Zanolio Josephine Zanolio Mable Zanolio Grace Z. Discus | RI RI RI RI RI RI | 62 1/2% 7 1/2% 7 1/2% 7 1/2% 7 1/2% 7 1/2% | Clara Zanolio 62 1/2% of James F Zanolio 7 1/2% of Nicholas C Zanolio 7 1/2% of Josephine Zanolio 7 1/2% of Mable Zanolio 7 1/2% of Grace Z. Discus 7 1/2% of | 67.5000 67.5000 67.5000 67.5000 67.5000 67.5000 | |

PATENTED LAND

| TRACT NO. | LEASE EXPIRATION DATE | DESCRIPTION | | | | NO. ACRES | LEASE OWNER OF RECORD | ROYALTY OWNER & INTEREST | | WORKING INTEREST OWNER UNDER | | | |
|-----------|-----------------------|-------------|-----|-----|---|-----------|-----------------------|---|-------|------------------------------|---|--------------------|----------|
| | | TWP | R | SEC | SECTION | | | SUBDIVISION | OWNER | RI OR ORRI | INTEREST | OWNER | INTEREST |
| | | | | | | | | | | | | | |
| 110 | 9-8-53 | 29N | 13W | 24 | - W/2 E/2 NE/4 & E/2 E/2 NE/4 excepting E 5 ac cf SE/4 NE/4 | 75.00 | Stanolind | Anthony J Michel & Jchn A. Mitchell | RI | 12 $\frac{1}{2}$ % | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 | |
| 111 | Not Leased | 29N | 13W | 24 | - 1/2 ac S of Public Road in SE cor of NW/4 NE/4 | .50 | Not leased | S. B. Lancaster | RI | 12 $\frac{1}{2}$ % | S. B. Lancaster | 87.5000 | |
| 112 | 5-15-52 | 29N | 13W | 24 | - S/2 S/2 | 595.93 | Stanolind | H. L. Sterling & Iva Sterling | RI | 12 $\frac{1}{2}$ % | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 | |
| 113 | 2-24-57 | 29N | 13W | 25 | - NW/4 NE/4, SE/4 NW/4, S/2 NE/4, N/2 NW/4 | 160.00 | Stanolind | Phil Schenck & Alberta Schenck | RI | 12 $\frac{1}{2}$ % | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 | |
| 114 | 2-11-57 | 29N | 13W | 25 | - SE/4 NE/4 | 159.12 | Stanolind | W. T. Calloway | RI | 12 $\frac{1}{2}$ % | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 | |
| 115 | 10-5-53 | 29N | 12W | 13 | - Lot 2 or SW/4 NW/4, SE/4 NW/4, NE/4 SW/4 | 119.37 | Stanolind | Sandia Corp. | RI | 12 $\frac{1}{2}$ % | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 | |
| 116 | 10-5-53 | 29N | 12W | 13 | - W/2 SE/4 | 80.00 | Stanolind | Allen M. Tonkin & Nancy P. Tonkin | RI | 12 $\frac{1}{2}$ % | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 | |
| 117 | 8-17-53 | 29N | 12W | 19 | - SE/4 SE/4 | 60.00 | Stanolind | Geldie A. Chapman & Pease ^{Kera} Chapman | RI | 12 $\frac{1}{2}$ % | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 | |
| 118 | 5-6-57 | 29N | 12W | 19 | - E 60 ac E/2 SW/4 | 60.00 | Stanolind | Thos F. Kerby & Evelyn Kerby | RI | 12 $\frac{1}{2}$ % | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 | |

PATENTED LAND

| TRACT NO. | LEASE EXPIRATION DATE | DESCRIPTION | | | NO. ACRES | LEASE OWNER OF RECORD | ROYALTY OWNER & INTEREST | | WORKING INTEREST OWNER UNDER | | | | |
|-----------|-----------------------|-------------|-----|-----|-------------------------------------|-----------------------|--------------------------|--|------------------------------|--|--|--------------------|----------|
| | | TWP | R | SEC | | | SECTION | SUBDIVISION | OWNER | RI OR ORRI | INTEREST | OWNER | INTEREST |
| | | | | | | | | | | | | | |
| 119 | 9-17-57 | 29N | 12W | 19 | - W 20 ac E/2 SW/4 | 20.00 | Stanolind | Thos F. Kerby & Evelyn Kerby | RI | 12 $\frac{1}{2}$ % | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 | |
| 120 | 2-8-57 | 29N | 12W | 19 | - W/2 NW/4, W 23.46 ac of NW/4 SW/4 | 107.31 | Stanolind | H. H. Smith & Evelyn V Smith | RI | 12 $\frac{1}{2}$ % | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 | |
| 121 | 9-17-52 | 29N | 12W | 19 | - E 16 ac of NW/4 SW/4 | 16.00 | Stanolind | Howard H. Smith & Evelyn V Smith | RI | 12 $\frac{1}{2}$ % | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 | |
| 122 | 2-12-52 Not Leased | 29N | 12W | 19 | - W/2 SE/4, SW/4 NE/4 | 120.00 | Benson & Montin | Mamie Whitenack | RI | 12 $\frac{1}{2}$ % | Benson & Montin | 87.5000 | |
| 123 | 2-11-57 | 29N | 12W | 30 | - SE/4 SE/4, W/2 SE/4, SE/4 SW/4 | 160.00 | Stanolind | Dayo & Rosa Miller Luke H & Dorothy Helen Pouson | RI | 6 $\frac{1}{4}$ % 6 $\frac{1}{4}$ % | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 | |
| 124 | 3-19-52 | 29N | 12W | 32 | - W/2 NE/4, NE/4 NW/4 | 320.00 | R. E. Ransdell | Alex & Petrita Jaquez & Heirs of Juan Jaquez | RI | 12 $\frac{1}{2}$ % | R. E. Ransdell | 87.5000 | |
| 125 | 8-17-53 | 29N | 12W | 29 | - NE/4 | 200.00 | Stanolind | F L Lee & Eva Lee | RI | 6 $\frac{1}{4}$ % | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 | |
| 126 | 1-31-57 | 29N | 12W | 20 | - SW/4 SE/4 | 200.00 | Stanolind | W C & Ora Mae Huish | RI | 6 $\frac{1}{4}$ % | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 | |
| 127 | 8-17-53 | 29N | 12W | 20 | - E/2 SW/4 SW/4 | 20.00 | Stanolind | L V & Pearl A Goff George T. & Alice Kartchner | RI | 6 $\frac{1}{4}$ % | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 | |
| 128 | 8-17-53 | 29N | 12W | 20 | - E/2 SW/4 SW/4 | 20.00 | Stanolind | J D & Eugenia Roquemore | RI | 12 $\frac{1}{2}$ % | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 | |

PATENTED LAND

| TRACT NO. | LEASE EXPIRATION DATE | TWP | R | DESCRIPTION | | NO. ACRES | LEASE OWNER OF RECORD | ROYALTY OWNER & INTEREST | | ORRI | INTEREST | WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT, LEASE, ASSIGNMENT OR LAND INTEREST | |
|-----------|-----------------------|-----|-----|-------------|---------------------------------|-----------|--------------------------------|------------------------------|----------|---------|----------|--|----------|
| | | | | SEC | SECTION | | | OWNER | INTEREST | | | OWNER | INTEREST |
| 128 | 12-16-53 | 29N | 12W | 26 | - E/2 SE/4 | 140.00 | Stanolind | Jesse T. Brimhall | RI | 6 1/4% | | Stanolind 1/4 WI | 21.8750 |
| " | 8-13-53 | | | 27 | - NW/4 SW/4, W/2 SW/4 SW/4 | | | Veda C. Brimhall | | | | Benson & Montin 1/4 WI | 21.8750 |
| 129 | 2-27-52 | 29N | 12W | 28 | - E/2 SE/4 | 140.00 | Stanolind | M H Stark & Eula Stark | RI | 6 1/4% | | Stanolind 1/4 WI | 21.8750 |
| | | | | 27 | - NW/4 SW/4, W/2 SW/4 SW/4 | | | | | | | Benson & Montin 1/4 WI | 21.8750 |
| 129 | 2-27-52 | 29N | 12W | 28 | - S/2 NW/4, NW/4 NW/4 NE/4 SW/4 | 160.00 | Stanolind | G W & H B Sammons | RI | 6 1/4% | | Stanolind 1/2 WI | 43.7500 |
| | | | | | | | | GC & Ethelwyn Culpepper | RI | 6 1/4% | | Benson & Montin 1/2 WI | 43.7500 |
| 130 | 2-27-57 | 29N | 12W | 28 | - S/2 NE/4, NW/4 SE/4 | 120.00 | Stanolind | J E & Hazel Crawford | RI | 12 1/2% | | Stanolind 1/2 WI | 43.7500 |
| | | | | | | | | | | | | Benson & Montin 1/2 WI | 43.7500 |
| 131 | Not Leased | 29N | 12W | 27 | - E/2 SW/4 SW/4 | 20.00 | Not Leased | Robb Woods | RI | 12 1/2% | | Robb Woods | 87.5000 |
| 132 | 12-16-53 | 29N | 12W | 27 | - SE/4 SW/4 | 40.00 | Stanolind | Jess T & Veda C. Brimhall | RI | 12 1/2% | | Stanolind 1/2 WI | 43.7500 |
| | | | | | | | | | | | | Benson & Montin 1/2 WI | 43.7500 |
| 133 | Not Leased | 29N | 12W | 27 | - NE/4 SW/4 | 40.00 | Not Leased | Geo H. Krause | RI | 6 1/4% | | Geo H. Krause 1/2 WI | 43.7500 |
| | | | | | | | Emma Krause, Daniel V. Hampton | Daniel V. Hampton | RI | 3-1/8% | | Daniel V. Hampton 1/4 WI | 21.8750 |
| | | | | | | | Krause | Chas J. Wright | RI | 3-1/8% | | Chas J. Wright 1/4 WI | 21.8750 |
| 134 | 9-17-52 | 29N | 12W | 27 | - W/2 SW/4 SE/4 | 20.00 | Stanolind | Mrs. C.V.H. Carlisle | RI | 6 1/4% | | Stanolind 1/4 WI | 21.8750 |
| | | | | | | | | | | | | Benson & Montin 1/4 WI | 21.8750 |
| " | 8-13-53 | 29N | 12W | 27 | - W/2 SW/4 SE/4 | 20.00 | Stanolind | M H & Eula Stark | RI | 6 1/4% | | Stanolind 1/4 WI | 21.8750 |
| | | | | | | | | | | | | Benson & Montin 1/4 WI | 21.8750 |
| 135 | 8-13-53 | 29N | 12W | 27 | - E/2 SW/4 SE/4 | 80.00 | Stanolind | M H & Eula Stark | RI | 12 1/2% | | Stanolind 1/2 WI | 43.7500 |
| | | | | 34 | - NW/4 NE/4, E/2 NE/4 NE/4 | | | | | | | Benson & Montin 1/2 WI | 43.7500 |

April 1951

PATENTED LAND

| TRACT NO. | LEASE EXPIRATION DATE | DESCRIPTION | | | | NO. ACRES | LEASE OWNER OF RECORD | ROYALTY OWNER & INTEREST | | WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT, LEASE, ASSIGNMENT OR LAND INTEREST | | | |
|-----------|-----------------------|-------------|-----|-----|---|-----------|-----------------------|--|-------|--|--|--------------------|----------|
| | | TWP | R | SEC | SECTION | | | SUBDIVISION | OWNER | RI OR ORRI | INTEREST | OWNER | INTEREST |
| | | | | | | | | | | | | | |
| 136 | Not Leased | 29N | 12W | 27 | - W/2 SE/4 SE/4 34 - W/2 NE/4 NE/4 | 40.00 | Not Leased | Camera Palmer | RI | 12 3/4% | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 | |
| 137 | 9-17-52 | 29N | 12W | 27 | - E/2 SE/4 SE/4 | 20.00 | Stanolind | G W & H B Sammons C C & Ethelwyn H Culpepper | RI | 12 3/4% | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 | |
| 138 | Not Leased | 29N | 12W | 27 | - S/2 NW/4, NW/4 NW/4 | 120.00 | Not Leased | T R Knowles & Sydney Sher Greathel & Bert Olsen | RI | 12.1094 . . .3906 | T R Knowles & Sydney Sher Greathel & Bert Olsen | 54.7656 2.7344 | |
| 139 | 8-13-58 | 29N | 12W | 27 | - NE/4 NW/4 22 - SE/4 SW/4 | 80.00 | Stanolind | Frank & Chrissie Marsrow | RI | 12 3/4% | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 | |
| 140 | Not Leased | 29N | 12W | 22 | - SW/4 SW/4 | 40.00 | Not Leased | T. R. Knowles | RI | 12 3/4% | T. R. Knowles | 57.5000 | |
| 141 | 9-24-57 | 29N | 12W | 22 | - S/2 SE/4 | 30.00 | Stanolind | Thos Gordon & Mary Eliz. Gordon | RI | 12 3/4% | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 | |
| 142 | 1-31-57 | 29N | 12W | 34 | - NE/4 SW/4, SE/4 35 - SW/4 NW/4, W/2 SW/4 | 320.00 | Stanolind | Joe S & Helen Hartman, E. A. & Ruth H. Schreck, Wm P & Ruby Longhurst | RI | 12 3/4% | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 | |
| 143 | 6-23-53 | 29N | 12W | 34 | - S/2 N/2 | 160.00 | Stanclind | Chas R Keller, Jr. & June O Keller | RI | 12 3/4% | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 | |
| 144 | 3-12-52 | 29N | 12W | 34 | - N/2 NW/4 33 - N/2 NE/4 | 160.00 | Stanolind | Peto J Medina, Mary P Medina, Eu- dora Medina, Francis Medina & Joe E Medina Tony P Medina | RI | 12 3/4% | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 | |

April 1951

17185

PATENTED LAND

| TRACT NO. | LEASE EXPIRATION DATE | TWP | R | DESCRIPTION | | NO. ACRES | LEASE OWNER OF RECORD | ROYALTY OWNER & INTEREST | | WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT, LEASE, ASSIGNMENT OR LAND INTEREST | | |
|-----------|-----------------------|-----|-----|-------------|--|-----------|-----------------------|---|------------|--|---|--------------------|
| | | | | SEC | SECTION | | | OWNER | RI OR ORRI | INTEREST | OWNER | INTEREST |
| 145 | 6-16-53 | 29N | 12W | 35 | - W/2 NE/4, E/2 NW/4 | 160.00 | Stanolind | Jno B & Winnie Arrington, Faye Arrington Haines, Ruth & Geo G. Pearson Amy Arrington, Alice M & Melvin Iboy, Ester & B J Chelte | RI | 12 $\frac{1}{2}$ % | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 |
| 146 | 1-31-57 | 29N | 12W | 35 | - E/2 NE/4, E/2 SW/4, SE/4 | 320.00 | Stanolind | J S & Helen Hartman RI Chas R Keller, Jr. E. A. & Ruth H. Schreck; Ruby & Wm P Longhurst Ella & Henry M. Blaise | RI | 12 $\frac{1}{2}$ % | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 |
| 147 | 10-23-57 | 29N | 12W | 26 | - NE/4 SE/4 | 40.00 | Stanolind | Maude B. Farrell RI | RI | 6 $\frac{1}{4}$ % | Stanolind 1/4 WI Benson & Montin 1/4 WI | 21.6750 21.6750 |
| " | 1-30-57 | 29N | 12W | 26 | - NE/4 SE/4 | 40.00 | Stanolind | J E & Hazel Crawford | RI | 6 $\frac{1}{4}$ % | Stanolind 1/4 WI Benson & Montin 1/4 WI | 21.6750 21.6750 |
| 148 | 10-23-57 | 29N | 12W | 26 | - SE/4 SE/4 | 40.00 | Stanolind | Maude B Farrell RI | RI | 6 $\frac{1}{4}$ % | Stanolind 1/4 WI Benson & Montin 1/4 WI | 21.6750 21.6750 |
| " | Not Leased | 29N | 12W | 26 | - SE/4 SE/4 | 40.00 | Not Leased | B H & Dyvena Crawford | RI | 6 $\frac{1}{4}$ % | B H & Dyvena Crawford | 67.5000 |
| 149 | 1-30-52 | 29N | 12W | 26 | - NE/4, E/2 NW/4, SW/4 NW/4 and N/2 SW/4 | 360.00 | Stanolind | J W & Lcis E Doak | RI | 12 $\frac{1}{2}$ % | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 |

April 1951

PATENTED LAND

| TRACT NO. | LEASE DATE | TWP | R | SEC | DESCRIPTION | NO. ACRES | LEASE OWNER OF RECORD | ROYALTY OWNER & INTEREST | | WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT, LEASE, ASSIGNMENT OR LAND INTEREST | | |
|-----------|------------|-----|-----|-----|----------------------|-----------|-----------------------|---|------------|--|--|--------------------|
| | | | | | | | | OWNER | RI OR ORRI | INTEREST | OWNER | INTEREST |
| 150 | 3-12-57 | 29N | 12W | 25 | SW/4 SE/4, NE/4 NW/4 | 30.00 | Stanolind | Marla C Peterson | RI | 7.8125% | Stanolind 5/16 WI Benson & Montin 5/16 WI | 27.3433 27.3433 |
| " | 3-12-59 | 29N | 12W | 25 | SW/4 SE/4, NE/4 NW/4 | " | Stanolind | Cecilia R Ransom | RI | 2.34375 | Stanolind 3/32 WI Benson & Montin 3/32 WI | 3.2031 3.2031 |
| " | 2-1-54 | 29N | 12W | 25 | SW/4 SE/4, NE/4 NW/4 | " | Stanolind | Cecil R & Hazel Talbot Peterson | RI | 2.34375 | Stanolind 3/32 WI Benson & Montin 3/32 WI | 3.2031 3.2031 |
| 151 | 12-4-53 | 29N | 12W | 25 | S-3/4 NW/4 SE/4 | 30.00 | Stanolind | Clair & Violet Patterson & J W & Jean Adams | RI | 12 1/2% | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 |
| 152 | 1-30-57 | 29N | 12W | 25 | W/2 NW/4, N/2 SW/4 | 160.00 | Stanolind | J E & Hazel L Crawford | RI | 12 1/2% | Stanolind 1/2 WI Benson & Montin 1/2 WI | 43.7500 43.7500 |
| 153 | Not Leased | 29N | 12W | 25 | E/4 NW/4, S/2 SW/4 | 120.00 | Not Leased | B. H. Crawford | RI | 12 1/2% | B. H. Crawford | 37.5000 |
| 154 | Not Leased | 29N | 12W | 25 | S 7/4 ac E/2 SE/4 | 74.00 | Not Leased | E. A. Crawford | RI | 12 1/2% | E. A. Crawford | 37.5000 |
| 155 | Not Leased | 29N | 13W | 13 | W 249' SW/4 NW/4 | 8.00 | Not Leased | Mary Roberts Berry | RI | 12 1/2% | Mary Roberts Berry | 37.5000 |
| 156 | Not Leased | 29N | 12W | 25 | N 10 ac NW/4 SE/4 | 10.00 | Not Leased | Elsworth R & Nova K. Caldwell | RI | 12 1/2% | Elsworth R & Nova K. Caldwell | 37.5000 |
| 157 | Not Leased | 29N | 12W | 25 | N 6 ac E/2 SE/4 | 6.00 | Not Leased | E.A. Crawford | RI | 12 1/2% | E. A. Crawford | 37.5000 |

April 1951

RECAPITULATION

| <u>LANDS</u> | <u>AREA ACRES</u> |
|--|-------------------|
| TOTAL FEDERAL LAND - - - - - | 24,716.72 |
| TOTAL NAVAJO INDIAN LANDS (Allotted) - - - - - | 4,905.46 |
| TOTAL STATE LANDS - - - - - | 3,186.60 |
| TOTAL PATENTED LANDS - - - - - | <u>6,515.73</u> |
| TOTAL UNIT AREA - - - - - | 39,324.51 |

SCHEDULE OF COMMITMENTS
TO THE GALLEGOS CANYON UNITIZATION
August 1, 1951

| TRACT NO. | ROYALTY INTERESTS | | WORKING INTERESTS | |
|--------------|--|---------------------------|-----------------------|---------------------------|
| | Subscribing Owners | Non-Subscribing Owners | Subscribing Owners | Non-Subscribing Owners |
| 1 | All | - | All | - |
| 2 | " | - | " | - |
| 3 | " | - | " | - |
| 4 | " | - | " | - |
| 5 | " | - | " | - |
| 6 | " | - | " | - |
| 7 | " | - | " | - |
| 8 | - | - | - | W. H. Sloan |
| 9 | All | - | All | - |
| 10 | " | - | " | - |
| 11 | " | - | " | - |
| 11-A | - | - | - | H. K. Beardmore |
| 12 | All | - | All | - |
| 13 | " | - | " | - |
| 14 | " | - | " | - |
| 15 | " | - | " | - |
| 16 | " | - | " | - |
| 17 | - | C. C. Seymour | " | - |
| 18 | All | - | " | - |
| 19 | " | - | " | - |
| 20 | " | - | " | - |
| 21 | " | - | " | - |
| 22 | " | - | " | - |
| 23 | - | - | - | L. N. Hagood |
| 24 | All | - | All | - |
| 25 | " | - | " | - |
| 26 | " | - | " | - |
| 27 | " | - | " | - |
| 28 | - | - | - | George Siegel |
| 29 | All | - | All | - |
| 30 | " | - | " | - |
| 31 | " | - | " | - |
| 32 | " | - | " | - |
| 33 | " | - | " | - |
| 34 | " | - | " | - |
| 34-A | " | - | " | - |
| 35 | " | - | " | - |
| 36 | " | - | " | - |
| 37 | * | - | " | - |
| 38 | All | - | " | - |
| 39 | " | - | " | - |
| 40 | " | - | " | - |
| 41 | " | - | " | - |
| 42 | " | - | " | - |
| 43 | All except ... Heirs of Isabelle (Will has not been probated) | | " | - |
| 44 | All | - | " | - |
| 45 | " | - | " | - |
| 46 | - | - | - | Skelly Oil Co. |
| 47 | All | - | All | - |
| 48 | - | Not Leased | - | Not Leased |
| 49 | - | " " | - | " " |
| 50 | - | " " | - | " " |
| 51 | All | - | All | - |
| 52 | - | Not Leased | - | Not Leased |
| 53 | All | - | All | - |
| 54 | " | - | " | - |
| 55 | " | - | " | - |
| 56 | - | - | - | Skelly Oil Co. |
| 57 | - | - | - | Paul T. Purcell |
| 58 | All | - | All | - |

* Commitments of Indians under this tract are currently being secured.
These same Indians have already executed the agreement for Tract No. 45.

#17/53

| TRACT NO. | ROYALTY INTERESTS | | WORKING INTERESTS | |
|--------------|-----------------------|---------------------------|-----------------------|---------------------------|
| | Subscribing Owners | Non-Subscribing Owners | Subscribing Owners | Non-Subscribing Owners |
| 59 | All | - | All | - |
| 60 | " | - | " | - |
| 61 | " | - | " | - |
| 62 | - | Not Leased | - | Not Leased |
| 63 | - | " " | - | " " |
| 64 | All | - | All | - |
| 65 | - | Not Leased | - | Not Leased |
| 66 | - | " " | - | " " |
| 67 | All | - | All | " " |
| 68 | - | Not Leased | - | " " |
| 69 | All | - | All | - |
| 70 | " | - | " | - |
| 71 | " | - | " | - |
| 72 | " | - | " | - |
| 73 | - | - | - | Clarence Rupp |
| 74 | All | - | All | - |
| 75 | - | Not Leased | - | Not Leased |
| 76 | - | - | - | Skelly Oil Co. |
| 77 | - | - | - | Pearl Kercheval |
| 78 | All | - | All | - |
| 79 | - | - | - | Paton Bros. |
| 80 | - | Not Leased | - | Not Leased |
| 81 | - | " " | - | " " |
| 82 | - | " " | - | " " |
| 83 | - | " " | - | " " |
| 84 | All | - | All | - |
| 85 | " | - | " | - |
| 86 | - | - | - | Not Leased |
| 87 | - | - | - | " " |
| 88 | - | - | - | " " |
| 89 | - | - | - | " " |
| 90 | All | - | All | " " |
| 91 | " | - | " | - |
| 92 | " | - | " | - |
| 93 | " | - | " | - |
| 94 | " | - | " | - |
| 95-A | " | - | " | - |
| 95 | " | - | " | - |
| 96 | " | - | " | - |
| 97 | " | - | " | - |
| 98 | " | - | " | - |
| 99 | " | - | " | - |
| 100 | " | - | " | - |
| 101 | - | Not Leased | - | Not Leased |
| 102 | - | All | All | - |
| 103 | - | Not Leased | - | Not Leased |
| 104 | - | " " | - | " " |
| 105 | All | - | All | - |
| 106 | " | - | " | - |
| 107 | " | - | " | - |
| 108 | " | - | " | - |
| 109 | - | Not Leased | - | Not Leased |
| 110 | All | - | All | - |
| 111 | " | - | " | - |
| 112 | " | - | " | - |
| 113 | " | - | " | - |
| 114 | - | All | " | - |
| 115 | - | " | " | - |
| 116 | - | " | " | - |
| 117 | All | - | " | - |
| 118 | " | - | " | - |
| 119 | " | - | " | - |
| 120 | " | - | " | - |
| 121 | " | - | " | - |
| 122 | " | - | " | - |

| TRACT NO. | ROYALTY INTERESTS | | WORKING INTERESTS | |
|--------------|-----------------------|----------------------------|-----------------------|---------------------------|
| | Subscribing Owners | Non-Subscribing Owners | Subscribing Owners | Non-Subscribing Owners |
| 123 | All | - | All | - |
| 124 | - | All | - | All |
| 125 | All | - | All | - |
| 126 | " | - | " | - |
| 127 | " | - | " | - |
| 128 | - | M. H. & Eula Stark | " | - |
| 129 | - | G. W. & G. B. Sammons | " | - |
| | | C. C. & Ethelwyn Culpepper | | |
| 130 | All | - | " | - |
| 131 | " | - | " | - |
| 132 | " | - | " | - |
| 133 | " | - | " | - |
| 134 | - | M. H. & Eula Stark | " | - |
| 135 | - | " " " | " | - |
| 136 | All | - | " | - |
| 137 | - | All | " | - |
| 138 | - | Not Leased | - | Not Leased |
| 139 | - | All | All | - |
| 140 | - | Not Leased | - | Not Leased |
| 141 | All | - | All | - |
| 142 | All except ... | E. A. & Ruth Schreck | " | - |
| 143 | " | - | " | - |
| 144 | " | - | " | - |
| 145 | All except ... | J. B. & Winnie Arrington | " | - |
| 146 | All except ... | E. A. & Ruth Schreck | " | - |
| 147 | All | - | " | - |
| 148 | - | B. H. & Dyvena Crawford | " | - |
| 149 | All | - | " | - |
| 150 | " | - | " | - |
| 151 | " | - | " | - |
| 152 | " | - | " | - |
| 153 | - | Not Leased | - | Not Leased |
| 154 | - | " " | - | " " |
| 155 | All | - | All | - |
| 156 | - | Not Leased | - | Not Leased |
| 157 | - | " " | - | " " |

#17185

LIST OF COMPANIES AND INDIVIDUALS WHO HAVE EXECUTED
OR RATIFIED, AS WORKING INTEREST OWNERS, THE UNIT
AGREEMENT AND UNIT OPERATING AGREEMENT FOR THE DEVELOP-
MENT AND OPERATION OF THE GALLEGOS CANYON UNIT AREA,
COUNTY OF SAN JUAN, STATE OF NEW MEXICO.

A. List of subscribers whose executed instruments have
been received by Benson and Montin as of April 24,
1951.

Benson and Montin
Stanolind Oil and Gas Co.
Southern Union Gas Co.
Summit Oil Co.
The Texas Co.
Mid Continent Petroleum Corp.
Albuquerque Associated Oil Co.
Niloco Company
E. H. Colby
Ernest A. Hanson
L. B. Hodges
J. J. Hudson
Elma R. Jones
Emma Louise Krause
Dorothy J. Krause
George Krause
S. B. Lancaster
John A. Owings
Bertha Rahn
Freda Rahn
Otto Schindler
C. C. Seymour
Arthur W. Sunter
E. B. Todhunter
Robb Woods
Charles J. Wright
Mary Roberts Berry
L. M. Johnson
John W. Hjertstedt
Tom Bolack
Phillips Gates
Thelma Gapon

Grace Van Hook *GH*
H. K. Riddle

B. List of subscribers whose executed instruments are
reported to be in the mail as of April 24, 1951.

T. R. Knowles
Sidney Sher
Texas Pacific Coal and Oil Co.]

CERTIFIED TO BE A TRUE COPY
Albert R. Green

To: BHP
Attn: Donald Rheinhardt

From: Duane Spencer, BLM Farmington

Subject: Unit commitment status definitions

Attached are the definitions we use when defining the commitment status of a lease to a unit agreement. These definitions are in use ~~X~~ Bureauwide.

Please call me at (505)327-5344 if you have any questions.

Duane Spencer

BEFORE EXAMINER STOGNER

OIL CONSERVATION DIVISION

BHP EXHIBIT NO. *4*

CASE NO. *10345/10346*

COMMITMENT STATUS

The various possible commitment categories of a unit tract and its effect on operations are:

- a) Fully Committed (FC) - indicates that all interest owners in that tract have signed. This includes the lessor, lessee of record, overrides, if any, and working interests if different from the lessee of record. The working interests must also have signed the operating agreement. A fully committed tract is eligible for all benefits under the unit.
- b) Effectively Committed (EC) - indicates that all interest owners, except overrides, have signed. An effectively committed tract is also eligible for all benefits under the unit.
- c) Partially Committed (PC) - in reference to a patented tract, it indicates the lessor (mineral interest owner) has not signed but the lessee and working interest have committed their interest. In reference to a State or Federal tract, it indicates the lessee of record has not signed but the working interest and lessor have committed their interests (Note: In some States, commitment by a lessee of record who owns no working interest is considered as unnecessary and the tract may be considered as effectively committed without such signature). A PC lease is not subject to any benefit by unit operations unless there are actual operations and/or production on the lease itself or it is included within and receives an allocation of production from a participating area. Unitized drilling is permissible on a PC tract but if unitized production is obtained on the PC tract and a participating area is established, the working interest operator must allocate the entire production to the participating area and also pay the noncommitted parties their just royalty on a leasehold basis.
- d) Not Committed (NC) - any tract in which a working interest has not committed, regardless of other committed interest, is considered as not committed and is not subject to the Unit Agreement.

COMMON SOURCE OF SUPPLY

An underground reservoir, all parts of which are permeably connected so as to permit the migration of oil or gas or both from one portion thereof to another wherever and whenever pressure differentials are created as a result of the production of oil or gas from that producing formation.

COMMUNITIZATION AGREEMENT

An agreement to combine two or more mineral leases in order to have sufficient acreage to comply with the spacing required to drill a well.

COMPENSATORY ROYALTY

A royalty paid in lieu of drilling a well which would otherwise be required under the requirements of the lease.

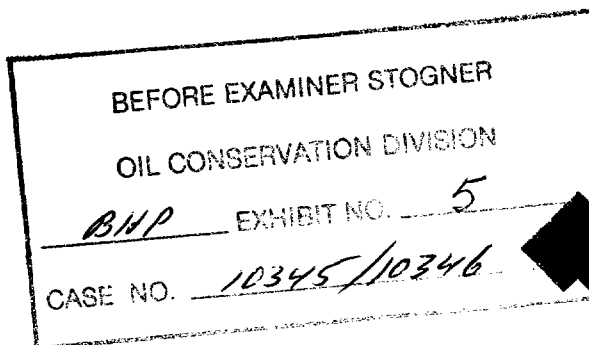
CONTRACTION

To diminish in size. Section 2 of the unit agreement provides that the unit area shall when practicable be contracted to exclude lands whenever it is deemed necessary or advisable.

COOPERATIVE AGREEMENT

An agreement or plan of development and operation for the recovery of oil and gas made subject thereto in which separate ownership leases or portion of leases are independently operated without allocation of production.

October 31, 1990



BHP
Petroleum
(Americas) Inc

Mrs. Louise Locke
c/o Don Locke
139 1/2 E. 2nd
Rifle, Colorado 81650

Re: Offer to Purchase Leasehold Interest
Gallegos Canyon Unit
San Juan County, New Mexico

Dear Mr. Locke:

BHP Petroleum (Americas) Inc. (BHP) offers to purchase from Mrs. Louise L. Locke one hundred percent (100%) of Mrs. Locke's right, title and interest in and to the following described oil and gas lease insofar as such lease covers and affects those certain depths from the surface down to the Base of the Pictured Cliffs formation.

| <u>LESSOR</u> | <u>LEGAL DESCRIPTION</u> | <u>ACRES</u> | |
|---|--|--------------|------------|
| | | <u>GROSS</u> | <u>NET</u> |
| William B. Allen and Melba J. Allen, his wife and Eula L. Allen, a widow | <u>T29N, R13W</u> Section 23: NW1/4 | 160.00 | 160.00 |

This offer is subject to the following terms and conditions:

1. The purchase price for the above described lease is \$20,000.00, payable at closing for assignment of all of Mrs. Locke's right, title and interest in such lease from the surface down to the base of the Pictured Cliffs formation.
2. The effective date of the proposed transaction will be October 31, 1990.
3. Closing for the transaction contemplated herein shall take place by overnight delivery of a properly executed assignment in a form substantially identical to the assignment enclosed herewith, from you as Mrs. Locke's Attorney-in-Fact to BHP and the delivery of funds by check from BHP on or before November 20, 1990.
4. This offer is subject to BHP's review of and satisfaction with title to Mrs. Locke's leasehold interest including any contractual obligations or other salient factors affecting such title.

Mr. Don Locke
October 31, 1990
Page 2

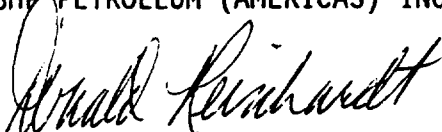
5. At any time and from time to time after the effective date hereof, upon BHP's request, you, as Mrs. Locke's Attorney-in-Fact, agree to execute, acknowledge and deliver or cause to be delivered, all further documents or instruments necessary to complete the transaction contemplated herein.

If the foregoing terms and conditions are acceptable, please so indicate by signing in the space provided below and returning one signed duplicate of this letter by November 9, 1990.

Thank you in advance for your prompt reply. Please call if BHP can be of any further assistance.

Very truly yours,

BHP PETROLEUM (AMERICAS) INC.



Donald Reinhardt
Senior Landman
Inland Business Unit

DR/ld
Enclosure

ACCEPTED AND AGREED TO this
_____ day of November, 1990.

By: _____
Don Locke
Attorney-in-Fact

5847 San Felipe Suite 3600
Houston, Texas 77057
Telephone: (713) 780-5000
Fax (713) 780-5273
Telex 9108813603

December 11, 1990

Mr. Don Locke
139 1/2 2nd
Rifle, Colorado 81650



Offer to Purchase Leasehold Interest
San Juan County, New Mexico

Dear Mr. Locke:

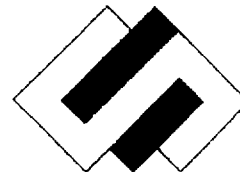
Enclosed for your information are copies of instruments affecting title to Louise Locke's working interest in the NW/4 Section 23-T29N, R13W, San Juan County, New Mexico. The instruments were copied for BHP by its New Mexico attorney from materials being examined for a title opinion which is yet unfinished. Copies of these instruments are being faxed today to Richard Tully in Farmington. Please let me know if I can be of any additional assistance.

Very truly yours,

A handwritten signature in cursive script that reads "Donald Reinhardt".

Donald Reinhardt
Senior Landman

BHP PETROLEUM (AMERICAS) INC.
5847 San Felipe, Suite 3600
Houston, Texas 77057
Telephone (713) 780-5000
Fax (713) 780-5461



FACSIMILE TRANSMISSION

Date: December 11, 1990
To: Richard Tully
Company: Attorney
Phone Number: (505) 327-3388
Fax Number: (505) 327-7483

From: Donald Reinhardt
Phone Number: (713) 780-5443

Number of Pages
Including This
Cover Sheet: 8

Comments: The following are copies of instruments
affecting Louise Locke's working interest
in the NW 1/4 Sec. 23-T29N, R13W. Don Locke
asked me to fax you copies in order to
assist you in your review of title. Please
call if we can be of any additional help.

This transmission was sent from a Xerox 295, telephone number (713) 780-5461.

If there are any problems with transmission, please call Carolyn Lindsey at (713) 780-5027.

RICHARD T.C. TULLY, P.A.
ATTORNEY AT LAW
111 NORTH ORCHARD AVENUE
POST OFFICE BOX 268
FARMINGTON, NEW MEXICO 87499-0268

RICHARD T.C. TULLY

505-327-3388

February 22, 1991

RECEIVED
FEB 25 1991
BOLAND DEPT.

Donald Reinhardt
Senior Landman, Inland Business Unit
BHP Petroleum (Americas) Inc.
5847 San Felipe, Suite 3800
Houston, TX 77057

Re: Louise Y. Locke

Dear Mr. Reinhardt:

This law firm has completed its title review of the oil, gas, and associated hydrocarbons from the surface to the base of the Pictured Cliffs Formation underlying the N/2 of Section 23, T-29-N, R-13-W, N.M.P.M., San Juan County, New Mexico.

Our review shows that the working interest from the surface to the base of the Pictured Cliffs Formation is vested in Louise Y. Locke. Further, the surface to the base of the Pictured Cliffs Formation for the N/2 of Section 23 is subject to the Pooling Designation between Lloyd D. Locke, Lloyd B. Taylor, Stanolind Oil and Gas Company, Earl A. Benson, and William V. Montin, which is filed in Book 270, Page 23 of the records of San Juan County, New Mexico.

For your further information, the working interest of Ms. Locke originated from an Assignment dated January 23, 1953 from Earl A. Benson et ux., Wm. V. Montin et ux., and Stanolind Oil and Gas Company to Lloyd D. Locke and Lloyd B. Taylor d/d/a Locke-Taylor Drilling Company, which is filed in Book 224, Page 107 of the records of San Juan County, New Mexico.

We have been advised by our client that the N/2 of Section 23 from the surface to the base of the Pictured Cliffs Formation was never committed to the Gallegos Canyon Unit, and that no information, correspondence, or documents have been sent to her or her deceased husband (Lloyd D. Locke) by the Unit Operator or Suboperator of the Gallegos Canyon Unit.

The Howard Tycksen Pooled Unit No. 1 Well was spud by Locke-Taylor Drilling Company on August 6, 1952, and its was drilled to the Pictured Cliffs Formation. Since the Pictured Cliffs Formation did not appear to be commercially productive,

Donald Reinhardt
February 22, 1991
PAGE TWO

the well was plugged back and completed in the Fruitland Formation. The Fruitland Formation was completed on October 22, 1952, and first delivery occurred April 19, 1954.

The Howard Tycksen Pooled Unit No. 1 Well is located in the NE/4NE/4 of Section 23, and has a pooling designation of the N/2 of Section 23. It is located 990' FNL and 990' FEL of Section 23. The Fruitland Formation has been produced continuously from date of first delivery to the present time.

BHP Petroleum (Americas) Inc. has staked and commenced the drilling of the Gallegos Canyon Unit #391 also in the NE/4NE/4 of Section 23 on December 12, 1990. This well is located almost on the same well pad as the Tycksen #1 Well, and is located 975' FNL and 870' FEL of Section 23. The Gallegos Canyon Unit #391 Well is also a Fruitland well, but it shows an E/2 dedication of the pooled unit.

BHP Petroleum (Americas) Inc. ("BHP") has wrongfully invaded the property of our client; it has appropriated, or converted to its own use, the property of our client. It is therefore guilty of trespassing. BHP is also a bad faith trespasser due at least the following factors:

1. The files and records of the Gallegos Canyon Unit Operator and the Suboperator as well as the records of the San Juan County Clerk conclusively show the working interest owner of the N/2 of Section 23 is our client, and not BHP.
2. The files and records of the Gallegos Canyon Unit Operator and the Suboperator as well as the records of the San Juan County Clerk conclusively show that the N/2 of Section 23 from the surface to the base of the Pictured Cliffs Formation has not been committed to the Gallegos Canyon Unit.
3. The files and records of the New Mexico Oil Conservation Division conclusively show that the Howard Tycksen Pooled Unit #1 Well operated by our client has been completed and producing from the Fruitland Formation since April, 1954 (almost 37 years).

Donald Reinhardt
February 22, 1991
PAGE THREE

4. The files and records of the New Mexico Oil Conservation Division conclusively show the exact location of the Tycksen #1 Well, a Fruitland producing well, and yet BHP staked its location for the Gallegos Canyon Unit #391 Well, a proposed Fruitland well, 15 feet to the North and 120 feet to the East of the Tycksen #1 Well.
5. As a result of BHP drilling the Gallegos Canyon Unit #391 Well immediately offsetting the Tycksen #1 Well to the same formation, drainage is taking place or is imminent; thereby causing or will cause irreparable damage to our client's property.
6. BHP has no reasonable basis, nor honest, but mistaken belief, upon which it can rely that it had or has the right to drill and complete a well from the surface to the base of the Pictured Cliffs Formation, and especially the Fruitland Formation where a well is already in existence and producing, in the N/2 of Section 23, T-29-N, R-13-W, N.M.P.M.

Our clients have instructed this law firm to recover compensatory damages, punitive damages, destruction of speculative value, attorney's fees, and costs of suit for BHP's bad faith trespass upon our client's property.

Before a lawsuit is initiated, our clients have however expressed a willingness to enter into settlement negotiations for a reasonable length of time.

Without waiving any rights, claims, causes of actions, injuries, and damages, our clients have authorized us to make the following settlement offer:

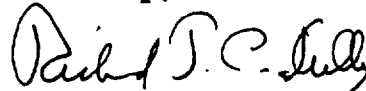
1. BHP will complete and equip the Gallegos Canyon Unit #391 Well in the Fruitland Formation in a reasonably prudent manner on or before April 1, 1991.
2. BHP will change the pooled unit from the Gallegos Canyon Unit #391 to the N/2 of Section 23 on or before April 1, 1991.

Donald Reinhardt
February 22, 1991
PAGE FOUR

3. On April 1, 1991 BHP will turn over the operations of the Gallegos Canyon #391 Well to our client, and execute an indemnification agreement with our client that it will hold our client harmless from any and all of its actions and operations pertaining to the well prior to April 1, 1991.
4. On or before March 1, 1991 BHP will pay the sum of \$1,500,000 by company check, cashier's check, or money order payable to the "Richard T. C. Tully, P.A. Trust Fund".
5. Our clients will execute an appropriate release of all claims, rights, injuries, and damages when the items stated in #1, #2, #3, and #4 are completed.

Our client is hopeful this matter can be settled without the initiating of legal action. However, if there is not a mutually agreeable settlement agreement entered into by April 1, 1991, legal action will commence.

Sincerely,



Richard T. C. Tully

RTCT:sak

cc: Louise Y. Locke
c/o Don Locke
139-1/2 East 2nd Street
Rifle, CO 81650

February 28, 1991



Mr. Richard T. C. Tully
P. O. Box 268
Farmington, New Mexico 87499-0268


Louise Y. Locke

Dear Mr. Tully:

BHP Petroleum (Americas) Inc. is in receipt of your letter dated February 22, 1991 regarding the Gallegos Canyon Unit Well #391. Please be advised BHP's attorney is reviewing the allegations set out in your letter and BHP will respond accordingly in the very near future.

If BHP can be of any additional assistance in the meantime, please advise.

Very truly yours,


Donald Reinhardt
Senior Landman

DR

April 1, 1991

Mr. Richard T. C. Tully
P. O. Box 268
Farmington, NM 87499-0268



Re: Louise Y. Locke

Dear Mr. Tully:

BHP Petroleum (Americas) Inc. (BHP) is in receipt of your February 22, 1991 letter wherein you discussed a number of issues affecting BHP, Louise Y. Locke and the Gallegos Canyon Unit #391 well located in the NE/4 NE/4 Section 23-T29N, R13W.

Please be advised BHP categorically denies any attempt to trespass or otherwise interfere with the rights of your client. Further, BHP has conducted its business in good faith and since receiving your February 22 letter, has confirmed, contrary to previous title information, the ownership you described in the N/2 Section 23 as set out in your letter.

BHP is not willing to complete and turn over its Gallegos Canyon Unit #391 well for your client's benefit. BHP's well is a properly permitted well within the existing spacing orders issued by the State of New Mexico for wells producing from the Basin Fruitland Coal pool.

In the interest of settling this matter, BHP is willing to purchase from your client all of your client's right, title and interest in and to the leasehold interest covering the entirety of the Fruitland Coal interval underlying the N/2 Section 23-T29N, R12W and any improvements, personal property, fixtures or equipment associated therewith or located thereon for a purchase price of \$144,000.00 payable by check with your client reserving a proportionate 7.5% overriding royalty on all oil and/or gas produced from such interval. The purchase price offered corresponds with the highest paid in the area for similar interests purchased by BHP and includes an offer of a reserved overriding royalty much larger than any reserved in any such previous purchases. Any interest conveyed to BHP shall on a form acceptable to BHP and containing language warranting title to the interest to be conveyed.

In addition to providing BHP with an assignment conveying to BHP the interest described herein, at such time as BHP and Mrs. Locke close on the purchase and sale of Mrs. Locke's leasehold interest, Mrs. Locke, or her representatives, will provide BHP with recordable instrument dissolving the N/2 Section 23 pooled unit insofar as it affects the Fruitland Coal interval.

BHP's offer shall remain in effect until 4:30 p.m., April 22, 1991.

Very truly yours,

BHP PETROLEUM (AMERICAS) INC.

A handwritten signature in black ink, appearing to read "Donald Reinhardt", is written over the typed name.

Donald Reinhardt
Senior Landman
Inland Business Unit

DR:CFL

April 1, 1991

Page 2

Mr. Richard T. C. Tully

bc: Mr. Jim Bruce
Hinkle, Cox, Eaton, Coffield & Hensley
500 Marquette N.W., Suite 740
Albuquerque, NM 87102-2121

Mr. Jon Bowden - Legal Dept.
BHP Petroleum (Americas) Inc.

RICHARD T.C. TULLY, P.A.
ATTORNEY AT LAW
111 NORTH ORCHARD AVENUE
POST OFFICE BOX 268
FARMINGTON, NEW MEXICO 87499-0268

RICHARD T.C. TULLY

505-327-3388

April 23, 1991

Donald Reinhardt
Senior Landman
Inland Business Unit
BHP Petroleum (Americas) Inc.
5847 San Felipe, Suite 3600
Houston, TX 77057

Re: Louise Y. Locke

Dear Mr. Reinhardt:

Receipt is acknowledged of your letter dated April 1, 1991 concerning the Howard Tycksen Pooled Unit No. 1 Well and the Gallegos Canyon Unit #391 Well.

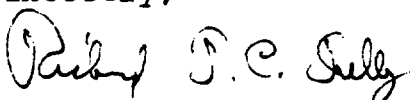
The offer to purchase all of our client's right, title, and interest in the N/2 of Section 23, T-29-N, R-12-W, N.M.P.M., and reserving a 7.5% overriding royalty interest is rejected.

We are presently completing the taking of pictures of the wellsite location; having a wellsite diagram drafted, and securing a reservoir engineering study for all of Section 23 for the Fruitland Formation.

At such time as this work is completed, we will submit a final settlement offer to your company before litigation is initiated. This final settlement offer will probably be forthcoming in the next few weeks.

If you need further information, please advise.

Sincerely,


Richard T. C. Tully

RTCT:sak

cc: Louise Y. Locke
c/o Don Locke
139-1/2 East 2nd Street
Rifle, CO 81650

S151/52532L

RICHARD T.C. TULLY, P.A.

ATTORNEY AT LAW

111 NORTH ORCHARD AVENUE

POST OFFICE BOX 268

FARMINGTON, NEW MEXICO 87499-0268

RICHARD T.C. TULLY
MICHAEL CUNNINGHAM

505-327-3388

May 14, 1991

Donald Reinhardt
Senior Landman
Inland Business Unit
BHP Petroleum (Americas) Inc.
5847 San Felipe, Suite 3600
Houston, TX 77057

Re: Louise Y. Locke

Dear Mr. Reinhardt:

Enclosed for your ready reference are copies of the following instruments pertaining to the Tycksen #1 Well and the Gallegos Canyon Unit #391 Well:

1. Evaluation dated April 25, 1991 by Walsh Engineering & Production Corp.
2. Well site diagram and pictures by Simkins Drafting Service.

As you can readily ascertain, your company had information and knowledge or as a reasonable operator should have had information and knowledge of the ownership and existence of the Tycksen #1 Well from the records of the San Juan County Clerk; the records of the NMOCD in Aztec, New Mexico; and from visual inspection at the well site.

Without waiving any rights, claims, causes of action, injuries, and damages, our clients have authorized us to make the following settlement offer:

1. On or before June 15, 1991 BHP will pay the sum of \$500,000 by company check, cashier's check, or money order payable to the "Richard T. C. Tully, P.A. Trust Fund".
2. Upon receipt of the above-described payment our clients will execute and deliver an assignment of all of their right, title, and interest in the N/2 of Section 23, T-29-N, R-13-N, N.M.P.M. from the surface to the base of the Fruitland Formation, but

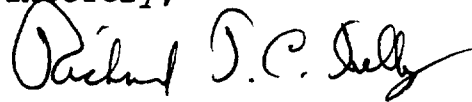
Donald Reinhardt
May 14, 1991
PAGE TWO

reserving an overriding royalty interest of 12-1/2% of 8/8ths. This overriding royalty interest shall be exclusive of all other royalty interests, overriding royalty interests, production payments, and interests of a similar nature. Such assignment shall be without warranty of title as is customary in the oil and gas industry of the San Juan Basin, and it shall include the Tycksen #1 Well.

3. Our clients will also execute and deliver an appropriate release of all claims, rights, injuries, and damages upon receipt of the above-described payment.
4. If this settlement agreement is not completed by June 15, 1991, then legal action requesting a jury trial will be initiated.

Please advise if you need further information or assistance.

Sincerely,



Richard T. C. Tully

RTCT:sak

Enclosure

cc w/o encl.

Louise Y. Locke
c/o Don Locke
139-1/2 East 2nd Street
Rifle, CO 81650

S152/52532L

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

| | |
|--|---|
| 3. Article Addressed to: Mr. Richard T. C. Tully P. O. Box 268 Farmington, NM 87499-0268 | 4. Article Number P 566 936 880 |
| | Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise |
| | Always obtain signature of addressee or agent and DATE DELIVERED . |
| 5. Signature — Addressee X <i>Richard T. C. Tully</i> | 8. Addressee's Address (ONLY if requested and fee paid) |
| 6. Signature — Agent X | |
| 7. Date of Delivery 6-3-91 | |

PS Form 3811, Apr. 1989

*U.S.G.P.O. 1989-238-815

DOMESTIC RETURN RECEIPT

P 566 936 880

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

U.S.G.P.O. 1989-234-555

PS Form 3800, June 1985

| | |
|---|--------------------------|
| Sent to: | Mr. Richard T. C. Tully |
| Street and No. | P. O. Box 268 |
| P.O., State and ZIP Code | Farmington, NM 87499-026 |
| Postage | |
| Certified Fee | |
| Special Delivery Fee | |
| Restricted Delivery Fee | |
| Return Receipt showing to whom and Date Delivered | |
| Return Receipt showing to whom Date and Address of Delivery | |
| TOTAL Postage and Fees | |
| Postmark or Date | 05/29/91 |

May 29, 1991



Mr. Richard T. C. Tully
P. O. Box 268
Farmington, New Mexico 87499-0268

Louise Y. Locke

Dear Mr. Tully:

BHP Petroleum (Americas) Inc. is in receipt of your May 14, 1991 letter with enclosures wherein you submitted a counteroffer to BHP's offer to purchase the Fruitland Coal rights owned by Louise Y. Locke in the N/2 Section 23-T29N, R13W, San Juan County, New Mexico. Having reviewed the counteroffer, BHP wishes to first advise that it is not willing nor interested in purchasing Mrs. Locke's Fruitland Sand rights nor any of her interest in the Tycksen #1 well. The Tycksen #1 well is completed in the Fruitland Sand interval from 900 to 925 feet. It is BHP's intention to complete the Gallegos Canyon Unit #390 and #391 in the Fruitland Coal interval starting at approximately 1180'. Completion of the #390 and #391 wells in this lower interval will not interfere with your client's ability to continue to produce in the Tycksen well.

In evaluating the engineering report, BHP compared Mr. Walsh's reserve estimates and values with those provided BHP in an annual independent reserve study completed earlier this year by Netherland, Sewell & Associates, a very large, international engineering consulting firm located in Dallas, Texas. Having compared the conclusions reached in each such study, it can only be said Mr. Walsh's estimates are at best overly optimistic and, in our view, wholly unreliable. Mr. Walsh's assumption of an initial production rate of 400 MCF/d is not warranted. The GCU #377 well cited in Mr. Walsh's report had an initial production rate of only 250 MCF/d. The average initial production rates in twelve Fruitland Coal wells completed since the drilling of the GCU #377 have averaged only 290 MCF/d. Furthermore, BHP considers the use of a \$1.30 gas sales price for Fruitland Coal gas for the purpose of conducting economic analysis suspect at best considering today gas market and the costs involved in transporting gas out of the basin.

In conclusion, BHP does not consider the analysis performed on Mrs. Locke's interest to be either thorough or truly indicative of its value. In earlier correspondence, BHP made what it felt was an

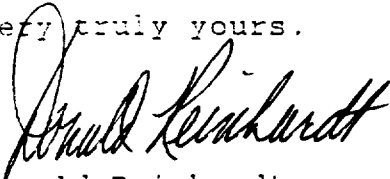
Mr. Richard T. C. Tully
Page two
May 29, 1991

exceedingly reasonable offer for your client's Fruitland Coal reserves especially when taking into consideration the reservation of a proportionate 7.5% overriding royalty. BHP is still willing to pay Mrs. Locke the sum of \$144,000.00 for the Fruitland Coal rights in the N/2 Section 23 and allow for the reservation of the proportionate 7.5% overriding royalty.

If your client does not wish to sell the Fruitland Coal rights in the N/2 Section 23, BHP is willing to have your client join as a working interest owner in both wells. Enclosed for your information are copies of BHP's Authorization for Expenditure for each well setting out the estimated costs to drill and complete each well. If your client prefers to join in each well as a 50% working interest owner, an operating agreement can be prepared and furnished for your review.

Your assistance in bringing this matter to a speedy resolution will be greatly appreciated. Please advise within ten day of your receipt of this letter if either of the alternatives set out above are acceptable to your client. If neither alternative is acceptable, BHP will seek other legal means to consolidate the interests in the drillsite spacing units for each of the #390 and #391 wells. Please advise if BHP can be of any additional assistance.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Donald Reinhardt", written in a cursive style.

Donald Reinhardt
Senior Landman

DR

Acct Form 19



DETAILED COST ESTIMATE
DRILLING, RECOMPLETIONS AND WORKOVERS

Lease Name & Well No. Gallegos Canyon Unit No. 390

AFE No. 9101208

Location SE/SW Section 23 T29N - R13W

County and State San Juan, New Mexico

INTANGIBLE DRILLING COSTS

| CODE | 4527-20 | Gross Cost To Csg Pt. |
|------|---|--------------------------|
| 01 | Rotary Footage 1,640 ft. @ \$ 9.00 | \$ 14,760 |
| 02 | Rotary Daywork 2 days WDP @ \$ 4,000 day days WOPD @ \$ day | 8,000 |
| 03 | Drillsite Camp Expense | |
| 05 | Rotary Turnkey | |
| 06 | Drilling Deals (W.I.) | |
| 07 | Rental Tools/Equipment | 1,500 |
| 08 | Rig Move | |
| 09 | Inspection Services | |
| 10 | Trucking/Boats | 2,000 |
| 11 | Personnel Transportation | |
| 12 | Power/Fuel | |
| 13 | Drlg Mud & Additives | 2,000 |
| 14 | Drill Bits/Reamers | |
| 16 | Water | 1,200 |
| 17 | Mud Logging | |
| 18 | Open Hole Logs | 4,000 |
| 20 | DST's/Surveys | |
| 22 | Cement & Cementing | 2,000 |
| 24 | Cores | |
| 29 | Directional Drilling | |
| 30 | Engineering & Consulting | |
| 31 | Location Dirtwork/Cln Up | 2,500 |
| 32 | Geological | |
| 34 | Drlg Permits/Bonds | |
| 35 | Drlg Title Opinion | |
| 36 | Stake/Survey Location | 500 |
| 37 | Right of Way/Damages | 2,000 |
| 38 | Well Control Insurance | |
| 40 | Overhead - Drlg | |
| 41 | Material & Supplies | |
| 42 | Co. Labor/Supervision | 1,200 |
| 43 | Contract Labor | |
| 44 | Other Drilling Costs | |
| | Supplemental | |
| | Total TCP | \$ 41,660 |
| | BHP Net | \$ 41,660 |

TANGIBLE DRILLING COSTS

| CODE | 4515-10 | X-on Hand | TCP |
|------|---|--------------|-----------|
| 01 | Installation Cost | | \$ 250 |
| 06 | Casinghead | | 500 |
| 07 | Cond./Surface Csg 120 ft 7" 23# K-55 @\$ 10.37 ft | | 1,245 |
| 10 | Inter./Liner Csg ft @\$ ft ft @\$ ft | | |
| | Supplemental | | |
| | Total Tangible TCP | | \$ 1,995 |
| | BHP Net | | \$ 1,995 |
| | Total Drilling Cost TCP | | \$ 43,655 |
| | BHP Net Cost TCP | | \$ 43,655 |

| CODE | 4527-30 | Gross Completion Costs |
|------|---------------------------|---------------------------|
| 01 | Completion Rig | \$ 7,500 |
| 03 | Camp Expense | |
| 04 | Wireline Services | |
| 07 | Rental Tools/Equipment | 1,000 |
| 09 | Inspection Services | |
| 10 | Trucking/Boats | 2,000 |
| 11 | Personnel Transportation | |
| 12 | Power/Fuel | |
| 14 | Drill Bits/Reamers | |
| 15 | Completion Fluids | |
| 16 | Water | 1,000 |
| 18 | Cased Hole Logs | |
| 19 | Perforate | 1,500 |
| 20 | Well Surveys & Testing | |
| 21 | Acidize & Frac | 17,500 |
| 22 | Cement & Cementing | 5,000 |
| 23 | Squeeze Jobs | |
| 30 | Engr. & Consulting | |
| 31 | Location Dirtwork/Cln. Up | 1,500 |
| 37 | ROW/Damages | |
| 40 | Overhead - Completion | |
| 41 | Material & Supplies | 2,000 |
| 42 | Co. Labor/Supervision | 1,500 |
| 43 | Contract Labor | |
| 45 | Other Completion Costs | |
| | Supplemental | |
| | Total Comp. Costs | \$ 40,500 |
| | BHP Net | \$ 40,500 |

| CODE | 4515-20 | X-on Hd | Comp. Costs |
|------|--|------------|-------------|
| 01 | Installation Costs | | \$ 1,500 |
| 02 | Sucker Rods | | 1,500 |
| 03 | Btm Hole Pump | | 1,200 |
| 04 | Pumping Unit | | 5,000 |
| 05 | Prime Mover | | 7,500 |
| 06 | Wellhead/Tree | | 2,500 |
| 07 | Casing: 1,640 ft 4 1/2" 10.5# J-55 @\$ 5.00 ft ft @\$ ft ft @\$ ft | | 8,200 |
| 08 | Tubing: 1,525 ft 2 3/8" 4.7# J-55 @\$ 3.00 ft | | 4,575 |
| 09 | Hyd. & Other Pmp Equip. | | |
| 20 | Packers | | |
| 23 | Other Well Equipment | | |

| CODE | 4515-21 | |
|------|-----------------------|-----------|
| 01 | Installation Costs | \$ 5,000 |
| 11 | Tanks | 1,500 |
| 12 | Buildings | |
| 13 | Compressors | |
| 14 | Elec Line & Equip. | |
| 15 | Sepr. & Treaters | 2,500 |
| 16 | Line Pipe | 5,000 |
| 17 | Dehy. Equipment | |
| 18 | Other Lse Equipment | |
| 19 | Misc Valves & Ftg. | 2,000 |
| | Supplemental | |
| | Total Tang Comp. Cost | \$ 47,975 |
| | BHP NET | \$ 47,975 |

TOTAL WELL COSTS GROSS \$ 132,130
BHP NET \$ 132,130

PREPARED BY: Paul C. Bertoglio

AUTHORITY FOR EXPENDITURE
Inland Business Unit
(Drilling, Workovers, Recomp.'s, Etc.)Operator BHP PETROLEUM (AMERICAS) INC. AFE No. 9101208Contract/Agreement No. _____ Land Lease No. _____ Budget Year 1991

Project must be commenced by: Date _____

| | | |
|--|---|--|
| Lease Name & Well No. Gallegos Canyon Unit No.390 | Prospect Name _____ Prospect No. _____ | Activity No. <u>NM003000390</u> Focal Area <u>FA106</u> |
|--|---|--|

| | | |
|--|---|---|
| Field or Area Basin Fruitland Field | Location SE/SW Section 23 T29N - R13W | County and State San Juan, New Mexico |
| Type of AFE Drill, Complete, Equip | Development (X) Exploratory () AAPG Class: _____ Others _____ | Formation & Depth Fruitland Coal - ±1470' Well TD - 1640' |
| Last Well on Lease Yes () No () | | Expected Production Gas - (X) Oil - () |

Project Description: (To Include Special Provisions and Remarks)

Drill, complete, and equip a 1640 foot Fruitland Coal well at the referenced location.

| | |
|--------------|---------------|
| BHP Interest | |
| BPO | |
| W.I. | <u>100.00</u> |
| NRI | <u>76.75</u> |
| APO | |
| W.I. | _____ |
| NRI | _____ |

ESTIMATED COSTS

| COMPANY | WORKING INTEREST OR ALLOCATION % | | DRILLING WELLS | | OTHER |
|---------------------|-------------------------------------|---------------|----------------|-----------|------------|
| | To Csg. Pt. | Aft. Csg. Pt. | Dry Hole | Producer | Total Cost |
| BHP Petroleum | 100 | | 43,655 | 132,130 | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| Total | 100 | | 43,655 | 132,130 | |
| Less: Contributions | | | (- 0 -) | (- 0 -) | () |
| Net Costs | | | 43,655 | 132,130 | |

Prepared by Paul C. Bertoglio PCB Date May 14, 1990

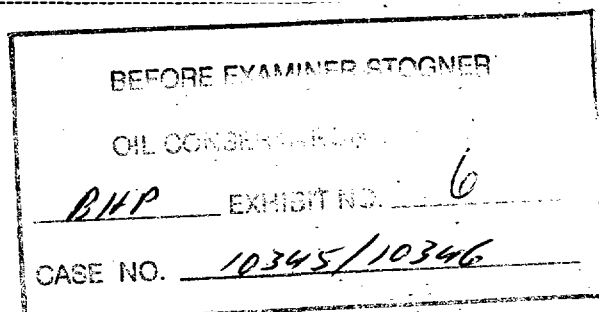
Recommended:

| Operations | Date | Land | Date | Marketing | Date | Technology | Date |
|-----------------|---------------|------|------|-----------|------|---------------------|----------------|
| | | | | | | <u>J.C. McElroy</u> | <u>5/24/90</u> |
| <u>Tom Blum</u> | <u>6-4-90</u> | | | | | | |

Approved J.C. McElroy 6/5/90
Date

Joint Interest Approval - It is recognized that the amounts provided for herein are estimates only, and approval of this authorization shall extend to the actual costs incurred in conducting the operation specified, either more or less than herein set out.

| | | | |
|---------|----|-------|------|
| Company | By | Title | Date |
| | | | |





DETAILED COST ESTIMATE
DRILLING, RECOMPLETIONS AND WORKOVERS

Lease Name & Well No. Gallegos Canyon Unit No. 390

AFE No. 9101208

Location SE/SW Section 23 T29N - R13W

County and State San Juan, New Mexico

INTANGIBLE DRILLING COSTS

| CODE 4527-20 | Gross Cost To Csg Pt. |
|--|--------------------------|
| 01 Rotary Footage <u>1,640</u> ft. @ \$ <u>9.00</u> | \$ <u>14,760</u> |
| 02 Rotary Daywork <u>2</u> days WDP @ \$ <u>4,000</u> day | <u>8,000</u> |
| <u> </u> days WOPD @ \$ <u> </u> day | |
| 03 Drillsite Camp Expense | |
| 05 Rotary Turnkey | |
| 06 Drilling Deals (W.I.) | |
| 07 Rental Tools/Equipment | <u>1,500</u> |
| 08 Rig Move | |
| 09 Inspection Services | |
| 10 Trucking/Boats | <u>2,000</u> |
| 11 Personnel Transportation | |
| 12 Power/Fuel | |
| 13 Drlg Mud & Additives | <u>2,000</u> |
| 14 Drill Bits/Reamers | |
| 16 Water | <u>1,200</u> |
| 17 Mud Logging | |
| 18 Open Hole Logs | <u>4,000</u> |
| 20 DST's/Surveys | |
| 22 Cement & Cementing | <u>2,000</u> |
| 24 Cores | |
| 29 Directional Drilling | |
| 30 Engineering & Consulting | |
| 31 Location Dirtwork/Cln Up | <u>2,500</u> |
| 32 Geological | |
| 34 Drlg Permits/Bonds | |
| 35 Drlg Title Opinion | |
| 36 Stake/Survey Location | <u>500</u> |
| 37 Right of Way/Damages | <u>2,000</u> |
| 38 Well Control Insurance | |
| 40 Overhead - Drlg | |
| 41 Material & Supplies | |
| 42 Co. Labor/Supervision | <u>1,200</u> |
| 43 Contract Labor | |
| 44 Other Drilling Costs | |
| Supplemental | |
| Total TCP | \$ <u>41,660</u> |
| BHP Net | \$ <u>41,660</u> |

TANGIBLE DRILLING COSTS

| CODE 4515-10 | X-on Hand | TCP |
|---|--------------|------------------|
| 01 Installation Cost | | \$ <u>250</u> |
| 06 Casinghead | | <u>500</u> |
| 07 Cond./Surface Csg <u>120</u> ft 7" 23# K-55 | | |
| @\$ <u>10.37</u> ft | | <u>1,245</u> |
| 10 Inter./Liner Csg <u> </u> ft | | |
| @\$ <u> </u> ft | | |
| <u> </u> ft | | |
| @\$ <u> </u> ft | | |
| Supplemental | | |
| Total Tangible TCP | | \$ <u>1,995</u> |
| BHP Net | | \$ <u>1,995</u> |
| Total Drilling Cost TCP | | \$ <u>43,655</u> |
| BHP Net Cost TCP | | \$ <u>43,655</u> |

| CODE 4527-30 | Gross Completion Costs |
|------------------------------|---------------------------|
| 01 Completion Rig | \$ <u>7,500</u> |
| 03 Camp Expense | |
| 04 Wireline Services | |
| 07 Rental Tools/Equipment | <u>1,000</u> |
| 09 Inspection Services | |
| 10 Trucking/Boats | <u>2,000</u> |
| 11 Personnel Transportation | |
| 12 Power/Fuel | |
| 14 Drill Bits/Reamers | |
| 15 Completion Fluids | |
| 16 Water | <u>1,000</u> |
| 18 Cased Hole Logs | |
| 19 Perforate | <u>1,500</u> |
| 20 Well Surveys & Testing | |
| 21 Acidize & Frac | <u>17,500</u> |
| 22 Cement & Cementing | <u>5,000</u> |
| 23 Squeeze Jobs | |
| 30 Engr. & Consulting | |
| 31 Location Dirtwork/Cln. Up | <u>1,500</u> |
| 37 ROW/Damages | |
| 40 Overhead - Completion | |
| 41 Material & Supplies | <u>2,000</u> |
| 42 Co. Labor/Supervision | <u>1,500</u> |
| 43 Contract Labor | |
| 45 Other Completion Costs | |
| Supplemental | |
| Total Comp. Costs | \$ <u>40,500</u> |
| BHP Net | \$ <u>40,500</u> |

| CODE 4515-20 | X-on Hd | Comp. Costs |
|---|------------|-----------------|
| 01 Installation Costs | | \$ <u>1,500</u> |
| 02 Sucker Rods | | <u>1,500</u> |
| 03 Btm Hole Pump | | <u>1,200</u> |
| 04 Pumping Unit | | <u>5,000</u> |
| 05 Prime Mover | | <u>7,500</u> |
| 06 Wellhead/Tree | | <u>2,500</u> |
| 07 Casing: <u>1,640</u> ft 4 1/2" 10.5# J-55 | | |
| @\$ <u>5.00</u> ft | | |
| <u> </u> ft | | |
| @\$ <u> </u> ft | | |
| <u> </u> ft | | |
| @\$ <u> </u> ft | | <u>8,200</u> |
| 08 Tubing: <u>1,525</u> ft 2 3/8" 4.7# J-55 | | |
| @\$ <u>3.00</u> ft | | <u>4,575</u> |
| 09 Hyd. & Other Pmp Equip. | | |
| 20 Packers | | |
| 23 Other Well Equipment | | |

| CODE 4515-21 | | |
|------------------------|--|------------------|
| 01 Installation Costs | | \$ <u>5,000</u> |
| 11 Tanks | | <u>1,500</u> |
| 12 Buildings | | |
| 13 Compressors | | |
| 14 Elec Line & Equip. | | |
| 15 Sepr. & Treaters | | <u>2,500</u> |
| 16 Line Pipe | | <u>5,000</u> |
| 17 Dehy. Equipment | | |
| 18 Other Lse Equipment | | |
| 19 Misc Valves & Ftg. | | <u>2,000</u> |
| Supplemental | | |
| Total Tang Comp. Cost | | \$ <u>47,975</u> |
| BHP NET | | \$ <u>47,975</u> |

TOTAL WELL COSTS GROSS \$ 132,130

BHP NET \$ 132,130

PREPARED BY: Paul C. Bertoglio

AUTHORITY FOR EXPENDITURE
Inland Business Unit
(Drilling, Workovers, Recomp.'s, Etc.)Operator BHP PETROLEUM (AMERICAS) INC. AFE No. 9101209Contract/Agreement No. C-EXRM02634
C-EXRM02709 Land Lease No. _____ Budget Year 1991Project must be commenced by: Date December 31, 1990

| | | |
|---|---|--|
| Lease Name & Well No. Gallegos Canyon Unit No.391 | Prospect Name <u>Gallegos Canyon</u> Prospect No. <u>PR350028</u> | Activity No. <u>NM003100391</u> Focal Area <u>FA 202</u> |
| Field or Area Basin Fruitland Field | Location NE/NE Section 23 T29N - R13W | County and State San Juan, New Mexico |
| Type of AFE Drill, Complete, Equip | Development (X) Exploratory () AAPG Class: _____ Others _____ | Formation & Depth Fruitland Coal - ±1170' Well TD - 1350' |
| Last Well on Lease Yes () No () | | Expected Production Gas - (X) Oil - () |
| Project Description: (To Include Special Provisions and Remarks) Drill, complete, and equip a 1350 foot Fruitland Coal well at the referenced location. *Interest subject to partner elections. | | BHP Interest BPO * W.I. <u>62.50</u> NRI <u>48.75</u> APO W.I. _____ NRI _____ |

ESTIMATED COSTS

| COMPANY | WORKING INTEREST OR ALLOCATION % | | DRILLING WELLS | | OTHER |
|-------------------------------|-------------------------------------|---------------|----------------|-----------|------------|
| | To Csg. Pt. | Aft. Csg. Pt. | Dry Hole | Producer | Total Cost |
| BHP Petroleum | 62.50 | | 25,653 | 79,528 | |
| Meridian Oil Production, Inc. | 37.50 | | 15,392 | 47,717 | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| Total | 100.00 | | 41,045 | 127,245 | |
| Less: Contributions | | | (- 0 -) | (- 0 -) | () |
| Net Costs | | | 41,045 | 127,245 | |

Prepared by Paul C. Bertoglio *PCB* Date May 14, 1990Recommended:
Operations

Date

Land

Date

Marketing

Date

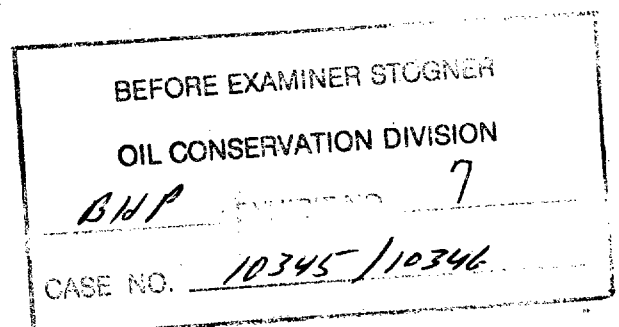
Technology

Date

JLM Team6-4-90Approved JM Edgington6/5/90
Date

Joint Interest Approval - It is recognized that the amounts provided for herein are estimates only, and approval of this authorization shall extend to the actual costs incurred in conducting the operation specified, either more or less than herein set out.

By _____ Company _____ Title _____ Date _____





DETAILED COST ESTIMATE
DRILLING, RECOMPLETIONS AND WORKOVERS

Lease Name & Well No. Gallegos Canyon Unit No. 391

AFE No. 9101209

Location NE/NE Section 23 T29N - R13W

County and State San Juan, New Mexico

INTANGIBLE DRILLING COSTS

| CODE 4527-20 | Gross Cost To Csg Pt. |
|--|--------------------------|
| 01 Rotary Footage <u>1,350</u> ft. @ \$ <u>9.00</u> | \$ <u>12,150</u> |
| 02 Rotary Daywork <u>2</u> days WDP @ \$ <u>4,000</u> day | <u>8,000</u> |
| <u> </u> days WOPD @ \$ <u> </u> day | <u> </u> |
| 03 Drillsite Camp Expense | <u> </u> |
| 05 Rotary Turnkey | <u> </u> |
| 06 Drilling Deals (W.I.) | <u> </u> |
| 07 Rental Tools/Equipment | <u>1,500</u> |
| 08 Rig Move | <u> </u> |
| 09 Inspection Services | <u> </u> |
| 10 Trucking/Boats | <u>2,000</u> |
| 11 Personnel Transportation | <u> </u> |
| 12 Power/Fuel | <u> </u> |
| 13 Drlg Mud & Additives | <u>2,000</u> |
| 14 Drill Bits/Reamers | <u> </u> |
| 16 Water | <u>1,200</u> |
| 17 Mud Logging | <u> </u> |
| 18 Open Hole Logs | <u>4,000</u> |
| 20 DST's/Surveys | <u> </u> |
| 22 Cement & Cementing | <u>2,000</u> |
| 24 Cores | <u> </u> |
| 29 Directional Drilling | <u> </u> |
| 30 Engineering & Consulting | <u> </u> |
| 31 Location Dirtwork/Cln Up | <u>2,500</u> |
| 32 Geological | <u> </u> |
| 34 Drlg Permits/Bonds | <u> </u> |
| 35 Drlg Title Opinion | <u> </u> |
| 36 Stake/Survey Location | <u>500</u> |
| 37 Right of Way/Damages | <u>2,000</u> |
| 38 Well Control Insurance | <u> </u> |
| 40 Overhead - Drlg | <u> </u> |
| 41 Material & Supplies | <u> </u> |
| 42 Co. Labor/Supervision | <u>1,200</u> |
| 43 Contract Labor | <u> </u> |
| 44 Other Drilling Costs | <u> </u> |
| Supplemental | <u> </u> |
| Total TCP | \$ <u>39,050</u> |
| BHP Net | \$ <u>24,406</u> |

TANGIBLE DRILLING COSTS

| CODE 4515-10 | X-on Hand | TCP |
|---|---------------|------------------|
| 01 Installation Cost | | \$ <u>250</u> |
| 06 Casinghead | <u> </u> | <u>500</u> |
| 07 Cond./Surface Csg <u>120</u> ft 7" 23# K-55 | | |
| @\$ <u>10.37</u> ft | <u> </u> | <u>1,245</u> |
| 10 Inter./Liner Csg <u> </u> ft | | |
| @\$ <u> </u> ft | <u> </u> | <u> </u> |
| <u> </u> ft | <u> </u> | <u> </u> |
| @\$ <u> </u> ft | <u> </u> | <u> </u> |
| Supplemental | | <u> </u> |
| Total Tangible TCP | | \$ <u>1,995</u> |
| BHP Net | | \$ <u>1,247</u> |
| Total Drilling Cost TCP | | \$ <u>41,045</u> |
| BHP Net Cost TCP | | \$ <u>25,653</u> |

| CODE 4527-30 | Gross Completion Costs |
|------------------------------|---------------------------|
| 01 Completion Rig | \$ <u>7,500</u> |
| 03 Camp Expense | <u> </u> |
| 04 Wireline Services | <u> </u> |
| 07 Rental Tools/Equipment | <u>1,000</u> |
| 09 Inspection Services | <u> </u> |
| 10 Trucking/Boats | <u>2,000</u> |
| 11 Personnel Transportation | <u> </u> |
| 12 Power/Fuel | <u> </u> |
| 14 Drill Bits/Reamers | <u> </u> |
| 15 Completion Fluids | <u> </u> |
| 16 Water | <u>1,000</u> |
| 18 Cased Hole Logs | <u> </u> |
| 19 Perforate | <u>1,500</u> |
| 20 Well Surveys & Testing | <u> </u> |
| 21 Acidize & Frac | <u>17,500</u> |
| 22 Cement & Cementing | <u>5,000</u> |
| 23 Squeeze Jobs | <u> </u> |
| 30 Engr. & Consulting | <u> </u> |
| 31 Location Dirtwork/Cln. Up | <u>1,500</u> |
| 37 ROW/Damages | <u> </u> |
| 40 Overhead - Completion | <u> </u> |
| 41 Material & Supplies | <u>2,000</u> |
| 42 Co. Labor/Supervision | <u>1,500</u> |
| 43 Contract Labor | <u> </u> |
| 45 Other Completion Costs | <u> </u> |
| Supplemental | <u> </u> |
| Total Comp. Costs | \$ <u>40,500</u> |
| BHP Net | \$ <u>25,312</u> |

| CODE 4515-20 | X-on Hd | Comp. Costs |
|---|---------------|-----------------|
| 01 Installation Costs | | \$ <u>1,500</u> |
| 02 Sucker Rods | <u> </u> | <u>1,500</u> |
| 03 Btm Hole Pump | <u> </u> | <u>1,200</u> |
| 04 Pumping Unit | <u> </u> | <u>5,000</u> |
| 05 Prime Mover | <u> </u> | <u>7,500</u> |
| 06 Wellhead/Tree | <u> </u> | <u>2,500</u> |
| 07 Casing: <u>1,350</u> ft 4 1/2" 10.5# J-55 | | |
| @\$ <u>5.00</u> ft | <u> </u> | <u> </u> |
| <u> </u> ft | <u> </u> | <u> </u> |
| @\$ <u> </u> ft | <u> </u> | <u> </u> |
| <u> </u> ft | <u> </u> | <u> </u> |
| @\$ <u> </u> ft | <u> </u> | <u>6,750</u> |

| | | |
|--|---------------|---------------|
| 08 Tubing: <u>1,250</u> ft 2 3/8" 4.7# J-55 | | |
| @\$ <u>3.00</u> ft | <u> </u> | <u>3,750</u> |
| 09 Hyd. & Other Pmp Equip. | <u> </u> | <u> </u> |
| 20 Packers | <u> </u> | <u> </u> |
| 23 Other Well Equipment | <u> </u> | <u> </u> |

| CODE 4515-21 | | |
|------------------------|---------------|------------------|
| 01 Installation Costs | | \$ <u>5,000</u> |
| 11 Tanks | <u> </u> | <u>1,500</u> |
| 12 Buildings | <u> </u> | <u> </u> |
| 13 Compressors | <u> </u> | <u> </u> |
| 14 Elec Line & Equip. | <u> </u> | <u> </u> |
| 15 Sepr. & Treaters | <u> </u> | <u>2,500</u> |
| 16 Line Pipe | <u> </u> | <u>5,000</u> |
| 17 Dehy. Equipment | <u> </u> | <u> </u> |
| 18 Other Lse Equipment | <u> </u> | <u> </u> |
| 19 Misc Valves & Ftgs. | <u> </u> | <u>2,000</u> |
| Supplemental | | <u> </u> |
| Total Tang Comp. Cost | | \$ <u>45,700</u> |
| BHP NET | | \$ <u>28,563</u> |

TOTAL WELL COSTS GROSS \$ 127,245
BHP NET \$ 79,528

PREPARED BY: Paul C. Bertoglio

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATIONS OF BHP PETROLEUM
(AMERICAS) INC. FOR COMPULSORY
POOLING, SAN JUAN COUNTY, NEW
MEXICO.

Nos. 10345 and 10346

AFFIDAVIT REGARDING NOTICE

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

James Bruce, being duly sworn upon his oath,
deposes and states:

1. I am over the age of 18 and have personal
knowledge of the matters stated herein.

2. I am the attorney for Applicant herein.

3. Applicant has conducted a good faith,
diligent effort to find the correct address of the
interested person entitled to receive notice of the
Applications herein.

4. The party entitled to receive notice of these
cases is Louise Y. Locke.

5. Notice of the Applications herein was
provided to said person at her correct or last known address
by the letter attached hereto as Exhibit A, as required by
Rule 1207. The original certified return receipts are
attached hereto as Exhibit B.

6. The notice provisions of Rule 1207 have been
complied with.

| | |
|-----------------------------|----------------------|
| BEFORE EXAMINER STOGNER | |
| OIL CONSERVATION DIVISION | |
| <u>BHP</u> | EXHIBIT NO. <u>8</u> |
| CASE NO. <u>10345-10346</u> | |

HINKLE, COX, EATON, COFFIELD &
HENSLEY

By

James Bruce

James Bruce
500 Marquette, N.W.
Suite 800
Albuquerque, N.M. 87102
(505) 768-1500

Subscribed and sworn to before me this 10th day of
July, 1991, by James Bruce.

Lisa C. Ellsworth
Notary Public

My commission expires:

11-22-91

HINKLE, COX, EATON, COFFIELD & HENSLEY

ATTORNEYS AT LAW

500 MARQUETTE N.W., SUITE 800

ALBUQUERQUE, NEW MEXICO 87102-2121

(505) 768-1500

FAX (505) 768-1529

OF COUNSEL
O. M. CALHOUN*
MACK EASLEY
JOE W. WOOD
RICHARD S. MORRIS

CLARENCE E. HINKLE 1901-1985
W. E. BONDURANT, JR. 1913-1973
ROY C. SNOODGRASS, JR. 1914-1987

700 UNITED BANK PLAZA
POST OFFICE BOX 10
ROSWELL, NEW MEXICO 88202
(505) 622-6510
FAX (505) 623-9332

2800 CLAYDESTA NATIONAL BANK BUILDING
POST OFFICE BOX 3580
MIDLAND, TEXAS 79702
(915) 683-4691
FAX (915) 683-6518

1700 TEAM BANK BUILDING
POST OFFICE BOX 9238
AMARILLO, TEXAS 79105
(806) 372-5569
FAX (806) 372-9761

218 MONTEZUMA
POST OFFICE BOX 2068
SANTA FE, NEW MEXICO 87504
(505) 982-4554
FAX (505) 982-8623

LEWIS C. COX
PAUL W. EATON
CONRAD E. COFFIELD
HAROLD L. HENSLEY JR.
STUART D. SHANOR
ERIC D. LANPHERE
C. D. MARTIN
PAUL J. KELLY JR.
MARSHALL G. MARTIN
OWEN M. LOPEZ
DOUGLAS L. LUNSFORD
JOHN J. KELLY
T. CALDER EZZELL, JR.
WILLIAM B. BURFORD*
RICHARD E. OLSON
RICHARD R. WILFONG*
THOMAS J. MCBRIDE
STEVEN D. ARNOLD
JAMES J. WECHSLER
NANCY S. CUSACK
JEFFREY L. FORNACIARI
JEFFREY D. HEWITT
JAMES BRUCE
JERRY F. SHACKELFORD*
JEFFREY W. HELLBERG*
ALBERT L. PITTS
THOMAS M. MNASKO
JOHN C. CHAMBERS*
MICHAEL A. GROSS
THOMAS D. HAINES, JR.

FRANKLIN H. MCCALLUM*
GREGORY J. NIBERT
DAVID T. MARKETTE*
MARK C. DOW
KAREN M. RICHARDSON*
FRED W. SCHWENDIMANN
JAMES M. HUDSON

STANLEY K. KOTOVSKY JR.
BETTY H. LITTLE*
JEFFREY S. BAIRD*
RUTH S. MUSGRAVE
HOWARD R. THOMAS
PATRICIA A. WATTS
MACDONNELL GORDON
REBECCA NICHOLS JOHNSON
WILLIAM R. JOHNSON
ELLEN S. CASEY
S. BARRY PAISNER
MARGARET CARTER LUDE IG
MARTIN MEYERS
GREGORY S. WHEELER
ANDREW J. CLOUTIER
JAMES A. GILLESPIE
GARY W. LARSON
STEPHANIE LANDRY
JOHN R. KULSETH, JR.
LISA V. SMITH*

*NOT LICENSED IN NEW MEXICO

June 18, 1991

Ms. Louise Y. Locke
c/o Don Locke
139½ East Second Street
Rifle, Colorado 81650

Mr. Richard T.C. Tully
P.O. Box 268
Farmington, New Mexico 87499

Dear Sirs:

Enclosed for your information are copies of the following:

(1) An Application for compulsory pooling of the Basin-Fruitland Coal Gas Pool underlying the E½ of Section 23, Township 29 North, Range 13 West, in San Juan County, New Mexico; and

(2) An Application for compulsory pooling of the Basin-Fruitland Coal Gas Pool underlying the W½ of Section 23, Township 29 North, Range 13 West, in San Juan County, New Mexico.

These Applications were filed with the Oil Conservation Division on behalf of BHP Petroleum (Americas) Inc.

Records indicate Louise Y. Locke owns mineral interests in the N½ of Section 23. These applications will be heard by the Oil Conservation Division on Thursday, July 11, 1991, at 8:15 a.m. at the Division's offices at 310 Old Santa Fe Trail, Santa Fe, New Mexico. Failure to appear at that time will preclude you from contesting these matters at a later date.

EXHIBIT

A

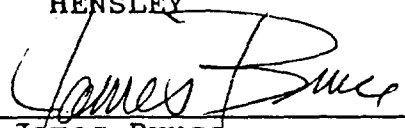
HINKLE, COX, EATON, COFFIELD & HENSLEY

June 18, 1991
Page 2

Very truly yours,

HINKLE, COX, EATON, COFFIELD &
HENSLEY

By


James Bruce

Attorneys for Applicant

JB:jt

Enclosures

PS Form 3800, June 1985

*U.S.G.P.O. 1989-234-555

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

P 544 758 369

| | |
|---|----------------------|
| Sent to | Louise Y. Locke |
| Street and No | 139 1/2 East 2nd St. |
| P.O. State and ZIP Code | Rifle, CO 81650 |
| Postage | \$ |
| Certified Fee | |
| Special Delivery Fee | |
| Restricted Delivery Fee | |
| Return Receipt showing to whom and Date Delivered | |
| Return Receipt showing to whom, Date, and Address of Delivery | |
| TOTAL Postage and Fees | \$ |
| Postmark or Date | |

SENDER:

- Complete items 1 and 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 next to the article number.

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

- ☐ Addressee's Address
- ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Louise Y. Locke
139 1/2 E. 2nd St.
Rifle, CO 81650

4a. Article Number

P 544 758 369

4b. Service Type

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

7. Date of Delivery

Jun 6/20/91

5. Signature (Addressee)

6. Signature (Agent)

Day Locke

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

PS Form 3811, October 1990

*U.S. GPO: 1990-273-881

DOMESTIC RETURN RECEIPT

EXHIBIT

B

P 544 758 370

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

| | |
|---|----------------------|
| Sent to | Richard T.C. Tully |
| Street and No. | P.O. Box 268 |
| P.O. State and ZIP Code | Farmington, NM 87499 |
| Postage | \$ |
| Certified Fee | |
| Special Delivery Fee | |
| Restricted Delivery Fee | |
| Return Receipt showing to whom and Date Delivered | |
| Return Receipt showing to whom, Date, and Address of Delivery | |
| TOTAL Postage and Fees | \$ |
| Postmark or Date | |

SENDER:

- 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 next to the article number.

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:

Richard T.C. Tully
P.O. Box 268
Farmington, NM
87499

4a. Article Number

P 544 758 370

4b. Service Type

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

7. Date of Delivery

6-20-91

5. Signature (Addressee)

Dena O. Hotes

6. Signature (Agent)

✓

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