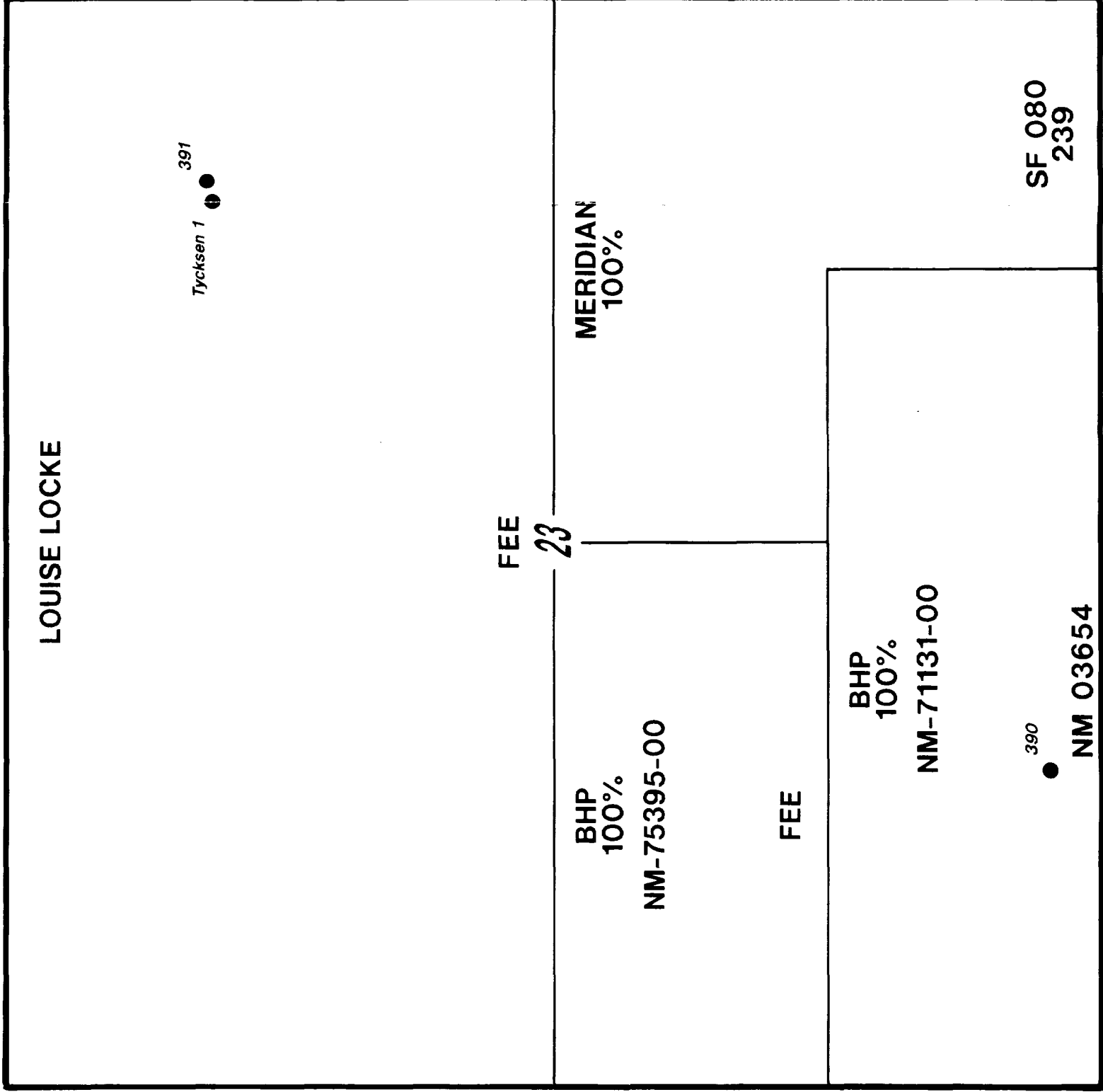


(BHP Exhibits 1 through 15
complete set



BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

Case No. _____ Exhibit No. 1

Submitted by BHP

Scale: 1" = 660'

Recording Date _____



BHP
Petroleum
America, L.P.

GALLEGOS CANYON UNIT
San Juan County, New Mexico

LAND PLAT
Sec. 23 T29N-R13W

T = 660' D. REMHARDT 6-91 3041 A-1
D. CARTER 6-91

Oil and Gas Mining Lease

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 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 or tender of rental herein referred to may be made in currency, drafts or checks at the option of the lessee and the depositing of~~
~~such currency or draft or check in any post office with sufficient postage and properly addressed to the lessor, or said bank, may be taken as 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 undivid-
ed 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 ma-
chinery, 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 coven-
ants herof 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 assign-
ment 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 assignee 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 release or releases hereof to the lessor
or by placing a release or releases hereof on record 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 payments or tenders may be made by check or draft of credit of lessee or any assignee thereof, mailed or delivered on or before the rental paying date.

BHP EXHIBIT NO. 2
CASE NO. _____

1-29

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 ss. 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 ss.
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 L. P. Hine
Return to
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

C. 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

Known 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. Zimmer

lessor Charles Newbold to Charles Newbold which

recorded in book , page , RECORDED 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
(Edna Frances Newbold

} Charles Newbold
} Edna Frances Newbold

ACKNOWLEDGMENT FOR INDIVIDUAL (Oklahoma and Kansas,

STATE OF NEW MEXICO }
COUNTY OF SAN JUAN } ss

Before me, the undersigned, a Notary Public within and for said County and State, on this 18th day of

April, 19 47, 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 the y. 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

(SEAL)

Lisa Dial

Notary Public

ACKNOWLEDGMENT FOR CORPORATION

STATE OF }
COUNTY OF } ss

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

STATE OF NEW MEXICO }
County of San Juan } ss
I hereby certify that this instrument
filed for record on the 19 day of
April, 19 47 at 10:39 A.M.
certified in book 125, page 15 4
of the Records of said County.

Liska Dial

Probate Clerk and ex-officio

Deputy

ASSIGNMENT

STATE OF NEW MEXICO)
COUNTY OF SAN JUAN)

KNOW ALL MEN BY THESE PRESENTS:

William A. Kettell
Probate Clerk and Ex-Officio Recorder.
Malcolm
Deputy

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

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

LEASE SCHEDULE

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

Stanolind
LEASE NO.

LESSOR	LESSEE	DATE	DESCRIPTION	RECORDED PAGE	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 Farrell	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-12W	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
Days 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 Schendck, 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

7

LEASE SCHEDULE
NEW MEXICO

EXHIBIT "A" PAGE TWO

STATE OF

COUNTY OF

SANTA JUAN

(County Records)

STANOLIND LEASE NO.	LESSOR	LESSEE	DATE	DESCRIPTION	RECORDED PAGE
74469	Owen K. McCarty, et ux	Charles Newbold	3/13/47	East 28 ac. in NW/4 NW/4 Section 24-29N-13W ✓	125 177
74480-A	Marie 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	Joa. 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 P. 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 P. 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 15 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

LEASE SCHEDULE

EXHIBIT "A" PAGE THREE

STATE OF

NEW MEXICO

COUNTY OF

SAN JUAN

(County Records)

130

Stanolind

LEASE NO.

LESSOR

LESSEE

DATE

DESCRIPTION

RECORDED

PAGE

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. Brimhall, 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-12W

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, W/2 SE/4 Section 18-29N-13W ✓

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

NEW MEXICO

STATE OF

FOUR

EXHIBIT "A" PAGE

SAN JUAN

(County Records)

Stanolind LEASE NO.	LESSOR	LESSEE	DATE	DESCRIPTION	RECORDED PAGE	RECORDED DATE
87783	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	12/4/48	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 B. Keller, Jr, et ux	Stanolind Oil and Gas Company	6/28/48	S/2 N/2 Section 34-29N-12W ✓	130	412
87679	Enos 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 Marrow, 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:

I hereby certify that this instrument was recorded in the books of the County of San Juan, New Mexico, on the 18th day of January, 1952, at 1:10 P.M., and is a true and correct copy of the original as the same appears in the records of said county.

W. J. Kattell
Notary Public and ex-officio Recorder

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

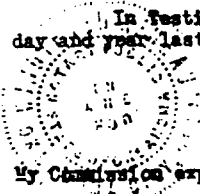
Wm. V. Montin
Wm. V. Montin

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.



W. J. Kattell
Notary Public

My Commission expires 7/10/55

LEASE SCHEDULE

EXHIBIT NO.	LESSOR	LESSOR'S NAME	STATE OF	COUNTY OF	DATE	DESCRIPTION	Recorded Book Page
74461	Stanford Oil and Gas Company	Charles Newbold	NEW MEXICO	SAN JUAN	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	NEW MEXICO	SAN JUAN	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	NEW MEXICO	SAN JUAN	2/27/47	S/2 NE/4, NW/4 NE/4 Sec. 28-29N-12W	125 163
74464	Stanford Oil and Gas Company	Charles Newbold	NEW MEXICO	SAN JUAN	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	NEW MEXICO	SAN JUAN	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	NEW MEXICO	SAN JUAN	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	NEW MEXICO	SAN JUAN	1/30/47	E/2 NW/4, NE/4 SW/4, NW/4 SW/4, NW/4 SW/4 Section 26-29N-12W	125 155
74468	Stanford Oil and Gas Company	Charles Newbold	NEW MEXICO	SAN JUAN	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	NEW MEXICO	SAN JUAN	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	NEW MEXICO	SAN JUAN	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	NEW MEXICO	SAN JUAN	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	NEW MEXICO	SAN JUAN	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	NEW MEXICO	SAN JUAN	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			
STANOLIND OIL AND GAS COMPANY	LESSOR	LESSEE	DATE	DESCRIPTION	Recorded Book Page
79794-0	Marie O. Peterson	Charles Newbold	3/12/47	NE 1/4 NW 1/4, SW 1/4 SE 1/4 Sec. 25-29N-12W	125 169
79794-1	Coelia P. Babson	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
79794-2	Cecil E. Peterson, et ux	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
79794-3	B. B. Lancaster	Charles Newbold	3/8/47	S 1/2 NW 1/4, SW 1/4 NE 1/4 Sec. 24-29N-13W	125 175
79794-4	H. B. Sammons, et vir	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
79794-5	Joe. E. Kellensars, et ux	Charles Newbold	3/8/47	NE 1/4 NW 1/4 Section 24-29N-13W	125 171
79794-6	Andres Medina	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
79794-7	Thomas F. Kerby, et ux	Stanolind Oil and Gas Company	5/8/47	E. 60 ac. of N 1/2 SW 1/4 Sec. 19-29N-12W	125 241
79794-8	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
79794-9	S. H. Carlton, 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
79794-10	Howard H. Smith, 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
79794-11	H. B. Sammons, et al	Stanolind Oil and Gas Company	9/17/47	E 1/2 SE 1/4 SE 1/4 Section 27-29N-12W	130 28
79794-12	Thomas Gordon, et ux	Stanolind Oil and Gas Company	9/24/47	S 1/2 SE 1/4 Section 22-29N-12W	130 30
79794-13	Mrs. C. V. H. Carlisle	Stanolind Oil and Gas Company	9/17/47	W 1/2 SW 1/4 SE 1/4 Section 27-29N-12W	130 77
79794-14	M. H. Start, et ux	Stanolind Oil and Gas Company	8/18/48	W 1/2 SW 1/4 SE 1/4 Section 27-29N-12W E 1/2 SW 1/4 SE 1/4 Section 27-29N-12W NW 1/4 NE 1/4, E 1/2 NW 1/4 NE 1/4 34-29N-12W E 1/2 SE 1/4 Section 28-29N-12W NW 1/4 SW 1/4, W 1/2 SW 1/4 SW 1/4 Sec. 27-29N-12W NW 1/4 SW 1/4, W 1/2 SW 1/4 SW 1/4 Section 27	135 169
79794-15	James T. Brimhall, et ux	Stanolind Oil and Gas Company	12/16/48	E 1/2 SE 1/4 Section 28-29N-12W	135 169
79800	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

LESSOR	LESSEE	DATE	DESCRIPTION	Recorded Book Page
Stanolind TR. Lease No. 87720	J. D. Roquemore, et ux	8/17/48	E/2 SW/4 SW/4 Sec. 20-29N-12W	135 1
87729	Anthony J. Michel, et al	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
87766	Sandia Corporation	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
87774	Gladys Booram	11/1/48	E/2 SW/4 SW/4, SE/4 SW/4 Section 13-29N-13W	135 127
87774-3	Thomas W. Kerby, et ux	11/1/48	E/2 SW/4 SW/4, SE/4 SW/4 Section 13-29N-13W	135 176
87782	Jessie Cox Churchill	11/12/48	NW/4 SW/4 Section 13-29N-13W	135 142
87789	J. B. Brown, et ux	11/29/48	W/2 SW/4 SW/4 Section 13-29N-13W	135 144
87810	Glaire Patterson, et al	12/4/48	S 3/4 NW/4 SE/4 Section 25-29N-12W	135 1-1
87821	Jesse T. Brimhall, et ux	12/16/48	SE/4 SW/4 Section 27-29N-12W	135 168
87823	Arthur Coy, et ux	12/16/48	E. 1,071 ft. of SW/4 NW/4 Section 13-29N-13W	135 179
79961	Charles R. Keller, Jr., et ux	6/28/48	S/2 N/2 Section 34-29N-12W	130 412
87679	Maou James Strawn, et ux	8/2/48	NW/4 NW/4 Section 13-29N-13W	135 10
87702	Goldie A. Chapman, et ux	8/17/48	W/2 SW/4 SW/4 Sec. 20; SE/4 SE/4 Section 19-29N-12W	130 464
87705	F. V. Lee, et ux	9/17/48	S/2 N/2 Sec. 29; SW/4 SE/4 Sec. 20-29N-12W	130 469
87706	Frank Harstow, et ux	3/13/48	SW/4 SW/4 Sec. 22; NE/4 NW/4 Section 27-29N-12W	130 470

Return:
Barney & Monte
1501 Petroleum Bldg.
Oklahoma City 10-10-48

ASSIGNMENT

STATE OF NEW MEXICO)
COUNTY OF SAN JUAN)

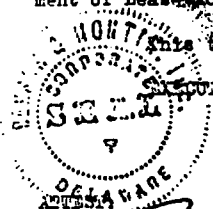
KNOW ALL MEN BY THESE PRESENTS:

STATE OF NEW MEXICO, ss.
County of San Juan, ss.
I, Notary Public, do hereby certify that this instrument was
filed for record on July 16, 1952
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.



HENSON & MONTIN, INC.

By *[Signature: Earl A. Benson]*
President

[Signature: Jack Landrum]
Secretary

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: Winnifred Reneau]
Notary Public

My Commission expires July 10, 1955

Witness my hand and seal this 15th day of July, 1952.
Notary Public, Oklahoma

STATE OF NEW MEXICO, County of San Juan SS.
I hereby certify this instrument was filed for record
on October 1, 1952 at 10:16 o'clock P.M.
and duly recorded in book 224 Page 167
of the
Records of said county.
Virginia B. Rattell
Public 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 casing-head 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:

Locks-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

ATTEST:
[Signature]
Assistant Secretary

STANOLIND OIL AND GAS COMPANY

by [Signature]
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

[Signature]
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

[Signature]
Notary Public in and for
Oklahoma County, Oklahoma

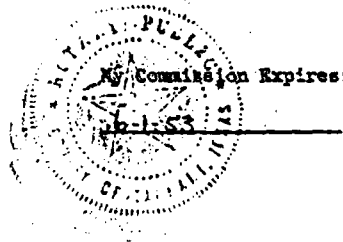
107-6

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.



Barth E. Fickel
Notary Public in and for
Tarrant County, Texas



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

80

No..... RECORDER

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,
New Mexico
of the County of San Juan and State of ~~Colorado~~ of the first part, and
Lloyd D. Locke and Louise V. 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 Tyckson 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 parties 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 } ss. The foregoing instrument was acknowledged before me this 8th day of November 1954 by* Lloyd B. Taylor and Mildred E. Taylor, his wife.

Witness my hand and official seal.
My commission expires

Richard W. Smith
NOTARY PUBLIC.

*If acting in official or representative capacity, insert name and also office or capacity and for whom acting.
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. 1954, at 4:00 o'clock P. M., in my
office, and duly recorded in Book 265
Page No. 80

Lawrence R. Kitter
RECORDER
By _____ DEPUTY

Fees, \$ _____

WHEN RECORDED RETURN TO

Louise J. Koeke
Durango, Colorado

JOY WEST PEO. & STAFF CO., COLORADO SPRINGS M469

265-31

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

No.....

RECORDED

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 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 ~~Colorado~~ 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 NW $\frac{1}{4}$ 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

Harshleen Owen
NOTARY PUBLIC.

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

1-23

No.

Quit-Claim Deed

TO

Miss Miller
STATE OF COLORADO,
County of *Santa Juan* } AS.

I hereby certify that this Deed was filed for
Record on the *27* day of *December*
A. D. 19*54*, at *4:05* o'clock *PM*, in my
office, and duly recorded in Book *265*
Page No. *860*

Virginia B. Miller
RECORDER.
By *U. S. G. O.* DEPUTY.

Fees, \$.....

WHEN RECORDED RETURN TO

Miss Miller
265
OUT WEST PUBLISHING CO., COLORADO SPRINGS 147768

THIS AGREEMENT, Entered into this the 21st day of April, 1951,
between B. E. Dustin and Ruth Dustin, husband and wife, and Louie Dustin,
a widow, of Farmington, New Mexico,

and Albert R. Greer, of Dallas, Texas, hereinafter called lessor,
and Albert R. Greer, of Dallas, Texas, hereinafter called lessee, does witness:

That lessor, for and in consideration of the sum of One (\$1.00) Dollar and other valuable considera-

tion, 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
lease and lets unto the lessee for the purpose of mining and operating for and producing oil and gas, casinghead gas and casinghead gasoline, having pipe
lines, building tanks, storing oil, building power, machinery, 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:

Beginning at the Northwest corner of the Northeast
(NE $\frac{1}{4}$) Quarter of Section Twenty-three (23), in Township
Twenty-nine (29) North, of Range Thirteen (13) West,
N.M.P.M., thence running 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.

in San Juan Township, New Mexico, and containing 15.00 acres, more or less

1. This lease shall remain in force for a term of 15.00 years and as long thereafter as oil, gas, casinghead gas, casinghead gasoline or any of them
is produced

2. The lessee shall deliver to the credit of the lessor as royalty, free of cost, in the pipe line in which lessee may connect its well the usual one-eighth
part of all oil produced and saved from the leased premises, or at the lessor'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

3. 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) cents per annum as royalty from each such 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 incandes-
cents in the principal dwelling house on said land, or for making his own connections with the well, the use of said gas to be at the lessor's sole risk and per-
son. The lessee shall pay to lessor for gas produced from any oil well and used by the lessee for the manufacture of gasoline or any other product, as ro-
yalty one-eighth of the market value of such gas at the mouth of the well. If said gas is sold by the lessee, then as royalty one-eighth of the proceeds of
the sale thereof

4. 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 Bank at Farmington, New Mexico, 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, re-

ardless of changes of ownership in said land or in the oil and gas, or in the rentals to accrue thereunder, the sum of

Fifteen and no/100 Dollars and 15.00 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. All payments or tenders may be made by check or
draft of lease or any assignee thereof, mailed or delivered on or before the rental paying date. Notwithstanding the death of the lessor, or his successor
in interest, the payment or tender of rental in the manner provided above shall be binding on the heirs, devisees, executors, or administrators of said person

5. 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 within twelve months from the expiration of the last rental period
for which rental has been paid, or provided that within said period the lessee begins or resumes the payment of rentals in the manner and amount herein above
provided, and in this event the provisions hereof governing the payment of rentals and other matters shall continue in force

6. In case said lessee owns a lease 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 the said lessee only in the proportion which his interest bears to the whole and undivided fee

7. 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 operations to growing crops on
said land. No well shall be drilled deeper than 200 feet to the bottom or bottom any 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

8. 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, and no change of ownership in the land or in the rentals or royalties shall be binding
on the lessee until after notice to the lessor and it has been furnished with the written transfer or assignment or a certified copy thereof. 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 proportionable part of the rent due from him, or them, such default shall not operate to defeat or affirm this lease in so far as it covers
a part or parts of said land upon which the said lessee or any assignee thereof shall make due payment of said rentals. If at any time there be as many as
four parties entitled to rentals or royalties, lessee may withhold payments thereof unless and until all parties designate, in writing, in a recordable instru-
ment 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

9. 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 exercises such option, it shall be
subrogated to the rights of any holder or holders thereof and may reimburse itself by assigning to the discharge of any such mortgage, tax or other lien, any
royalty or rentals accruing hereunder

10. Notwithstanding anything to the contrary herein contained, 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 term shall continue so long as such operations are prosecuted and, if production results
therefrom, then as long as production continues

11. If within the primary term of this lease production on the leased premises shall cease from any cause, this lease shall not terminate provided opera-
tions for the drilling of a well shall be commenced before or on the next ensuing rental paying date, or, provided lessee begins or resumes the payment of
rentals in the manner and amount hereinbefore 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 the
lease shall remain in force during the prosecution of such operations and, if production results therefrom, then as long as production continues

12. If the leased premises shall hereafter be owned in severally 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 proportion
that the acreage owned by each such separate owner bears to the entire leased acreage. There shall be no obligation on the part of the lessee to offer, sell,
or separate tracts into which the land covered by this lease may be hereafter divided by sale, devise, or otherwise, or to furnish separate measuring or
surveying 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 proportionable part of the rent due from him or them, such default
shall not operate to defeat or affirm this lease in so far as it covers a part or parts of said land upon which the said lessee or any assignee thereof shall
make due payment of said rentals. If at any time there be as many as four parties entitled to rentals or royalties, lessee may withhold payments thereof un-
less 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

13. Lessee may at any time and from time to time surrender this lease as to any part or parts of the leased premises by delivering or mailing a release
thereof to the lessor, or by DISTRICT CLERK thereof or to the proper county

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

15. This lease shall not be terminated, in whole or in part, nor shall lessee be held liable in damages, for failure to comply with the express or im-
plied covenants hereof, if compliance therewith is prevented by, or if such failure is the result of, any Federal or State laws, executive orders, rules, or
regulations. If, at the end of the primary term hereof, such term has not been extended by production or drilling as in this lease provided, and lessee
no reason of any of the above recited causes, is unable to drill a well on the leased premises for oil or gas, the primary term and the rental provision
hereof shall be extended automatically from year to year until the first anniversary hereof occurring sixty (60) or more days following the removal of such
driving cause. During any period that lessee is unable to produce and/or market any proceeds from the leased premises by reason of any of the above
recited causes, this lease shall remain in full force and effect

16. Lessee in hereby gives the right at its option, at any time and from time to time, to pool or unitize all or any part or parts of the above de-
scribed land with other land, lease, or leases in the immediate vicinity thereof, such pooling to be into units not exceeding the maximum size tract on which
a well may be drilled under laws, rules, or regula- force at the time of such pooling or unitization provided, however, that such units may exceed
such maximum by no more than 200 acres if such unit is necessary in order to conform to ownership subdivisions of lease lands. Lessee shall exercise
said option, as to each desired unit, by executing and recording an instrument identifying the unitized area. Any well drilled or operations conducted on
any part of such pool unit shall be considered a well drilled or operations conducted under this lease and there shall be allocated to the portion of the
above described land included in any such unit such production of the unitized production from all wells on such unit as lessor's interest, if any, in such
portion, computed on an acreage basis, bears to the entire acreage of such unit. And it is understood and agreed that the production so allocated shall
be considered for all purposes, including the payment or delivery of royalty, to be the entire production from the portion of the above described land in-
cluded in such unit in the same manner as though produced from the above described land under the terms of this lease

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

Louie Dustin

B. E. Dustin

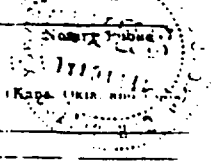
By B. E. Dustin

DMP EXHIBIT

2A

1-54

STATE OF NEW MEXICO } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans. Okla. and Colo.)
COUNTY OF SAN JUAN
Before me, the undersigned, a Notary Public, within and for said County and State, on this 22nd
day of April 1951, personally appeared
and E. E. Dustin and Ruth Dustin, husband and wife, and Lottie Dustin,
a widow,
to me personally known to be the identical person E who executed the within and foregoing instrument and 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 WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.
My commission expires April 30-1952 E. R. Bolton



STATE OF _____ } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans. Okla. and Colo.)
COUNTY OF _____
Before me, the undersigned, a Notary Public, within and for said County and State, on this _____
day of _____ 19____, personally appeared _____
and _____
to me personally known to be the identical person _____ who executed the within and foregoing instrument and acknowledged to me
that _____ executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth.
IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.
My commission expires _____
Notary Public

STATE OF _____ } ss. ACKNOWLEDGMENT FOR CORPORATION
COUNTY OF _____
Be it remembered that on this _____ day of _____, 19____, before me, the undersigned, a
Notary Public, duly commissioned, in and for the county and state aforesaid, came _____
_____ president of _____
a corporation of the State of _____, personally known to me to be such officer, and to be
the same person who executed as such officer the foregoing instrument of writing in behalf of said corporation, and he duly ac-
knowledgeed the execution of the same for himself and for said corporation for the uses and purposes therein set forth.
IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day and year last above written.
My commission expires _____
Notary Public

No. _____

OIL AND GAS LEASE

FROM _____

TO _____

Date _____ 19____

Section _____ Twp. _____ Rge. _____

No. of Acres _____

County _____

STATE OF New Mexico }
County of San Juan }

This instrument was filed for record on the
5 day of February 1952
at 8:36 o'clock A. M., and duly recorded
in Book 175 Page 131 of
the records of this office.
By Dargatzis & Co. Attorneys
When recorded, return to Benjamin J. Dargatzis
501 West 10th St., Albuquerque, N.M.
501 West 10th St., Albuquerque, N.M.
THE KANSAS BLUE PRINT CO.
141 NORTH MARKET ST., WICHITA, KANSAS
PHOTOGRAPH SERVICE - 10-10 ONE-OF-A-KIND

NOTE: When signature by mark in Kansas, said mark to be witnessed by at least one person and also acknowledged.
For acknowledgment by mark, use regular Kansas acknowledgment.

STATE OF _____ } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans. Okla. and Colo.)
COUNTY OF _____
Before me, the undersigned, a Notary Public, within and for said County and State, on this _____
day of _____ 19____, personally appeared _____
and _____
to me personally known to be the identical person _____ who executed the within and foregoing instrument and acknowledged to me
that _____ executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth.
IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.
My commission expires _____
Notary Public

139

ASSIGNMENT OF OIL AND GAS LEASE (Mid-Continent Association Form)

This space reserved for Filing Stamp

STATE OF NEW MEXICO

County of San Juan

KNOW ALL MEN BY THESE PRESENTS

That the undersigned, ALBERT E. GREER and ADA CHARLINE GREERhusband and wife

(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

KARL A. EKSON and WM. Y. MONTIS(hereinafter called Assignee), all their

interest in and to the oil and gas lease

dated April 21 1951 from B. E. Dustin and Ruth Dustin, husband and wifeand Louise Dustin, a widow, of Farmington, New Mexicoto Albert E. Greerrecorded in book 175 page 137 in so far as said lease covers the following described land inSan Juan County, State of New Mexico

Beginning at the Northwest corner of the Northeast Quarter (NE¹/₄) of Section Twenty-three (23), in Township Twenty-nine (29) North of Range Thirteen (13) West, N. M. P. M., thence running 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

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

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 24th day of JANUARY 1952

Albert E. Greer
Ada Charline Greer

ACKNOWLEDGMENT FOR INDIVIDUAL (Oklahoma and Kansas)

STATE OF Oklahoma } ss.
COUNTY OF Oklahoma

Before me, the undersigned, a Notary Public within and for said County and State, on this 24th day of JANUARY 1952 personally appeared Albert E. Greer

and Ada Charline Greer to me well known to be the identical persons 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 10, 1955 Linney J. Jernay Notary Public

ACKNOWLEDGMENT FOR CORPORATION

STATE OF _____ } ss.
COUNTY OF _____

Before me, the undersigned, a Notary Public within and for said County and State, on this _____ day of _____ 19____ personally appeared _____

to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as its president and duly 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.

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

My commission expires _____

Notary Public

Return:
Ransom & Austin
1501 Gatehouse Alley
Oklahoma City, Okla.

1-5

106

Assignment of Oil and Gas Lease

(N.D. Oklahoma Association Form)

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned Earl A. Benson and Ivy E. Benson,
husband and wife, and Wm. V. Montin and Kathleen M.
Montin, husband and wife
(hereinafter called Assignors), for and in consideration of One Dollar (\$1.00) the receipt
whereof is hereby acknowledged, does hereby sell, assign, transfer and

set over unto Locke-Taylor Drilling Company

(hereinafter called Assignee), All their interest in and to the oil and gas lease

dated April 21, 1951, from B. E. Dustin and Ruth Dustin, husband and wife,
and Louie Dustin, a widow

to Albert R. Graer

recorded in book 175, page 132, in so far as said lease covers the following described land in

San Juan County, State of New Mexico

Beginning at the Northwest corner of the Northeast Quarter (NW/4 NE/4) of Section Twenty-three (23) in Township Twenty-nine North (29N) of Range Thirteen West (13W), N.M.P.M., thence running 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, INsofar as SAID LEASE COVERS ALL FORMATIONS DOWN TO AND INCLUDING THE BASE OF THE PICTURED CLIFFS FORMATION,

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 14th day of May, 1953

Carl A. Benson
(Earl A. Benson)

Ivy E. Benson
(Ivy E. Benson)

Kathleen M. Montin
(Kathleen M. Montin)

Wm. V. Montin
(Wm. V. Montin)

STATE OF OKLAHOMA, County of Oklahoma, ss: Individual Acknowledgment

Before me, the undersigned, a Notary Public in and for said County and State on this 22th day of

May, 1953, personally appeared Earl A. Benson and Ivy E. Benson, and

Wm. V. Montin and Kathleen M. Montin

to me known to be the identical persons who executed the within and foregoing instrument and acknowledged to me that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.

Given under my hand and seal of office the day and year last above written.

My commission expires July 10, 1955

Thurmond H. Hearn Notary Public

STATE OF OKLAHOMA, County of Oklahoma, ss: Corporation Acknowledgment

Before me, the undersigned, a Notary Public in and for said County and State on this 22th day of

May, 1953, personally appeared

to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as its

and acknowledged to me that 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.

Given under my hand and seal of office the day and year last above written.

My commission expires July 10, 1955 Notary Public

Thurmond H. Hearn

1-68

6-A
STATE OF _____
COUNTY OF _____ } SS.

ACKNOWLEDGMENT. Applicable for lands in Oklahoma, Kansas, Nebraska, North and South Dakota, Arizona, Colorado, Indiana, Mississippi, Oregon, Wyoming, and or New Mexico.

BE IT REMEMBERED, That on this _____ day of _____, A.D., 19____, before me, a Notary Public, in and for said County and State, personally appeared _____

_____ to me known to be the identical person described in and who executed the within and foregoing instrument and acknowledged to me that _____ executed the same as _____ free and voluntary act and deed for the purpose therein set forth.
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 _____ Notary Public
CORPORATION ACKNOWLEDGMENT (Oklahoma Form)

STATE OF _____ County of _____ SS:

On this _____ day of _____, A.D., 19____, before me, the undersigned, a Notary Public in and for the county and state aforesaid, personally appeared _____ to me known to be the identical person who signed the name of the maker thereof to the within and foregoing instrument as its _____ President and acknowledged to me that _____ executed the same as _____ free and voluntary act and deed, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.
Given under my hand and seal the day and year last above written.

My commission expires _____ Notary Public
When instrument is executed by a corporation, the corporate name must be shown and instrument signed by its President or Vice-President and attested by its Secretary or Assistant Secretary and the Corporate Seal affixed.

NOTARY ACKNOWLEDGMENT OF SIGNATURE BY MARK (Oklahoma Form)

STATE OF _____ County of _____ SS:

Before me, _____ a Notary Public in and for said County and State on this _____ day of _____, 19____, personally appeared _____

to me known to be the identical person who executed the within and foregoing instrument by _____ mark in my presence and in the presence of _____

as witnesses and acknowledged to me that _____ executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth.

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

My commission expires _____ Notary Public
NOTE—The signature by mark of a person who cannot write his name must be witnessed by two witnesses, one of whom must write lesser's name.

FORM NO. 248-AF ORDER BY NUMBER	ASSIGNMENT OF OIL AND GAS LEASE (Mid-Continent Association Form)	
	FROM	TO
Dated _____, 19____		
Lot _____	Addition _____	
Township _____	Section _____	
Range _____	County _____	
No. of Acres _____	Terms _____	
STATE OF New Mexico } San Juan County, SS.		
This instrument was filed for record on the _____ day of _____, 1953.		
at _____ o'clock _____ M., and recorded		
in Book _____ of _____		
at page _____ of _____		
By _____	County Clerk.	
By _____	Deputy.	
RETURN TO: _____		

TEXAS ACKNOWLEDGMENTS

THE STATE OF TEXAS, County of _____ SS:
BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____

known to me to be the person whose name _____ subscribed to the foregoing instrument, and acknowledged to me that _____ he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND and seal of office, this _____ day of _____, A.D., 19____

THE STATE OF TEXAS, County of _____ SS:
BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____

wife of _____
known to me to be the person whose name is subscribed to the foregoing instrument, and having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said _____ acknowledged such instrument to be her act and deed and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

GIVEN UNDER MY HAND and seal of office, this _____ day of _____, A.D., 19____

#17,185

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,
1.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:

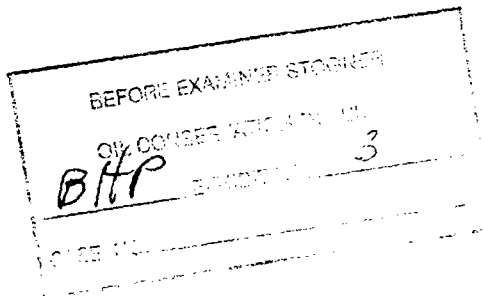
Section 1. That this order shall be known as the

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 and all 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 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 $\frac{1}{4}$
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 Gallegos Canyon Unit Agreement within thirty days after the effective date thereof.

Section 6. That any party owning rights in the unitized sub-
sistence 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 S. Ryan

Member

R. R. Bourne

Secretary.

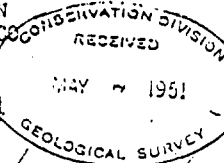


UNIT AGREEMENT FOR THE DEVELOPMENT AND
OPERATION OF THE GALLEGOS CANYON UNIT AREA
COUNTY OF SAN JUAN
STATE OF NEW MEXICO

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";

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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,
at 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

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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.

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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.

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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 share 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 47485 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. 17185

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 _____

89 R

WORKING INTEREST OWNERS

STANOLIND OIL AND GAS COMPANY



ATTEST:

DATE:

3/29/51

Assistant Secretary

By

Vice-President

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

Secretary

By

President

Address:

ATTEST:

Secretary

By

President

Address:

ATTEST:

Secretary

By

President

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By

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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 Obla)
COUNTY OF Suban)

On this 20th day of March, 1951, before me appeared J. E. Cause, to me personally known, who, being by me duly sworn, did say that he is the Vice 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 J. E. Cause acknowledged said instrument to be the free act and deed of said corporation.

Given under my hand and notarial seal this 20th day of March, 1951.

My Commission expires:

Aug. 9, 1954

Mary Ann Balfour
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

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)

STATE OF Oklahoma

COUNTY OF Oklahoma

On this 1st day of November, 19 50, 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, 19 50

My Commission expires:

August 3rd, 1953

[Signature]
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

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

(New Mexico)

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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

[Signature]
Assistant Commissioner of Indian Affairs

Dated JUL 25 1951

[Signature]
Acting Director, United States Geological Survey

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IN THE MATTER OF THE APPLICATION OF
EARL A. BENSON, and WILLIAM V. MONTI,
Petitioners, vs. STATE OF CALLEGOS CANYON
UNIT, et al., containing 39,324.51
ACRES of LAND, TRACT 28, 29, 30, 31,
PARCELS 11, 12 AND 13, and 100-
SHIP 29, 30, 31, TRACTS 12 AND 13, and
N.M.P.L., SAN JUAN COUNTY, NEW MEXICO.

The undersigned, Commissioner of Public Lands of the State of New Mexico, having considered the Application of Earl A. Benson and William V. Monti for approval of the Callegos Canyon Unit Agreement, covering lands in San Juan County, New Mexico, described in said Agreement, and the undersigned having considered the aforesaid Application and the evidence offered by the Petitioners at the hearing before the Oil Conservation Commission on the 24th day of April, 1951, finds:

1. That said Callegos Canyon Unit Agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir capacity.

2. That under the operation of the proposed Unit Agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area affected.

3. That the Agreement is in other respects for the best interests of the State of New Mexico.

Said Agreement is hereby approved.

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

Guy Shepard
Commissioner of Public Lands.

EXHIBIT "B"
SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF OIL AND
GAS INTERESTS IN ALL LAND IN THE GALLEGOS 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			OWNER	ORRI	INTEREST	OPERATING AGREEMENT LEASE OR ASSIGNMENT	PERCENTAGE INTEREST	
1	0524 (NM) (Use.App.)	29N	13W	24	- N/2 S/2	160.00	E. B. Todhunter	USA	RI	12 3/4%	E. B. Todhunter	87.5000
2	047019-B 3-6-36 (Producing Lease)	28N	11W	7 18	- Lot 1 SE/4 NE/4, SW/4 SE/4	106.90	Summit Oil Co.	USA	RI	12 3/4%	<i>Summit Oil Co.</i> Southern Union Gas Co.	87.5000
3	076444 11-1-45	29N	12W	18	- Lot 3	39.43	Pauline S. McNaughton	USA	RI	12 3/4%	J. J. Hudson	87.5000
4	076444 11-1-45	29N	13W	23 26	- S/2 SW/4, SW/4 SE/4 - NE/4 NE/4	160.00	Pauline S. McNaughton	USA	RI	12 3/4%	J. J. Hudson	87.5000
5	077731 8-1-46	29N	12W	21	- NE/4	160.00	Pauline S. McNaughton	USA	RI	12 3/4%	J. J. Hudson	87.5000
6	077966 2-1-48	28N	13W	23 24 14	- All - All - S/2	1600.00	Carlos Robinson	USA	RI	12 3/4%	Southern Union Gas Co.	87.5000
7	077967 2-1-48	28N	13W	35 36	- All - All	1280.00	Gerald L. Davies	USA	RI	12 3/4%	Southern Union Gas Co.	87.5000
8	078072 2-1-48	28N	13W	11	- All	275.36	W. H. Sloan	USA	RI	12 3/4%	W. H. Sloan	87.5000

April 1951

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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 UNDER OPTION AGREEMENT - LEASE OR ASSIGNMENT	PERCENTAGE INTEREST	
		TWP	R	SEC	SECTION SUBDIVISIONS			OWNER	OR	INTEREST			
9	078106 12-1-47	28N	12W	15	-	All	2536.94	A. D. Kneale	USA	RI	12 $\frac{1}{2}$ %	Mid-Continent Petroleum Corporation	87.5000
				17	-	All							
				18	-	All							
				19	-	NE/4							
				21	-	NW/4, SE/4							
				22	-	NW/4							
10	078109 2-1-48	29N	12W	21	-	NW/4, N/2 SW/4, SE/4	2561.19	Charles Klein	USA	RI	12 $\frac{1}{2}$ %	Mid-Continent Petroleum Corporation	87.5000
				26	-	S/2 SW/4, W/2 SE/4							
				27	-	S/2 NE/4							
				28	-	SE/4 NE/4							
				31	-	All							
				33	-	SE/4							
				34	-	S/2 SW/4							
				7	-	All							
				8	-	All							
				9	-	W/2							
11	078209 10-1-49	29N	12W	10	-	All	239.68	R. V. Wickens	USA	RI	12 $\frac{1}{2}$ %	Albuquerque Assoc. Oil Company	87.5000
				11	-	Lots 3 & 4							
				28	-	NW/4 SW/4							
				30	-	NE/4 NE/4, NE/4 SE/4 LOT 4							
				34	-	NW/4 SW/4							
11-A	078209 10-1-49	29N	12W	35	-	NW/4 NW/4	160.00	R. V. Wickens	USA	RI	12 $\frac{1}{2}$ %	H. K. Beardmore	87.5000
				28	-	SW/4 SE/4, SE/4 SW/4							
				33	-	S/2 NE/4							

April 1951

FEDERAL LANDS

TRACT NO.	FEDERAL LEASE NO. (SANTA FE)	DESCRIPTION			NO. ACRES	LEASE OWNER OF RECORD	ROYALTY CEMENTS & INTEREST			WORKING INTEREST OWNER UNDER OPTION AGREEMENT		
		TWP	R	SEC			OWNER	RI OR ORRI	INTEREST	LEASE OR ASSIGNMENT	PERCENTAGE 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 3/4%	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 3/4%	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 3/4%	J. J. Hudson	87.5000	
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 3/4%	Albuquerque Assoc. Oil 5/8 WI	54.6875	
16	078807 4-1-48	28N	13W	12 - Lots 1,2,3,4 & S/2 S/2 13 - All 14 - N/2	1235.40	H. K. Riddle	USA	RI	12 3/4%	Carroll & Cornell 3/8 WI	32.8125	
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 3/4%	Miles Oil Company	84.5000	
18	078903 2-1-48	28N	12W	33 - All 34 - All	1280.00	Carroll T. Payne	USA	RI	12 3/4%	Stanolind 1/2 WI Benson & Montin 1/2 WI	42.7500	

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FEDERAL LANDS

TRACT NO.	FEDERAL LEASE NO. (SALT & PE)	DESCRIPTION			NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNERS & INTEREST			WORKING INTEREST OWNER UNDER OPTION AGREEMENT		
		TWP	R	SEC			OWNER	RI OR ORRI	INTEREST	OPERATING 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 M. Payne	USA	RI	12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500	
20	078905 7-1-48	26N	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. McKanus	USA	RI	12 1/2%	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. McKanus	USA	RI	12 1/2%	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 1/2%	L. B. Hodges	87.5000	
23	079065 10-1-49	29N	13W	34 - All	640.00	L. N. Hagood	USA	RI	12 1/2%	L. N. Hagood	87.5000	
24	079244 5-1-48	28N	12W	19 - NE/4 20 - NW/4	320.00	Albert H. Senter, Jr.	USA	RI	12 1/2%	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 1/2%	Benson & Montin	82.5000	
						Mary C. Hagood ORRI			5%			

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FEDERAL LANDS

TRACT NO.	FEDERAL LEASE NO. (SANTA FE)	DESCRIPTION			NO. ACRES	LEASE OTHER OF RECORD	ROYALTY OWNERS & INTEREST			WORKING INTEREST OWNER		
		TWP	R	SEC	SECTION	SUBDIVISION	OWNER	ORRI	INTEREST	UNDER OPTION AGREEMENT	LEASE OR ASSIGNMENT	PERCENTAGE INTEREST
34-A	080723 1-1-50	29N	12W	21	S/2 SW/4		USA	RI	12 1/4%	Albuquerque Assoc. Oil		54.6875
				28	NE/4 NW/4, NW/4 NE/4					5/8 WI		32.8125
35	080844 (Use App.)	28N	11W	19	A-11		USA	RI	12 1/4%	Carroll & Cornell	3/8 WI	82.5000
							Thelma L. Rhodes	ORRI	5%	Benson & Montin		
36	080962 7-1-50	29N	12W	29	NE/4 SE/4, NE/4 SW/4		USA	RI	12 1/4%	Elma R. Jones		87.5000

TOTAL FEDERAL LEASES ----- 24,716.72

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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 UNDER OPTION AGREEMENT		PERCENTAGE INTEREST
		TWP	R	SEC	SECTION	SUBDIVISIONS	OWNER	ORRI	LEASE OR ASSIGNMENT	OPERATING AGREEMENT	
26	079907 9-1-48	29N	12W	26	NW/4 NW/4 27 - N/2 NE/4		USA	RI	Albuquerque Assoc. Oil 5/8 WI		54.6875
27	080224 (Lse.App.)	29N	12W	27	N/2 SE/4		USA	RI	Carroll & Cornell 3/8 WI		32.8125
28	080239 9-1-49	29N	13W	23	N/2 SE/4, SE/4 SE/4		USA	RI	E.A. Hanson E.A. Hanson Hanson Co.		87.5000
29	080491 (Lse.App.)	29N	12W	17	SE/4		USA	RI	J. J. Hudson		87.5000
30	080600 (Lse.App.)	29N	12W	17	SW/4		USA	RI	Grace E. Van Hook		87.5000
31	080614 (Lse.App.)	29N	13W	13	E/2 SE/4, NE/4, NE/4 NW/4		USA	RI	Grace E. Van Hook		87.5000
32	080647 3-1-48	29N	12W	22	N/2 S/2		USA	RI	Stanford Benson & Kontin		43.7500 43.7500
33	080647	29N	12W	22	NW/4		USA	RI	H. K. Riddle		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		USA	RI	Tom Bolack		87.5000
							USA	RI	J. J. Hudson		87.5000

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NAVAJO INDIAN ALLOTTED LANDS

TRACE NO.	DESCRIPTION	SECTION	NO. ACRES	LEASE OWNER OR RECORD	ROYALTY OWNER & INTEREST		WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT, LEASE, ASSIGNMENT OR LAND INTEREST		
					OWNER	RI OR ORRI	INTEREST	CWNER	INTEREST
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	87.5000
38	28N 12W 16 - S/2 21 - NE/4, SW/4		640.00	The Texas Co.	Nati ne alatee Bestoon Little Charley Niti yealth na dalth or Joe Debey Nati ye na yah or John Debey Nah-da-lathe-Cah or Robert Abote Debey Glin nos bah Alth ta yo lalth or Ray Victor Es son so ah (Becard - see below for line in addition to those listed here)	RI	12 1/2%	The Texas Co.	87.5000
39	28N 12W 19 - S/2 20 - S/2, NE/4		792.62	The Texas Co.	Head-ne-tessse Els tso nas pah or Helen Jcse or Mrs. John Jose Pahé Hod tah ne tsosee or Paul Jones Pahé Hod tah ne tsosee or John Russel John Charlie Ha nep pah or Martha Jose (minor line) Ah kee or Tom Jose (minor line) Dah noz bah or Bessie Charlie (minor line) Boz de bah or Betty Charlie (minor line) Glen ye ne bah or Jessie Charlie (minor line) Na glee bah or Alice Charlie (minor line) Yeth e bah or Isabel Charlie (minor line)				

* Heirs of Es son so al.

Large Blackie
N of Annie Blackie
Roster Blackie
Joe Blackie
Glen na pain

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NAVAJO INDIAN ALLOTTED LANDS

TRACT NO.	DESCRIPTION		NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNER & INTEREST		WORKING INTEREST OWNER UNDER		
	TWP	R SEC SUBDIVISIONS			OWNER	RI OR ORRI	INTEREST OWNER	OPTION AGREEMENT, OPERATING AGREEMENT, LEASE, ASSIGNMENT OR LAND 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 Bunt or Ray Kae Els Tso nas pah or Mrs. John Jones John Lewis or Clee gee health begay Glin haz bah Haska th nil wood or Lewis Yazzie Ya Na Ne bah or John Bunt Ka nis pah or Dorothy Yazzie with wife has had (Minnie Bunt) Hostin-es-kihe or Joe Paul Be ta ne Begay or Jim Bunt 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.	Bah Yazzie or Lewis Bunt or Ray Kae Els tso nas pah or Mrs. John Jones John Lewis or Clee gee health 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%	The Texas Co.	87.5000
42	28N	12W 30 - All	624.60	Jernigan	Bah Yazzie or Lewis Bunt or Ray Kae Els tso nas pah or Mrs. John Jones John Lewis or Clee gee health 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

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NAVAJO INDIAN ALLOTTED LANDS

TRACT NO.	TWP	R	SEC	SUBDIVISIONS	NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNER & INTEREST		WORKING INTEREST OWNER UNDER OPTION AGREEMENT, LEASE, ASSIGNMENT OR LAND INTEREST		
							OWNER	RI OR ORRI	INTEREST OWNER	INTEREST	
43	28N	13W	25	- All	640.00	Jernigan	Hah nuz bah or Thelma Batounie Na tah elth wolth or Little Charlie Pah Tso or Astha Vazza or Isabelle (Decedent - wife not probated as of Aug 28, 1951) Hosh ka ty a or Key Chee or Paul Newman Hostin es kihe or Joe Paul Keeth Chee or Joe Charlie Ossie or Ocie or Thelma Toddi Cheene Tsosie or Zennie th palia May Toddi cheene tsosie or Lucy Charley Navajo Thomas Haska yeth e dal or Kee Max Joe Thomas Atad or Da naz bah Walter Thomas (minors) Navajo Thomas or Thomas Tomas Hoska ye ah yah Thomas or Kee Har Es dot nin bah Thomas or Pauline Thomas cr Mrs. Jake Begay Ye nel wood Thomas or John Meason	RI	12 3/8%	Southern Union Gas Co.	87.5000
44	28N	13W	26	- All	640.00	Jernigan	Nati ye na yah or John Adobe *Es son so ah (Decedent - son living 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%	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		RI	12 3/8%	Benson & Montin	87.5000

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Hango Blackie
Natonine Blackie
Ratun Blackie
Joe Blackie
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STATE LANDS

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

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STATE LANDS

TRACT NO	STATE LEASE NO.	TWP R	DESCRIPTION SEC SECTION SUBDIVISIONS	NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNER & INTEREST		WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT LEASE OR ASSIGNMENT	
						OWNER	RI OR ORRI INTEREST	OWNER	INTEREST
51	E-397 6-11-55	28N 11W	18 - SW/4 NE/4	40.00	Southern Union Gas Co.	State of New Mexico	RI 12 3/4%	Southern Union Gas Co.	87.5000
52	-	28N 11W	18 - NE/4 SW/4	40.00	Not leased	State of New Mexico	All	Not leased	
53	E-9094-9 4-15-51	28N 11W	18 - SW/4 SW/4	38.95	Otto Schindler	State of New Mexico	RI 12 3/4%	Otto Schindler	87.5000
54	E-284-9 4-13-55	28N 12W	12 - Lot 4	27.60	Arthur W. Sunter	State of New Mexico	RI 12 3/4%	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 New Mexico	RI 12 3/4%	John W. Hjerstedt	87.5000
56	E-1065-1 1-7-56	28N 12W	13 - N/2 NE/4	80.00	Stanolind	State of New Mexico	RI 12 3/4%	Stanolind	87.5000
57	E-11513-10 10-2-54	28N 12W	13 - NE/4 NW/4	40.00	Paul T. Purcell	State of New Mexico	RI 12 3/4%	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 New Mexico	RI 12 3/4%	Bertha Rahn & Frieda Rahn	87.5000
59	E-9145-27 5-15-51	28N 12W	13 - NE/4 SE/4	40.00	Phillip Gates	State of New Mexico	RI 12 3/4%	Phillip Gates	87.5000
60	E-496 8-10-55	29N 12W	16 - SW/4 SW/4	40.00	T P Coal & Oil	State of New Mexico	RI 12 3/4%	T P Coal & Oil Co.	87.5000

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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 INTEREST		
		TWP R	SEC	SECTION			OWNER	RI OR ORRI	INTEREST	OWNER	INTEREST	
61	B-9145-4 5-15-51	29N 12W	16	NW/4 SW/4	40.00	Thelma Gapen	State of New Mexico	RI	12 3/4%	Thelma Gapen	87.5000	
62	-	29N 12W	32	NW/4 NW/4	40.00	Not Leased	State of New Mexico	Min.	All	Not Leased	-	
63	-	29N 12W	32	SW/4 NW/4	40.00	Not Leased	State of New Mexico	Min.	All	Not Leased	-	
64	B-10405-24 6-24-53	29N 12W	32	SE/4 NW/4	40.00	Stanolind	State of New Mexico	RI	12 3/4%	Stanolind Benson & Montin 1/2 WI	43.7500	
65	-	29N 12W	32	NW/4 SW/4	40.00	Not Leased	State of New Mexico	Min.	All	Not Leased	-	
66	B-10405-3 6-24-53	29N 12W	32	SE/4 SW/4	40.00	F. V. Norvell	State of New Mexico	RI	12 3/4%	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 New Mexico	RI	12 3/4%	H. R. Anderson	87.5000	
68	-	29N 12W	32	NW/4 SE/4	40.00	Not Leased	State of New Mexico	Min.	All	Not Leased	-	
69	E-2754 7-8-59	29N 12W	32	SW/4 SE/4	40.00	S. E. Day	State of New Mexico	RI	12 3/4%	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 New Mexico	RI	12 3/4%	L. M. Johnson	87.5000	

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STATE LANDS

TRACT NO.	STATE LEASE NO.	TWP	R	DESCRIPTION		NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNER & INTEREST RI OR ORRI		WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT LEASE OR ASSIGNMENT	
				SEC	SECTION			OWNER	INTEREST	OWNER	INTEREST
71	B-10405-27 6-24-53	29N	12W	32	SE/4 SE/4	40.00	Harry Wright	State of RI New Mexico	12 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	12 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	12 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	12 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	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	12 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	12 1/2%	Pearl Kercheval	87.5000
78	B-9104-4 4-30-51	29N 13W 29N 12		36	SE/4 NW/4 S/2 SW/4	120.00	Albuquerque Assoc. Oil Co.	State of RI New Mexico	12 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	12 1/2%	Paton Bros.	87.5000
80	-	29N	12W	36	NE/4 SE/4	40.00	Not Leased	State of Min. New Mexico	All	Not Leased	-

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STATE LANDS

TRACT NO.	STATE LEASE NO.	TWP	R	DESCRIPTION	NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNER & INTEREST			WORKING INTEREST OWNER UNDER		
							OWNER	RI OR ORRI	INTEREST	OPTION AGREEMENT, OPERATING AGREEMENT LEASE OR ASSIGNMENT	OWNER	INTEREST
81	-	29N	12W	36 - SE/4 SE/4	40.00	Not Leased	State of New Mexico	Min.	All	Not Leased	-	-
82	-	29N	13W	36 - NE/4 NE/4	40.00	Not Leased	State of New Mexico	Min.	All	Not Leased	-	-
83	-	29N	13W	36 - NE/4 NW/4	40.00	Not Leased	State of New Mexico	Min.	All	Not Leased	-	-
84	B-11017-8 2-18-54	29N	13W	36 - W/2 NW/4	80.00	John A. Owings	State of New Mexico	RI	12 1/2%	John A. Owings	87,5000	87,5000
85	B-331-9 5-16-55	29N	13W	36 - NW/4 SW/4	40.00	John A. Owings	State of New Mexico	RI	12 1/2%	John A. Owings	87,5000	87,5000
86	-	29N	13W	36 - SE/4 NE/4	40.00	Not Leased	State of New Mexico	Min.	All	Not Leased	-	-
87	-	29N	13W	36 - SW/4 NE/4	40.00	Not Leased	State of New Mexico	Min.	All	Not Leased	-	-
88	-	29N	13W	36 - NE/4 SW/4	40.00	Not Leased	State of New Mexico	Min.	All	Not Leased	-	-
89	-	29N	13W	36 - NW/4 SE/4	40.00	Not Leased	State of New Mexico	Min.	All	Not Leased	-	-
90	B-11017 2-18-54	29N	13W	36 - NE/4 SE/4	40.00	Stanolind	State of New Mexico	RI	12 1/2%	Stanolind Benson and Montin	1/2 WI - 43,7500 1/2 WI 43,7500	43,7500

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STATE LANDS

TRACT NO.	STATE LEASE NO.	TWP R	DESCRIPTION SEC SECTION SUBDIVISIONS	NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNER & INTEREST		WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT LEASE OR ASSIGNMENT	
						OWNER	RI OR ORRI INTEREST	OWNER	INTEREST
91	B-11017-15 2-16-54	29N 13W	36 - SW/4 SW/4 ←	40.00	Stanolind	State of New Mexico	RI 12½%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
92	B-11017-11 2-16-54	29N 13W	36 - SE/4 SW/4	40.00	John N. Jetkiewicz	State of New Mexico	RI 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 New Mexico	RI 12½%	E. H. Colby	87.5000
94	B-2526 3-10-59	29N 13W	36 - SE/4 SE/4	40.00	C. C. Seymour	State of New Mexico	RI 12½%	C. C. Seymour	87.5000

TOTAL STATE LAND ----- 3,156.60

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 LAID	
		TWP	R	SEC			OWNER	ORRI	INTEREST	INTEREST
95	Not leased	29N	13W	13 - SE/4 NW/4, NE/4 SW/4 W/2 SE/4	160.00	Not Leased	Dorothy J Krause Geo. H. Krause	RI	6 1/4 % 6 1/4 %	Dorothy J Krause 1/2 WI 43.7500 Geo. H. Krause 1/2 WI 43.7500
96	8-2-56	29N	13W	13 - NW/4 NW/4	40.00	Stanolind	Enos J Strawn & Dorothy B Strawn	RI	12 1/2 %	Stanolind 1/2 WI 43.7500 Benson and Montin 1/2 WI 43.7500
97	11-12-56	29N	13W	13 - NW/4 SW/4	40.00	Stanolind	Jessie Cox Church- hill	RI	12 1/2 %	Stanolind 1/2 WI 43.7500 Benson and Montin 1/2 WI 43.7500
98	12-16-53	29N	13W	13 - E 1071' SW/4 NW/4	32.00	Stanolind	Arthur Coy & Ruth Coy	RI	12 1/2 %	Stanolind 1/2 WI 43.7500 Benson & Montin 1/2 WI 43.7500
99	11-29-53	29N	13W	13 - W/2 SW/4 SW/4	20.00	Stanolind	J B Brown & Vada B Brown	RI	12 1/2 %	Stanolind 1/2 WI 43.7500 Benson & Montin 1/2 WI 43.7500
100	11-1-56	29N	13W	13 - E/2 SW/4 SW/4, SE/4 SW/4	60.00	Stanolind	Gladys Booram	RI	6 1/4 %	Stanolind 1/2 WI 21.5750 Benson & Montin 1/2 WI 21.5750
101	11-1-56	29N	13W	13 - E/2 SW/4 SW/4, SE/4 SW/4	"	Stanolind	Thomas Kerby & Josephine M. Kerby	RI	6 1/4 %	Stanolind 1/2 WI 21.5750 Benson & Montin 1/2 WI 21.5750
	Not leased	29N	13W	23 - Begin at a point on N line Sec 23, 40 rds E from NW corner of the NE/4 of said Sec; Thence S 746.5'; Thence E 770'; Thence N 746.5'; Thence W 770' to place of beginning.	12.00	Not Leased	John Q. Lee	RI	12 1/2 %	John Q. Lee 37.5000

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PATENTED LAND

TRACT NO	LEASE EXPIRATION DATE	TWP	R	DESCRIPTION	NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNER & INTEREST			WORKING INTEREST OWNER UNDER		
							Owner	RI OR	ORRI	INTEREST	OWNER	INTEREST
102	2-20-57	29N	13W	23 - E/2 NE/4, SW/4 NE/4 & 133.00 13 acres in S part of NW/4 NE/4	133.00	Stanolind	Helen Zimmerman & R. J. Zimmerman	RI	12 1/2%	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%	12 1/2%	William S. Allen & Eula L. Allen	57.5000
104	Not Leased	29N	13W	23 - Beg'n 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%	12 1/2%	A. E. Dustin Est.	57.5000
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%	12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
106	3-13-52	29N	13W	24 - E 25 ac NW/4 NW/4 Sec. 24	25.00	Stanolind	Owen K McCarty & Cecille F McCarty	RI	12 1/2%	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%	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	Stanolind	S. B. Lancaster	RI	12 1/2%	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	62 1/2% 7 1/2% 7 1/2% 7 1/2% 7 1/2% 7 1/2%	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	57.5000 57.5000 57.5000 57.5000 57.5000 57.5000

PATENTED LAND

TRACT NO.	LEASE 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	
							OWNER	RI OR ORRI	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 of SE/4 NE/4	75.00	Stanolind	Anthony J Michel & John A. Michel <i>Michael</i>	RI	Stanolind Benson & Montin	1/2 WI 1/2 VI 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	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	Stanolind Benson & Montin	1/2 WI 43.7500 43.7500
		29N	12W	25 - N/2 N/2						
		29N	12W	30 - NW/4 NE/4, SE/4 NW/4, S/2 NE/4, N/2 NW/4						
		29N	12W	19 - SW/4 SW/4						
113	2-24-57	29N	13W	25 - SW/4 NE/4	160.00	Stanolind	Phil Schenck & Alberta Schenck	RI	Stanolind Benson & Montin	1/2 WI 43.7500 43.7500
		29N	12W	29 - W/2 SW/4, SE/4 SW/4						
114	2-11-57	29N	13W	25 - SE/4 NE/4	159.12	Stanolind	W. T. Calloway	RI	Stanolind Benson & Montin	1/2 WI 43.7500 43.7500
		29N	12W	30 - SW/4 NW/4, N/2 SW/4						
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	Stanolind 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	Stanolind 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 & Pearl Chapman <i>Kara</i>	RI	Stanolind Benson & Montin	1/2 WI 43.7500 43.7500
		29N	12W	20 - W/2 SW/4 SW/4						
118	5-8-57	29N	12W	19 - E 60 ac E/2 SW/4	60.00	Stanolind	Thos F. Kerby & Evelyn Kerby	RI	Stanolind 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 OPTION AGREEMENT, OPERATING AGREEMENT, LEASE, ASSIGNMENT OR LAND INTEREST			
		TWP	R	SEC			SECTION	OWNER	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 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 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 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	Kamie Whittenack	RI	12 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 Lake H & Dorothy Helen Pouson	RI	6 1/2% 6 1/2%	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 29 - NW/4 SE/4, S/2 SE/4 28 - SW/4 SW/4 33 - NW/4 NW/4	320.00	R. E. Ransdell	Alex & Petrita Jaquez & Heirs of Juan Jaquez	RI	12 1/2%	R. E. Ransdell	87.5000
125	8-17-53	29N	12W	29	- NE/4 20 - SW/4 SE/4	200.00	Stanolind	F L Lee & Eva Lee W C & Ora Mae Huish	RI	6 1/2% 6 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
126	1-31-57	29N	12W	29	- NW/4 20 - SE/4 SW/4	200.00	Stanolind	L V & Pearl A Goff George T. & Alice Kartchner	RI	6 1/2% 6 1/2%	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	J D & Eugenia Roquemore	RI	12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500

April 1951

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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	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
				27	- NW/4 SW/4, W/2 SW/4			Veda C. Brimhall			Benson & Montin 1/4 WI	21.8750
"	8-18-53			26	- 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						Benson & Montin 1/4 WI	21.8750
129	2-27-52	29N	12W	26	- S/2 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
								CC & Ethelwyn Culpepper	RI	6 1/4%	Benson & Montin 1/2 WI	43.7500
130	2-27-57	29N	12W	26	- 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%	<i>Emma Levine Krause</i>	43.7500
								<i>Geo H. Krause</i>	RI	3-1/8%	<i>Geo H. Krause 1/2 WI</i>	21.8750
								<i>Daniel W. Hampton</i>	RI	3-1/8%	<i>Daniel W. Hampton 1/4 WI</i>	21.8750
								<i>Chas J. Wright</i>	RI	3-1/8%	<i>Chas J. Wright 1/4 WI</i>	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
"	8-18-53	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	8-18-53	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	TWP	R	DESCRIPTION		NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNER & INTEREST		WORKING INTEREST OWNER UNDER		
				SEC	SECTION			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 1/2%	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 1/2%	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	34.7656 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 1/2%	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 1/2%	T. R. Knowles	57.5000
141	9-24-57	29N	12W	22	- S/2 SE/4	80.00	Stanolind	Thos Gordon & Mary Eliz. Gordon	RI	12 1/2%	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 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
143	6-28-53	29N	12W	34	- S/2 N/2	160.00	Stanolind	Chas R Keller, Jr. & June O Keller	RI	12 1/2%	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 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500

April 1951

17185

PATENTED LAND

TRACT NO.	LEASE DATE	DESCRIPTION			NO. ACRES	LEASEE OF RECORD	ROYALTY OWNER & INTEREST		WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT, LEASE, ASSIGNMENT OR LAND INTEREST	
		TWP	R	SEC			OWNER	RI OR	OWNER	INTEREST
145	8-15-53	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 H & Melvin Ibey, Ester & B J Chelte	RI	Stanolind Benson & Montin	1/2 WI 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 Chas R Keller, Jr. E. A. & Ruth H. Schreck; Ruby & Wm P. Loughurst Ella & Henry M. Blaise	RI	Stanolind Benson & Montin	1/2 WI 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	Stanolind Benson & Montin	1/4 WI 1/4 WI 21.8750 21.8750
"	1-30-57	29N	12W	26 - NE/4 SE/4	40.00	Stanolind	J E & Hazel Crawford	RI	Stanolind Benson & Montin	1/4 WI 1/4 WI 21.8750 21.8750
148	10-23-57	29N	12W	26 - SE/4 SE/4	40.00	Stanolind	Maude B Farrell	RI	Stanolind Benson & Montin	1/4 WI 1/4 WI 21.8750 21.8750
"	Not Leased	29N	12W	26 - SE/4 SE/4	40.00	Not Leased	B H & Dyvena Crawford	RI	B H & Dyvena Crawford	37.5000
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 & Iciss E Doak	RI	Stanolind Benson & Montin	1/2 WI 1/2 WI 43.7500 43.7500

April 1951

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17185

PATENTED LAND

TRACT NO.	LEASE EXPIRATION DATE	TWP	R	DESCRIPTION	SEC	SECTION	SUBDIVISION	NO. ACRES	LEASEE OF RECORD	ROYALTY OWNER & INTEREST		WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT, LEASE, ASSIGNMENT OR LAND		
										OWNER	RI OR ORRI	INTEREST	OWNER	INTEREST
150	3-12-57	29N	12W	25 - SW/4 SE/4, NE/4 NW/4				80.00	Stanolind	Maria C Peterson	RI	7.8125%	Stanolind 5/16 WI Benson & Montin 5/16 WI	27.3435 27.3435
"	3-12-59	29N	12W	25 - SW/4 SE/4, NE/4 NW/4				"	Stanolind	Cecilia A Ransom	RI	2.34375	Stanolind 3/32 WI Benson & Montin 3/32 WI	8.2031 8.2031
"	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	8.2031 8.2031
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	57.5000
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	57.5000
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	57.5000
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	57.5000
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	57.5000

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

April 1951

17195

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.

4/17/55

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	"	-	"	-
94-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	"	-	"	-

#17185
182-110

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
102-111

7-17, 185

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
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 Rheinhart

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	
<i>BHP</i>	EXHIBIT NO. <u>4</u>
CASE NO. _____	

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.

COMMITMENT 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.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Farmington Resource Area
1235 Laplata Highway
Farmington, New Mexico 87401

TAKE
PRIDE IN
AMERICA

IN REPLY REFER TO:
Gallegos Canyon Unit (GC)
3180 (019)

FEB. 12 1992

BHP Petroleum
Attn: Mr. Donald Reinhardt
5847 San Felipe, Suite 3600
Houston, TX 77057

Dear Mr. Reinhardt:

You asked us to determine if Tract 102 is committed to the Gallegos Canyon Unit. We have determined that the Tract 102 is committed to the unit. However, our records are not clear if the royalty owner committed to the unit.

If you have any further questions concerning this matter, please call Duane Spencer at (505) 599-8950 or 327-5344.

Sincerely,

John L. Keller
Chief, Branch of Mineral Resources

OIL CONSERVATION DIVISION Santa Fe, New Mexico	
Case No. _____	Exhibit <u>4A</u>
Submitted by <u>BHP</u>	
Hearing Date _____	

RECEIVED
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IBU LAND DEPT.

En. nava

CHILEANOS CANTON UNIT
REVISED EXHIBIT "B" EFFECTIVE APRIL 1, 1960

1960
LOGICAL SURVEY
NEW MEXICO

Tract No. Pan Am Lease Number	Description	Number Of Acres Committed To Unit	Number Of Acres In Unit Area	Serial or Contract No. & Lease Date	Basic Royalty Percentage Of 8/3	Owner	Oil or 8/3 Percentage Of 8/3	Lessee Or Applicant Of Record	Working Interest Owner	Percent Of Total M.L.
1	N/2 S/2 Sec. 24, 25N-13W	160.00	160.00		12.50	U.S.A.	None	Devonian Gas & Oil Company	Devonian Gas & Oil Company	100.00%
2	Lot 1 Sec. 16, 25N-13W SW/4 SE/4 Sec. 16, 25N-13W	106.90	106.90	SF-047019-B 3-6-36	12.50	U.S.A.	None	Summit Oil Company	Summit Oil Company	100.00
3	Lot 3 Sec. 18, 25N-13W	39.43	39.43	NW-03654 2-1-51	12.50	U.S.A.	Pauline S. McLaughlin 5,00000 GRI	Pan American Petroleum Corporation	Pan American Petroleum Corp.	100.00
4	S/2 SW/4, SW/4 SE/4, Sec. 23, NE/4 NE/4 Sec. 26, 25N-13W	160.00	160.00	NW-03654 2-1-51	12.50	U.S.A.	Pauline S. McLaughlin 5,00000 GRI	Pan American Petroleum Corporation	Pan American Petroleum Corp.	100.00
5	NE/4 Sec. 21, 25N-13W	160.00	160.00	NW-06237 10-1-52	12.50	U.S.A.	None	Ernest A. Hanson	Ernest A. Hanson	100.00
6	Sec. 23, Sec. 24, SW/4 and SE/4 Sec. 11, 25N-13W	1600.00	1600.00	SF-077966 2-1-48	12.50	U.S.A.	None	Astec Oil and Gas Company	Astec Oil and Gas Company	100.00
7	Sec. 35, Sec. 36, 25N-13W	1280.00	1280.00	SF-077967 2-1-48	12.50	U.S.A.	None	Southern Union Gas Company	Pictured Cliffs & Above Southern Union Gas Company	100.00
8	E/2 and W/2 Sec. 11, 25N-13W	0	275.56	SF-078072 2-1-48	12.50	U.S.A.	None	Louise M. Phillips	Robert Mims	100.00
9	Sec. 15, 17, 18 and NW/4 Sec. 19, NW/4, SE/4 Sec. 21 and NW/4 Sec. 22-25N-13W	2536.94	2536.94	SF-078106 12-1-47	12.50	U.S.A.	None	Sumray Mid-Continent Oil Company	Sumray Mid-Continent Oil Co.	100.00
10	NW/4, W/2 SW/4, SE/4 Sec. 21, S/2 SW/4, W/2 SE/4 Sec. 26, S/2 NE/4 Sec. 27, NE/4 NE/4 Sec. 28, 111 Sec. 31, SE/4 Sec. 33, S/2 SW/4 Sec. 34, 25N-13W and Sections 7, 8, 10, W/2 Sec. 9, Lots 344 Sec. 11-25N-13W	2561.19	2561.19	SF-078109 2-1-48	12.50	U.S.A.	None	Sumray Mid-Continent Oil Company	Sumray Mid-Continent Oil Company	100.00

4B

BHP

GALLAGHER CANYON UNIT
REVIEW REPORT "B" PREPARED APRIL 1, 1960

Tract No. & Pan Am. Lease Number	Description	Number Of Acres Committed To Unit	Number Of Acres In Unit Area	Serial Or Contract No. & Lease Date	Owner	Perce- tage of 8/8	Cr P/P Percentage of 8/8	Lessee Or Applicant Or Record	Owner	Percent Of Total P.P.
99 87789	N/2 SW/4 SE/4 Sec. 13-29N-13W	20.00	20.00	11-29-48 Patented	J. E. & Veda B. Brown	12.50	*3.12500 P/P	Above The Base of the Pictured Cliffs Formation Pan American George J. Darnelle George J. Darnelle et al	Pan American George J. Darnelle George J. Darnelle et al	50.00 50.00 75.00 25.00
100 87774-A	E/2 SW/4 SE/4, SE/4 SW/4 Sec. 13-29N-13W	60.00	60.00	11-1-48 Patented	Gladys Boorum	6.25	*3.12500 P/P	Above The Base of the Pictured Cliffs Formation Pan American George J. Darnelle George J. Darnelle et al	Pan American George J. Darnelle George J. Darnelle et al	25.00 25.00 25.00
87774-B	E/2 SW/4 SE/4, SE/4 SW/4 Sec. 13-29N-13W			11-1-48 Patented	Gladys Boorum	6.25	*3.12500 P/P	Above The Base of the Pictured Cliffs Formation Pan American George J. Darnelle George J. Darnelle et al	Pan American George J. Darnelle George J. Darnelle et al	37.50 12.50 25.00 25.00 25.00 25.00 25.00 25.00
101	Beginning at a pt. on N. line, Sec. 23, 40 rds. E from NW/4 of NE/4 of said Sec.; thence S. 746.8'; thence W. 777' to place of beginning - All located in Sec. 23-29N-13W	0	12.00	Patented	John A. Lee	12.50	None	Above The Base of the Pictured Cliffs Formation Pan American George J. Darnelle George J. Darnelle et al	Locke-Taylor Ind. Co. Locke-Taylor Ind. Co.	100.00
102 74463	E/2 NE/4, SW/4 NE/4 & 13.00 Acres in S/part of NW/4 NE/4 Sec. 23-29N-13W	133.00	133.00	Patented 2-20-47	See Page 32	12.50	*6.25000 P/P	Above The Base of the Pictured Cliffs Formation Pan American and Benson- Kentin Below The Base of the Pictured Cliffs Formation Pan American	Locke-Taylor Drilling Co. Pan American	100.00 100.00 100.00
103 74798	E/2 SW/4 Sec. 23-29N-13W	0	80.00	Patented 12-13-51	Carrie Allen Remsey, Ella L. Allen, life Estate William S. Allen	6.55 2.08 4.16	William S. Allen et ux Melba J. & Eula L. Allen 2.50000 CH 6.25000 P/P	Above The Base of the Pictured Cliffs Formation Below The Base of the Pictured Cliffs Formation Pan American	Pan American Pan American	100.00 100.00 100.00

CHILDREN'S CANTON UNIT
REVENUE REPORT "B" EFF. 6/1/55 APRIL 1, 1960

Tract No. & Pan Am. Lease Number	Description	Number Of Acres Committed To Unit	Number Of Acres In Unit Area	Serial Or Contract No. & Lease Date	Owner	Permit- tage of 6/2	CRRI Or P/P Percentage of 6/8	Lessee Or Applicant Of Record	Percent Of Total Value
103-A 171978	NW/4 Sec. 23-29N-13W	0	160.00	Patented 12-13-51	Carrie Allen Barney Eula L. Allen Life Estate William S. Allen	6.25 2.08 4.16	William S. Allen Et ux Eula L. Allen 2,00000 CRRI 6,25000 P/P Bernie S. Dustin Et ux Both 5.00000 P/P	Above The Base of the Pictured Cliffs Formation Below The Base of the Pictured Cliffs Formation Pan American Pan American	100.00 100.00 100.00
104 171973	Begin at ENE of NE/4 Sec. 23; Thence S. 60 Rds; Thence E. 40 Rds; Thence N. 60 Rds; Thence W. 40 Rds. to beginning. All in Sec. 23-29N-13W.	15.00	15.00	Patented 4-21-51	Louie Dustin	12.50	\$12,50000 P/P	Above The Base of the Pictured Cliffs Formation Locke-Taylor Drilling Co. Locke-Taylor Drilling Co. Below The Base of the Pictured Cliffs Formation Pan American	100.00 100.00 100.00
105 77789	N/2 Ac. NW/4 NE/4 Sec. 24- 29N-13W	12.00	12.00	Patented 9-17-47	John B. & Handa Lee Burrell Kerton W & Demetra W. Clifford William B. Dean	7.29 1.63 3.58	\$35.00000 P/P \$3,12500 P/P	Above The Base of the Pictured Cliffs Formation Pan American George J. Darnelle George J. Darnelle Below The Base of the Pictured Cliffs Formation Pan American George J. Darnelle	50.00 50.00 75.00 25.00
106 77469	E/28 Ac. NE/4 NW/4 (Except 2 Ac. On Eastern Edge) Sec. 24-29N-13W	26.00	26.00	Patented 3-13-47	Owen K. McGarty Ray A. & Helen O. Killian S. B. Lancaster	5.75 5.75 1.00	\$35.00000 P/P \$3,12500 P/P	Above The Base of the Pictured Cliffs Formation Pan American George J. Darnelle George J. Darnelle Below The Base of the Pictured Cliffs Formation Pan American George J. Darnelle et al	50.00 50.00 75.00 25.00
106-A 109910	E/2 Ac. NW/4 NW/4 Sec. 24-29N- 13W	2.00	2.00	Patented 12-3-52	Owen K. McGarty Ray A. & Helen O. Killian S. B. Lancaster	5.75 5.75 1.00	\$35.00000 P/P \$3,12500 P/P	Above The Base of the Pictured Cliffs Formation Pan American George J. Darnelle George J. Darnelle Below The Base of the Pictured Cliffs Formation Pan American George J. Darnelle	50.00 50.00 75.00 25.00

REVISION #3
EXHIBIT 3
UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
WYOMING

TRACT NO. & STANDARD LEASE NO.	DESCRIPTION	WORKING INTEREST OWNER	\$ OF WORKING INTEREST GROSS	OVERLIDING ROYALTY OWNER	\$ OF GRI	ROYALTY OWNER	\$ OF ROYALTY APPLICATION	SERIAL NO. AND DATE OF LEASE	ACRES IN UNIT AREA	\$ OF OTHER- SHIP IN PARTICIPAT- ING AREA	ACRES IN PARTICIPAT- ING AREA	\$ OF OTHER- SHIP IN PARTICIPAT- ING AREA	TOTAL TRACT ACREAGE
1.	<u>1/2 S 1/2 Sec. 24, 25th, 13W</u>	Devonian Gas and Oil Company	87,5000	None	None	U.S.A.	12,5000	Devonian Gas and Oil Company	160.00	.41462	160.00	.62090	160.00
	<u>Lot 1 Sec. 7, SE 1/4 NE 1/4, SW 1/4 SE 1/4 Sec. 16, 28th, 11W</u>	Summit Oil Company	87,5000	None	None	U.S.A.	12,5000	Summit Oil Co.	106.90	.27702	--	--	106.90
3.	<u>Lot 3 Sec. 18, 29th, 12N</u>	Pauline S. McNaughton	87,5000	None	None	U.S.A.	12,5000	Pauline S. McNaughton	39.43	.10218	--	--	39.43
4.	<u>S 1/2 SW 1/4, SW 1/4 SE 1/4 Sec. 23, NE 1/4 NE 1/4 Sec. 26, 29th, 13W</u>	Pauline S. McNaughton	87,5000	None	None	U.S.A.	12,5000	Pauline S. McNaughton	160.00	.41462	40.00	.15512	160.00
5.	<u>NE 1/4 Sec. 21, 29th, 12W</u>	Billie Dunlap Day	87,5000	None	None	U.S.A.	12,5000	Billie Dunlap Day	160.00	.41462	--	--	160.00
6.	<u>Sec. 23, Sec. 24, SW 1/4, SE 1/4 Sec. 14, 28th, 13W</u>	Artec Oil and Gas Company	87,5000	None	None	U.S.A.	12,5000	Artec Oil and Gas Company	1,600.00	.414621	800.00	3.10251	1,600.00
7.	<u>Sec. 35, Sec. 36, 28th, 13W</u>	Southern Union Gas Company	87,5000	None	None	U.S.A.	12,5000	Southern Union Gas Company	1,280.00	3.31697	--	--	1,280.00
8.	<u>E 1/2, W 1/2 Sec. 11, 28th, 13W</u>	Robert Mims	87,5000	None	None	U.S.A.	12,5000	Louise N. Phillips	1,280.00	3.31697	--	--	1,280.00
9.	<u>Sections 15, 17, 18, and SW 1/4 Sec. 19, NW 1/4, SE 1/4 Sec. 21 and NW 1/4 Sec. 22, 28th, 12W</u>	Mid-Continent Petr. Corp.	87,5000	None	None	U.S.A.	12,5000	Mid-Continent Petr. Corp.	2,536.94	6.57418	2,536.94	9.89861	2,536.94
10.	<u>NE 1/4, S 1/2 SW 1/4, SE 1/4 Sec. 21, S 1/2 SW 1/4, W 1/2 SE 1/4 Sec. 26, NE 1/4 NE 1/4 Sec. 27, SE 1/4 NE 1/4 Sec. 28, Sec. 31, SE 1/4 Sec. 33, S 1/2 SW 1/4 Sec. 34, 29th, 12W and Sections 1, 6, 10, W 1/2 Sec. 9, Lots 3 & 4 Sec. 11, 28th, 12N</u>	Mid-Continent Petr. Corp.	87,5000	None	None	U.S.A.	12,5000	Mid-Continent Petr. Corp.	2,561.19	6.63702	1,801.19	6.98927	2,561.19
11.	<u>NE 1/4 SW 1/4 Sec. 28, NE 1/4 NE 1/4, NE 1/4 SE 1/4, Lot 4 Sec. 30, NE 1/4 SW 1/4 Sec. 34, NW 1/4 NE 1/4 Sec. 35, 29th, 12N</u>	Albuquerque Assoc. Oil Company	87,5000	None	None	U.S.A.	12,5000	Albuquerque Assoc. Oil Co.	239.68	.62110	119.68	.46414	239.68

(275.56)
(275.36)
Believe still comm.
to SE Chac unit 7-62
NUM-0335690

17185

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BHP

TRACT NO. & STANDARD LEASE NO.	DESCRIPTION	WORKING INTEREST OWNER	% OF WORKING INTEREST GROSS	OVERRIDING ROYALTY OWNER	% OF GROSS	RECORD OWNER OF LEASE OR APPLICATION	SERIAL NO. AND DATE OF LEASE	ACRES IN UNIT AREA	% OF OWNER- SHIP IN PARTICIPAT- ING AREA	ACRES IN PARTICIPAT- ING AREA	% OF OWNER- SHIP IN PARTICIPAT- ING AREA	TOTAL TRACT ACREAGE
102.	2 1/2 NE 1/4, SW 1/4 NE 1/4 & 13 Ac. in S part of NW 1/4 NE 1/4 Sec. 23, 29N, 13W	Pictured Cliffs and Above Locke-Taylor Drilling Co.	87.5000	87.5000	None	Helen #12,500 Zimmerman R. J. Zimmerman Edward #12,500 Tymen et ux Zalus	2-20-47	133.00	.34465	--	--	133.00
103.	N 1/2 SW 1/4 Sec. 23, 29N, 13W	Below Pictured Cliffs Stanolind Benson-Montin	87.5000 87.5000	87.5000	None	William #12,500 S. Allen Eula L. Allen	--	(80.00)	--	--	--	(80.00)
103-A	NW 1/4 Sec. 23, 29N, 13W	Locke-Taylor Drig. Co.	87.5000	87.5000	None	William #12,500 S. Allen Eula L. Allen	12-13-56	(160.00)	--	--	--	(160.00)
104.	Begin at NW Cor. of the NE 1/4 of Sec. 23, Thence S 60 Rds; Thence E 60 Rds; Thence N 60 Rds; Thence W 40 Rds to beginning. All situated in Sec. 23, 29N, 13W.	Pictured Cliffs and Above Locke-Taylor Drilling Co.	87.5000	87.5000	None	Louise Dustin	4-21-56	15.00	.03887	--	--	15.00
105. 79709	N 1/2 SE 1/4 NW 1/4 Sec. 24 29N, 13W	Pictured Cliffs and Above Stanolind George J. Darnelle *Empire Trust Company	87.5000 87.5000 35.0000	87.5000 87.5000 35.0000	None	John B. & Wanda Lee Burrell	9-17-52	12.00	.03109	12.00	.04653	12.00
		Below Pictured Cliffs Stanolind George J. Darnelle Benson-Montin, et al	87.5000 87.5000 21.8750 21.8750	87.5000 87.5000 21.8750 21.8750	None							

April 16 1962
at 2:20 o'clock P
and Recorded in Book 515 M
Page 34
Spesh. Recording, County Clerk
Fee \$0.75 R 60312

DECLARATION OF UNITIZATION

THE STATE OF NEW MEXICO)
COUNTY OF SAN JUAN)

KNOW ALL MEN BY THESE PRESENTS:

THAT, WHEREAS, Pan American Petroleum Corporation is the owner and holder... of the oil and gas leases described in Exhibit "A" attached hereto and made a part hereof; and

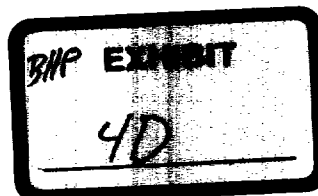
WHEREAS, the oil and gas leases identified in said Exhibit "A" as Tracts 1 and 2 have been committed to the "Unit Agreement for the Development and Operation of the Gallegos Canyon Unit Area, County of San Juan, State of New Mexico," dated November 1, 1950, and to the "Unit Operating Agreement under Unit Agreement for the Development and Operation of the Gallegos Canyon Unit Area, County of San Juan, State of New Mexico," dated January 15, 1951; and

WHEREAS, Pan American Petroleum Corporation, in its capacity as Unit Operator under said Unit Agreement dated November 1, 1950, and representing the various interest owners under said Unit Agreement dated November 1, 1950, and said Unit Operating Agreement dated January 15, 1951, executes this declaration in its capacity as Unit Operator; and

WHEREAS, Pan American Petroleum Corporation, as the owner of the oil and gas leases identified as Tracts 3 and 4 in said Exhibit "A", which oil and gas leases have not been committed to said Unit Agreement or Unit Operating Agreement, executes this declaration also in its capacity as the owner and holder of said uncommitted oil and gas leases; and

WHEREAS, each of the oil and gas leases described in Exhibit "A" hereto authorizes the pooling and unitization thereof in the manner set forth in this instrument.

NOW, THEREFORE, PAN AMERICAN PETROLEUM CORPORATION, acting in the afore-said capacities, does hereby pool, combine and unitize said oil and gas leases, as to dry gas and associated liquid hydrocarbons producible from the Dakota formation only to form a unit comprising the following described land in San Juan County, New Mexico, to-wit:



1-226

Township-29-North, Range-13-West, NMFM
Section 23: N/2,
Containing 320 acres, more or less.

The unitized area created hereby shall be developed and operated as an entirety, and all unitized substances produced therefrom shall be allocated among the tracts comprising said area in the proportion that the acreage interest of each such tract bears to the entire acreage interest included in the unit created hereby. The commencement, completion, continued operation or production of a well, or wells, for unitized substances on the unit created hereby shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said unitized area, and operations or production pursuant hereto shall be deemed to be operations or production as to each lease committed hereto.

EXECUTED, this 11th day of April, 1962.



Assistant Secretary

PAN AMERICAN PETROLEUM CORPORATION

By-

Attorney in fact

THE STATE OF TEXAS)
COUNTY OF TARRANT)

On this 11th day of April, 1962, before me appeared D. E. MASON, JR., to me personally known, who, being by me duly sworn did say that he is the Attorney in Fact of PAN AMERICAN PETROLEUM CORPORATION, a corporation, 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 D. E. Mason, Jr. 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:

March 1, 1963

Helene B. Craft
Notary Public in and for Tarrant
County, Texas

HELENE B. CRAFT

EXHIBIT "A"

To Declaration of Unitization embracing Township-29-North, Range-13-West, N.M.P.M., San Juan County, New Mexico, Section 23: N/2

Operator of Unitized Area: Pan American Petroleum Corporation

Tract No. 1

Lessor: B. E. Dustin and wife, Ruth Dustin; and Louie Dustin

Lessee: Albert R. Greer

Date of Lease: April 21, 1951

Recorded: Book 175, page 137, Records of San Juan County, New Mexico

Description of Lands
Committed:

The following described tract of land in San Juan County, New Mexico, to-wit:
Beginning at the Northwest corner of the Northeast Quarter (NE $\frac{1}{4}$) of Section Twenty-three (23), in Township Twenty-nine (29) North, of Range Thirteen (13) West, N.M.P.M., thence running South 60 rods, thence East 40 rods, thence North 60 rods, thence West 40 rods to the place of beginning.

Number of Acres: 15

Provision of Lease
Authorizing Pooling:

"Lessee is hereby given the right at its option, at any time and from time to time, to pool or unitize all or any part or parts of the above described land with other land, lease, or leases in the immediate vicinity thereof, such pooling to be into units not exceeding the minimum size tract on which a well may be drilled under laws, rules or regulations in force at the time of such pooling or unitization: provided, however, that such units may exceed such minimum by not more than ten acres if such excess is necessary in order to conform to ownership subdivisions or lease lines. Lessee shall exercise said option, as to each desired unit, by executing and recording an instrument identifying the unitized area. Any well drilled or operations conducted on any part of each such unit shall be considered a well drilled or operations conducted under this lease, and there shall be allocated to the portion of the above described land included in any such unit such proportion of the actual production from all wells on such unit as lessor's interest, if any, in such portion, computed on an acreage basis, bears to the entire acreage of such unit. And it is understood and agreed that the

production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production from the portion of the above described land included in such unit in the same manner as though produced from the above described land under the terms of this lease."

Tract No. 2

Lessor: Helen Zimmerman and husband, R. J. Zimmerman

Lessee: Charles Newbold

Date of Lease: February 20, 1947

Recorded: Book 125, page 153, Records of San Juan County, New Mexico

Description of Lands
Committed:

E/2 of NE/4, SW/4 of NE/4, and 13 acres in the South part of the NW/4 of the NE/4 of Section 23, Township-29-North, Range-13-West, N.M.P.M.

Number of Acres: 131.80

Provisions of Lease
Authorizing Pooling:

"Lessee is hereby given the power and right, at any time during the term of this lease, as to all or any part of the land described herein and as to any one or more of the formations thereunder and the minerals therein or produced therefrom, at its option and without Lessor's joinder or further consent, to pool and unitize the leasehold estate and the Lessor's royalty estate created by this lease with the rights of any third parties in all or any part of the land described herein, and with any other land, lands, lease, leases, mineral and royalty rights, or any of them, adjacent, adjoining or located within the immediate vicinity of the land covered by this lease, whether owned by Lessee or some other person, firm or corporation, so as to create by such pooling and unitization, one or more drilling or production units. Each such drilling or production unit shall not exceed 320 acres, whether created for the purpose of drilling for or producing oil, gas, casinghead gas or casinghead gasoline, or any combination of such minerals, therefrom, except that larger units may be created to conform to the spacing or well unit patterns prescribed by State or Federal authorities having jurisdiction in the premises. The commencement, drilling, completion of or production from a well on any portion of a unit created hereunder, including the completion of a well capable of producing gas only from which gas is not being sold or used, shall for all purposes, except the payment of royalties, have the same effect upon the terms and provisions of this lease, as if a well were commenced, drilled, completed producing, or capable of producing gas only and shut-in (gas not being sold or used) on the land embraced by this lease. As

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to each such unit so created by Lessee, Lessor agrees to accept and shall receive out of the production or the proceeds from the production from such unit, such portion of the royalties elsewhere herein specified as the number of acres out of this lease placed in any such unit bears to the total number of acres included in such unit; provided, however, that, anything to the contrary contained in this lease notwithstanding, in the event a well capable of producing gas only is completed on a unit created hereunder and gas is not sold or used from said well, Lessor agrees to accept and shall receive as royalty, an amount equal to One Dollar (\$1.00) for each acre herein recited to be covered by this lease, payable annually at the end of each year during which such gas is not sold or used, and while said royalty is so paid or tendered, this lease shall continue in full force and effect and said well shall be considered a producing well under the paragraph hereof setting forth the term of this lease. The Lessee may place and use on each unit created hereunder common measuring and receiving tanks for production from such unit. If Lessee does create any such unit or units under the option herein granted, then Lessee shall execute in writing and file for record in the County or Counties in which each such unit or units created hereunder may be located, an instrument identifying and describing each such unit or units. The provisions of this paragraph shall be construed to be covenants running with the land and shall inure to the benefit of and be binding upon the parties hereto, their heirs, legal representatives, successors and assigns."

Tract No. 3

Lessor: John A. Lee and wife, Eleanor K. Lee

Lessee: Lloyd D. Locke and Lloyd B. Taylor, d/b/a Locke-Taylor Drilling Co.

Date of Lease: August 22, 1952

Recorded: Book 192, page 161, Records of San Juan County, New Mexico

Description of Lands Committed: The following described tract of land in San Juan County, New Mexico, to-wit:
Beginning at a point on the North line of Section 23, 40 rods East from the Northwest corner of the NW $\frac{1}{4}$ of said section, thence South 746.8 feet, thence East 770 feet, thence North 746.8 feet, thence West 770 feet, to place of beginning, all in Township-29-North, Range-13-West, N.M.P.M.

Number of Acres: 13.20

Provisions of Lease Authorizing Pooling: Same as Tract No. 1, above.

Tract No. 4

Lessor: William S. Allen and wife, Melba J. Allen;
and Eula L. Allen

Lessee: Lloyd D. Locke and Lloyd B. Taylor, d/b/a
Locke-Taylor Drilling Company

Date of Lease: December 13, 1951

Recorded: Book 192, page 160, Records of San Juan County,
New Mexico

Description of Lands
Committed: NW/4 of Section 23, Township-29-North, Range-13-
West, N.M.P.M.

Number of Acres: 160

Provisions of Lease
Authorizing Pooling: Same as Tract No. 1, above.

BEST AVAILABLE COPY

P. O. Drawer 1857
Roswell, New Mexico 88201

October 31, 1963

NOTED - WILSON

Pan American Petroleum Corporation
P. O. Box 1410
Fort Worth 1, Texas

Attention: Division Accountant

Gentlemen:

Your August 1963 reports on form 9-361 for the Dakota participating area of the Gallegos Canyon Unit show 45.875% of the oil sales and 100% of the gas sales from well No. 94. Our calculations show that 46.25 percent of each product is to be allocated to the unit based on 148 acres in the 320 acre drilling block being committed to the unit as shown on the latest approved participating area allocation schedule effective March 1, 1962. The committed tracts and acreage in such schedule are:

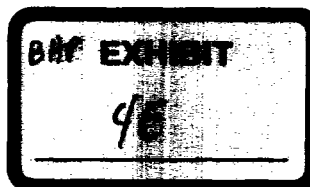
Tract No. 102	133.00 acres
Tract No. 104	15.00 acres

Please file revised reports on form 9-361 based on 46.25% of the sales from well No. 94 or advise us concerning this matter.

Very truly yours,

C. W. Arnold
Regional Petroleum Accountant

PJM:lm



3001

MASTER COPY

AMENDMENT AND SUPPLEMENT TO
UNIT OPERATING AGREEMENT
GALLEGOS CANYON UNIT AREA,
SAN JUAN COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the 1st. day of SEPTEMBER, 1960,
by and between the parties subscribing, ratifying, or consenting hereto, and herein
referred to as "parties hereto",

WITNESSETH:

THAT, WHEREAS, the parties hereto are the owners of working interest in the
Unit Area subject to the Unit Agreement for the Development and Operation of the
Gallegos Canyon Unit Area, San Juan County, New Mexico, and subject to the Unit
Operating Agreement for the Gallegos Canyon Unit Area (said Unit Operating Agreement
hereinafter referred to as "Unit Operating Agreement"), reference to which is here
made for all purposes; and

WHEREAS, the parties hereto desire to provide for the drilling and operation
of such dual wells and for the sharing and allocation of costs and risks incident
thereto, and

WHEREAS, it is provided in Section 11 of said Unit Operating Agreement as
follows:

"In the event any well is multiply completed as a paying
producer in more than one formation, the Working Interest
Owners of the respective participating areas established
for such formations shall arrange for an appropriate
allocation of investment and operating costs of such well
by separate agreement."

and,

WHEREAS, drilling operations have revealed that it is possible to complete dual
wells which are capable of producing unitized substances in commercial quantities
from two separate formations underlying the Gallegos Canyon Unit Area; and

WHEREAS, the parties hereto desire to provide for the drilling and operation
of such dual wells and for the sharing and allocation of costs and risks incidental
thereto; and

WHEREAS, it is intended to amend the Unit Operating Agreement hereinabove
described; and

WHEREAS, it is intended to supplement the Unit Operating Agreement hereinabove
described, to provide for drilling and operating dual completion wells in the future,

NOW, THEREFORE, in consideration of the covenants and agreements herein contained, it is mutually agreed by and between the parties as follows:

ARTICLE I

Unit Agreement Confirmed

The Unit Agreement and all Exhibits attached thereto are hereby confirmed and made a part of this agreement; and in the event of any conflict between the provisions of the Unit Agreement and the provisions of the Unit Operating Agreement, as amended and supplemented hereby, the provisions of the Unit Agreement shall prevail.

ARTICLE II

Supplement to Unit Operating Agreement

The provisions which follow in this Article II are supplemental to the Unit Operating Agreement and are hereby adopted as part of said Agreement.

1. Definitions:

- | | | |
|------------------|---|---|
| "Dual Well" | - | Any well that is completed in and capable of producing unitized substances from two formations simultaneously. |
| "Shallow Owners" | - | The working interest owners either in the Unit Area, Participating Area or less than the Unit Area, whichever is applicable, owning the working interest in and to the shallower formation in a well to be drilled or which is completed in two formations. |
| "Deep Owners" | - | The working interest owners either in the Unit Area, Participating Area or less than the Unit Area, whichever is applicable, owning the working interest in and to the deeper formation of a well to be drilled or which is completed in two formations. |
| "Salvage Value" | - | The fair market value of equipment and material at the surface, after deduction of such expenses as would be necessary to remove any such equipment and material from the hole. |

2. Formula for Allocation of Costs for Drilling and Completing Dual Wells.

Whenever in this agreement it is provided that "Costs will be borne by the Shallow Owners and the Deep Owners in accordance with Section 2, Article II", the following procedure will be used:

At the same time Shallow and Deep Owners separately agree to the drilling of a well to be projected to dual formations, both such categories of Owners shall approve an estimate prepared by Unit Operator of the total costs of drilling and completing said well to the wellhead in both formations. Such approval shall be obtained

in accordance with Section 5 of the Unit Operating Agreement. The estimated total costs shall be divided into the following categories:

- a) Costs to be incurred above the base of the shallower of the two formations, except those set forth in Subsection (c) hereof.
- b) Costs to be incurred below the base of the shallower of the two formations.
- c) Costs attributable to testing and completing in the shallower formation.

Upon completion of the well, the actual costs of drilling, completing testing and equipping such well will be apportioned among the three categories set forth hereinabove, and these actual costs will be paid by the obligated parties as follows:

- a) Costs incurred above the base of the shallower formation except those set forth in Subsection (c) hereof will be shared equally by and between Shallow Owners and Deep Owners.
- b) The costs incurred below the base of the shallower formation shall be paid by Deep Owners.
- c) Costs attributable to testing and completing in the shallower formation shall be paid by Shallow Owners.

3. Drilling and Completing Dual Wells. Costs of drilling, testing, treating equipping and completing wells to the wellhead which are begun with the objective of dual completion and which are completed as dual wells shall be borne by Shallow Owners and by Deep Owners in accordance with the provisions of Section 2, Article II. Until admission into a participating area the material and equipment thereon shall be owned by the party or parties paying the cost thereof pursuant to Section 2, Article II. Shallow Owners and Deep Owners shall respectively own, subject to allocation to an appropriate participating area, all unitized substances produced from their respective formations. Upon abandonment of the well if dry in both formations, costs of plugging and abandoning shall be shared equally by and between Shallow Owners and Deep Owners. Upon the completed well being admitted into a participating area or areas, the ownership of equipment and materials shall pass to the owners of the participating area or areas in accordance with the terms of Section 14 of the Unit Operating Agreement.

4. Completion of Well in Shallower Formation but Abandoned as to Deeper Formation. In the event that a well begun with the objective of dual completion is drilled to the deeper formation and results in discovery of unitized substances in paying quantities in the shallower formation but is

dry in the deeper formation, all costs of drilling, testing and treating shall be borne by the Shallow Owners and Deep Owners in accordance with Section 2, Article II, including plugging of the lower formation. All costs of equipping the well shall be borne by Shallow Owners. Further, Shallow Owners shall pay to Deep Owners the salvage value of the material and equipment which may be required for operation of the shallow formation, or share thereof, paid for or furnished by Deep Owners. Thereafter Shallow Owners shall own all material and equipment acquired in the drilling and completing of said well. Shallow Owners shall own all unitized substances produced from the shallow formation and shall bear all costs of plugging and abandonment of the well.

5. Completion of Well in Deeper Formation but Abandoned as to Shallower Formation. In the event that a well begun with the objective of dual completion results in discovery of unitized substances in paying quantities in the deeper formation, but is dry in the shallower formation, all costs of drilling, testing and treating shall be borne by the Shallow Owners and the Deep Owners in accordance with the provisions of Section 2, Article II. Shallow Owners shall pay for the abandonment of the shallow formation. All costs of equipping the well shall be borne by Deep Owners. Further, Deep Owners shall pay to Shallow Owners the salvage value of the material and equipment or share thereof paid for or furnished by Shallow Owners. Thereafter, Deep Owners shall own all material and equipment acquired in the drilling and completion of such well. Deep Owners shall own all unitized substances produced from the deeper formation, and shall bear all costs of plugging and abandoning the well.

6. Abandonment as to one Formation after Completion of Well in Both Formations. In the event that, after completion of a dual well, the working interest owners of one formation should decide to abandon the well as to their formation, the working interest owners of the remaining producing formation shall pay to the working interest owners of the formation to be abandoned, the salvage value of equipment belonging to the owners of the formation to be abandoned and which is required for operation of the remaining producing formation. The owners of the formation to be abandoned shall pay for the abandonment of that formation. After payment of the amount

provided for above, the working interest owners of the formation from which the well continues to produce shall own all of such equipment. The working interest owners of the producing formation, after abandonment as to the other formation, shall also bear all costs of plugging and abandoning upon later abandonment of the well as to their formation.

7. Deepening a Shallow Well or Converting a Deeper Well for Dual Completion.

Before any well which is completed in only one formation may be deepened to another formation or completed at a shallower depth for purposes of producing both such formations as a dual well, Shallow Owners and Deep Owners must separately agree to such dual completions and to the amount of the payment to be made to the owners of the single existing completion by the owners desiring to dually complete the well.

If the operation should result in an impairment of production from, or loss of, the existing well, the provisions of Section 10, Article II hereof shall govern unless otherwise provided for by prior agreement between the Shallow Owners and Deep Owners as to the dual completion.

8. Allocation of General Operating and Maintenance Costs in Dual Wells.

After dual completion of a well, the costs of producing operations shall be borne by the Shallow Owners and Deep Owners as follows:

- a) Each completion shall be treated as a separate well for administrative overhead and district and camp expense. Such expenses will be borne by the working interest owners of the respective formations as a separate cost allocable to their interest.
- b) Working Interest Owners of the separate formations shall bear all costs of normal producing operations, including costs of labor, repairs, maintenance and replacement of equipment attributable to the respective shallow and deep formations. All costs of operations performed for the joint benefit of both formations shall be borne on a per well basis by the Shallow Owners to the extent of 50% of the total cost, and by the Deep Owners to the extent of 50% of the total cost.

9. Allocation of Cost of Workover Operations for both Formations. After a dual completion has been made, the costs of any workover or other operation on such well involving both formations shall be borne by the working interest owners of such formations as follows:

- a) The costs of any operation which is directly related to one formation, including but not limited to operations such as treatments and perforations, shall be borne by the working interest owners of the formation for which the operation is performed.

- b) All costs of material, equipment, repairs, replacements and labor not directly related to one formation, including but not limited to repair and correction of leaks which may result in communication between the two formations within the well bore, shall be borne by the Shallow Owners to the extent of 50% of the total cost and by Deep Owners to the extent of 50% of the total cost.
- c) Any material and equipment acquired by any such expenditures provided for in Subparagraph (a) and (b) above shall be owned by the Shallow Owners and the Deep Owners so as to be consistent with the ownership of the material and equipment as set forth in Section 3, Article II.
- d) The working interest owners of each formation shall not be responsible for nor be charged with any loss of production from any other formation during such operations which involve both formations.

10. Allocation of Cost of Workover Operations for One Formation. After a dual completion has been made, any subsequent workover, deepening, plugging back, or other operations or repair as to one formation only, which requires a separation of the two formations for the repair or other work on any portion of the well, shall be governed by the following:

- a) Prior to commencement of operations the proposed plan of operation must be approved by the working interest owners of the formation not to be worked on and such approval shall be in accordance with the voting procedure as prescribed by Section 5 of the Unit Operating Agreement, applicable to the working interest owners of such formation not being worked upon, whether or not it is in a participating area.
- b) The costs and expenses of any such operations shall be borne by the working interest owners of the formation to be worked upon, hereinafter referred to as Remedial Owners.
- c) The "Remedial Owners" bearing the cost of the operation shall not be liable to the working interest owners of the formation not being worked upon for cessation of production during such operations for a period of time not exceeding a total of sixty (60) days. Such period is hereinafter referred to as "Rework Period". In the event such cessation of production during operations exceeds the Rework Period, the Remedial Owners shall pay to the working interest owners of the formation not being worked upon, hereinafter referred to as "Damaged Owners" damages for the loss of production occurring after the Rework Period in such amount as shall be determined by the daily allowable or producing capacity of the damaged completion, whichever is the lesser, times the number of days exceeding the Rework Period during which production losses were sustained, less applicable costs of production thereof.
- d) If such operations are of the type which may disturb or remove the means of separation of the two formations in the well bore or otherwise require a cessation of production from the other formation not being reworked, the operator shall, before and after the operation, conduct a test of the well as to such other formation for the purpose of determining whether or not the producing capacity as to said formation has been impaired, by employing the procedure set forth, as follows:
 - (1) For an oil well, producing capacity will be measured by actual production obtained for thirty (30) producing days immediately preceding the workover and compared with the actual production for thirty (30) producing days immediately following the workover operations. If either the conditions or allowable or equipment have in any way been changed during the period of comparison, then the production figures obtained shall be corrected by calculation to account for any such change or changes.

- (2) With respect to gas wells connected to a gas-gathering system, the producing capacity shall be determined by the actual production before and after the workover and shall be the thirty (30) days in which there was actual production into the line immediately before or after the workover as applicable with the well producing under similar pressure differential and other conditions. If the producing conditions or equipment size are different or the well is not connected to a gathering system, an appropriate applicable method will be utilized to determine the effect on deliverabilities which the workover has caused.
- (3) If the producing capacity of the well as to such other formation has been reduced in excess of twenty per cent (20%), damages will be deemed to have occurred. If damage has occurred, the rights and liabilities between Remedial Owners and Damaged Owners shall be adjusted in accordance with the provisions set out below:

Remedial Owners may at their sole cost, risk and expense attempt to restore the well to 80% of its former capacity or may pay to Damaged Owners the cost of a replacement well completed in the damaged formation. If the attempt is unsuccessful, or if no attempt is made, and if the cost of a replacement well is not so paid, Remedial Owners shall pay damages to Damaged Owners in an amount determined by the following formula:

$$\text{Damage Payment} = \text{Cost of Replacement Well} \times \left(1 - \frac{A}{0.80B} \right)$$

- A = The capacity of the well from the damaged formation after the workover or other operation or after completion of any further work to restore the well as to the damaged formation which the Remedial Owners elect to perform.
- B = The capacity of the well from the damaged formation before the workover or other operation which impaired the producing capacity of such well.

Cost of replacement well shall be the average cost of a singly completed well in the area as to such single completion in the formation that was damaged. In no event, however, shall the amount of damages, computed in the manner hereinabove provided, exceed the value of the remaining recoverable reserves (less cost of recovery) of the formation as to which the well was damaged which could have been recovered from such well if it had not been damaged, as shall be mutually agreed upon by the Damaged Owners and Remedial Owners. If more than one capacity test is made after the completion of the workover or other operation or work performed at the election of Remedial Owners, the last capacity obtained in such testing will be used in calculating the reduction of capacity. Capacity tests after the workover or repair operation for which approval was secured shall be limited to three (3). The Remedial Owners will pay such damages within fifteen (15) days following the date the amount of damages is determined. Payment of damages will not alter the ownership of formations or equipment, except if cost of a replacement well is paid by Remedial Owners, Remedial Owners shall own all material and equipment on or used in connection with the damaged well and shall bear all costs of plugging and abandonment. If an attempt to restore the well to 80% of its former capacity is made and such attempt is successful, Remedial Owners shall have no further liability.

- e) It is understood, however, that liability for loss or damages shall not accrue hereunder if: (1) in workover of the shallower formation such loss or damage exists prior to actual commencement of the operations to be performed in said formation, or in workover of the

deep formation, loss or damage exists prior to penetration of workover equipment below the base of the shallow formation, and (2) the evidence is conclusive that the loss or damage resulted solely from the previously existing poor mechanical condition of the well.

11. Deepening or Plugging Back a Well Previously Drilled, but Not a Paying Producer. If any well which was not begun with the objective of dual completion was drilled and was not completed as a paying producer from the objective formation, or was originally completed as a paying producer, but is to be abandoned, and the well can be plugged back and/or deepened, as the case may be, and made into a paying producer in another or other formations, the Unit Operator may, subject to the consent of the owners of the well to be abandoned, take over such well and plug back and/or deepen, as the case may be, subject to complying with the provisions of Section 5 of the Gallegos Canyon Unit Operating Agreement, and to operate it under the provisions of Section 16 of the Unit Operating Agreement upon payment to the working interest owners of the abandoned well a sum of money equal to 75% of the current new costs of all casing and other tangible equipment in said well which is to be used for the new completion.

12. Allocation of Overhead and District and Camp Expense in Dual Completion Operations. As to any well which was begun with the objective of dual completion and as to any well on which work is begun to deepen or to convert it into a dual completion from other formations, overhead charges during drilling shall be billed as though the well were a single well to be drilled to test the deepest formation, and for purposes of allocating district and camp expense among wells, said well shall be treated as one drilling well. Upon completion of such a well, each formation in which the well is completed shall be treated as a separate well for purposes of charging overhead and allocating field and camp expenses.

ARTICLE III

Authority of Working Interest Owners

When reference is made herein to any option, election, consent, agreement or action on the part of Working Interest Owners, any such option or election may be exercised, consent may be given, agreement may be made, and appropriate action may be taken by the Working Interest Owners under the provisions of Section 5 of the

Unit Operating Agreement, unless otherwise specifically provided herein.

The specific authority of the Working Interest Owners under Section 5(c) of the Unit Operating Agreement to approve or disapprove the use of facilities owned by one participating area for purposes of operation and development outside of said area, and to determine the amount of any charge therefor, is limited to the extent necessary to give effect to this agreement.

ARTICLE IV

Unit Operating Agreement Confirmed as Amended and Supplemented

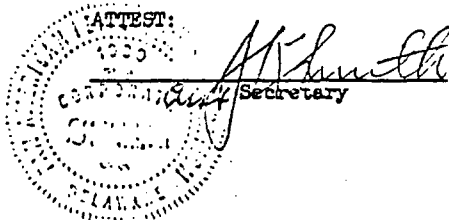
1. The Unit Operating Agreement is hereby confirmed and adopted as amended and supplemented by this agreement.
2. In the event of any conflict between the provisions of the Unit Operating Agreement and the provisions of this Amendment and Supplement thereto governing the drilling, completion, operation and abandonment of wells drilled, deepened or converted for the purpose of dual completion, the provisions of this Amendment and Supplement shall prevail.
3. When fully executed as set forth in Article V, this agreement shall be effective as to all parties hereto as of the effective date hereinabove written, and unless otherwise terminated, it shall be effective as long as the Unit Agreement is effective. This agreement may be terminated in any manner by which said Unit Agreement may be terminated.

ARTICLE V

Counterparts

The Amendment and Supplement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or be ratified or consented to by separate instrument in writing specifically referring hereto and shall be a binding agreement when all parties owning a working interest committed to the Gallegos Canyon Unit 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.

Date: 10-17-60



PAN AMERICAN PETROLEUM CORPORATION

By: W. F. [Signature]

Its: _____

ATTORNEY-IN-FACT



Date: _____

ATTEST:

Secretary

Date: _____

ATTEST:

Secretary

Date: _____

ATTEST:

Secretary

Date: _____

ATTEST:

Secretary

Date: _____

ATTEST:

Secretary

Date: _____

ATTEST:

Secretary

Date: _____

ATTEST:

Secretary

Date: _____

ATTEST:

AMERICAN PETROFINA COMPANY OF TEXAS

By: _____

Its: _____

AZTEC OIL AND GAS COMPANY

By: William J. Smith

Its: VICE PRESIDENT

BROOKHAVEN OIL COMPANY

By: _____

Its: _____

DELTA OIL COMPANY OF UTAH

By: _____

Its: _____

EL PASO NATURAL GAS COMPANY

By: _____

Its: _____

LOCKE-TAYLOR DRILLING COMPANY

By: _____

Its: _____

PETRO-ATLAS CORPORATION

By: _____

Its: _____

SKELLY OIL COMPANY

By: _____

Its: _____

17195

Date: _____

ATTEST:

Secretary

Date: _____

ATTEST:

Secretary

Date: _____

ATTEST:

Secretary

Date: _____

ATTEST:

Secretary

Date: _____

ATTEST:

Secretary

Date: _____

ATTEST:

Secretary

Date: _____

ATTEST:

Secretary

Date: 12-30-60

ATTEST:

E. Q. Proctor
Assistant Secretary
E. Q. PROCTOR



AMERICAN PETROFINA COMPANY OF TEXAS

By: _____

Its: _____

AZTEC OIL AND GAS COMPANY

By: _____

Its: _____

BROOKHAVEN OIL COMPANY

By: _____

Its: _____

DELTA OIL COMPANY OF UTAH

By: _____

Its: _____

EL PASO NATURAL GAS COMPANY

By: _____

Its: _____

~~LOCKE-TAYLOR DRILLING COMPANY~~

By: _____

Its: _____

PETRO-ATLAS CORPORATION

By: _____

Its: _____

SKELLY OIL COMPANY

By: E. E. Eshman

Its: Senior Vice President

Approved: W. H. K.
Form: 2K KEJ

Date: Oct 24, 1960
 ATTEST:
Emma Barlett
 Assistant Secretary

Date: _____
 ATTEST:

 Secretary

Date: Oct 24, 1960
 ATTEST:
Emma Barlett
 Assistant Secretary

Date: _____
 ATTEST:

 Secretary

Date: _____
 ATTEST:

 Secretary

Date: _____
 ATTEST:

 Secretary

Date: _____

Date: _____

Date: _____

Date: _____

Date: _____

SOUTHERN UNION GAS COMPANY
 By: A. M. W. F. L. L.
 Its: Vice-President

APPROVED
Legal <u>WFL</u>
Engr.
Explr.
Land <u>WFL</u>
Geol.

SUNRAY MID-CONTINENT OIL COMPANY
 By: _____
 Its: _____

SUMMIT OIL COMPANY
 By: A. M. W. F. L. L.
 Its: Vice-President

APPROVED
Legal <u>WFL</u>
Engr.
Explr.
Land <u>WFL</u>
Geol.

TEXACO INC.
 By: _____
 Its: _____

TEXAS PACIFIC COAL & OIL COMPANY
 By: _____
 Its: _____

WOOD OIL COMPANY
 By: _____
 Its: _____

MARY ROBERTS BERRY

TOM BOLACK

LESTER F. COLBY

B. H. CRAWFORD

DYVENA CRAWFORD

Date: _____

ATTEST:

Secretary

Date: _____

ATTEST:

Secretary

Date: _____

ATTEST:

Secretary

Date: _____

~~ATTEST:~~

~~Secretary~~

APPROVED AS TO

Terms *SLD*

Recy. *AKB*

Form *JSR*

Date: _____

ATTEST:

Secretary

Date: _____

ATTEST:

Secretary

Date: _____

Date: _____

Date: _____

Date: _____

Date: _____

SOUTHERN UNION GAS COMPANY

By: _____

Its: _____

SUNRAY MID-CONTINENT OIL COMPANY

By: *J. A. D...*

Its: VICE PRESIDENT

SUMMIT OIL COMPANY

By: _____

Its: _____

TEXACO INC.

By: *J. L. Se...*

Its: Attorney-in-Fact

TEXAS PACIFIC COAL & OIL COMPANY

By: _____

Its: _____

WOOD OIL COMPANY

By: _____

Its: _____

MARY ROBERTS BERRY

TOM BOLACK

LESTER F. COLBY

B. H. CRAWFORD

DYVENA CRAWFORD

Date: Oct. 29, 1960


GEORGE J. DARNEILLE

Date: _____

OLEN F. FEATHERSTONE

Date: _____

ERNEST A. HANSON

Date: _____

L. B. HODGES

Date: _____

MRS. JAMES A. ANDERSON, Executrix
of the Estate of Edward J. Johnson,
Deceased

Date: _____

ELMA R. JONES

Date: _____

NATHAN KESSLER

Date: _____

GEORGE H. KRAUSE

Date: _____

EMMA LOUISE KRAUSE

Date: _____

CHARLES J. WRIGHT

Date: _____

JOHN J. REDFERN, JR.

Date: _____

H. K. RIDDLE

Date: _____

M. H. STARK

Date: _____

EULA STARK

Date: _____

JOHN E. TRIGG

Date: _____

ROBB WOODS

Date: _____

Date: _____

Date: _____

Date: _____

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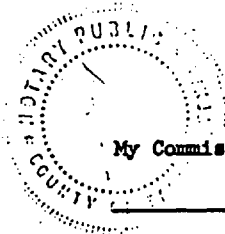
Its: _____

ATTORNEY-IN-FACT

STATE OF Texas
COUNTY OF Tarrant

On this 14th day of October, 1960, before me appeared
C. F. BEDFORD, to me personally known, who,
being by me duly sworn did say that he is the Attorney-in-Fact of
PAN AMERICAN PETROLEUM CORPORATION, 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 C. F. BEDFORD
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.



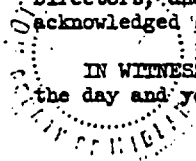
Ada Belle Zartman Ada Belle Zartman
Notary Public in and for
Tarrant County, Texas

My Commission Expires:
6-1-61

STATE OF Texas
COUNTY OF Midland

On this 12th day of December, 1960, before me appeared
TEXACO Inc., to me personally known, who,
being by me duly sworn did say that he is the Attorney-in-Fact of
TEXACO Inc., 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 J. J. SUGGERS, JR.
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.



Dorothy J. Driskill
Notary Public in and for
Midland County, Texas

My Commission Expires:
June 1, 1961

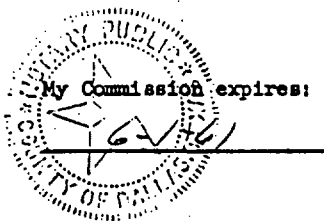
DOROTHY J. DRISKILL

CORPORATE ACKNOWLEDGMENT

STATE OF Texas
COUNTY OF Dallas

On this 21st day of December, 19 60, before me appeared Chairman B. Davis, to me personally known who, being by me duly sworn did say that he is the Vice President of Antec Oil & 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 Chairman B. Davis 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.



Mary Jay Belkitt
Notary Public in and for
Dallas County, Texas

ATTORNEY-IN-FACT ACKNOWLEDGMENT

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 Attorney-in-Fact 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.

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: _____

Notary Public in and for

County, _____

CORPORATE ACKNOWLEDGMENT

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.

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:

Notary Public in and for

County, _____

ATTORNEY-IN-FACT ACKNOWLEDGMENT

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 Attorney-in-Fact 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.

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:

Notary Public in and for

County, _____

17185

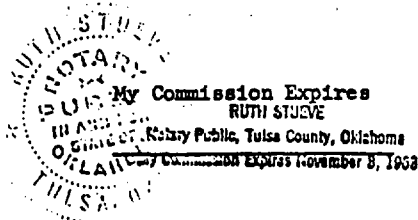
CORPORATE ACKNOWLEDGMENTS

STATE OF Alabama

COUNTY OF Reelfoot

On this 30th day of December, 1960, before me appeared _____, to me personally known, who, being by me duly sworn did say that he is the SENIOR VICE PRESIDENT of SKELLY OIL 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.

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



Ruth Stueve
Notary Public in and for
_____ County, _____

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.

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
_____ County, _____

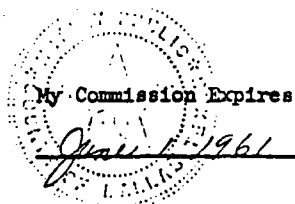
My Commission Expires:

CORPORATE ACKNOWLEDGMENTS

STATE OF Texas
COUNTY OF Dallas

On this 24th day of October, 1960, before me appeared A. M. Wiedersheim, to me personally known, who, being by me duly sworn did say that he is the Vice - President of Northern Union 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 A. M. Wiedersheim 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.

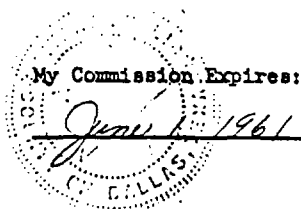


Donna Kuse
Notary Public in and for
Dallas County, Texas

STATE OF Texas
COUNTY OF Dallas

On this 24th day of October, 1960, before me appeared A. M. Wiedersheim, to me personally known, who, being by me duly sworn did say that he is the Vice - President of Summit Oil 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 A. M. Wiedersheim 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.



Donna Kuse
Notary Public in and for
Dallas County, Texas

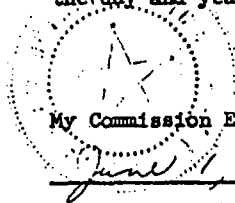
17285

INDIVIDUAL ACKNOWLEDGMENTS

STATE OF Texas
COUNTY OF Harris

On this 29 day of October, 19 60, before me personally
appeared George W. Darnelle, to me known to be the
person described in and who executed the foregoing instrument, and acknowledged
that he executed the same as his 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.



George W. Darnelle
Notary Public in and for
Harris County, Texas

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 the foregoing instrument, and acknowledged
that _____ executed the same as _____ 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.

Notary Public in and for

My Commission Expires: _____

County, _____

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 the foregoing instrument, and acknowledged that
_____ executed the same as _____ 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.

Notary Public in and for

My Commission Expires: _____

County, _____

FORM-470 1-57 F

PAN AMERICAN PETROLEUM CORPORATION

P. O. Box 480, Farmington, New Mexico
September 12, 1960

TEXAS PACIFIC COAL AND OIL COMPANY
RECEIVED

File: E-595-416

SEP 16 1960

TITLE AND RENTAL DEPARTMENT

Subject: Approval of 1960
Plan of Development
Gallegos Canyon Unit
San Juan County, New Mexico

TEXAS PACIFIC COAL AND OIL COMPANY
RECEIVED
SEP 15 1960
LAND & LEASING DEPARTMENT

Director
United States Geological Survey
c/o Oil and Gas Supervisor
P. O. Box 6721
Roswell, New Mexico

Commissioner of Public Lands
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico

Oil Conservation Commission of
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico

All Working Interest Owners
in Unit Area
(See Attached Addressee List)

Gentlemen:

The approval was requested for the 1960 Plan of Development in the Gallegos Canyon Unit, San Juan County, New Mexico, by our letter of December 28, 1959, and has been executed by the Director of the U. S. Geological Survey, Commissioner and Commission on the following dates:

Director
United States Geological Survey: August 2, 1960

Commissioner of Public Lands
State of New Mexico: August 22, 1960

New Mexico
Oil Conservation Commission: September 1, 1960

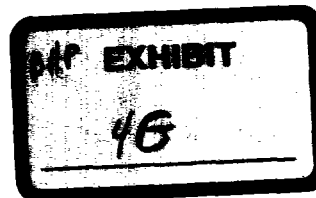
This Plan of Development was effective January 1, 1960.

Very truly yours,

PAN AMERICAN PETROLEUM CORPORATION

L. O. Speer, Jr.
L. O. Speer, Jr.
Area Superintendent

CKD:en
Attachment



MAILING LIST OF WORKING INTEREST OWNERS
GALLEGOS CANYON UNIT AREA
SAN JUAN COUNTY, NEW MEXICO

American Petrofina Co. of Texas
P. O. Box 2159
Dallas 21, Texas

Aztec Oil and Gas Company
920 Mercantile Securities Building
Dallas 1, Texas

Mary Roberts Berry
208 E. Washington Street
Washington, Iowa

Brookhaven Oil Company
P. O. Box 396
Scottsdale, Arizona

Lester F. Colby, Trustee
Route 1
Crystal Lake, Illinois

B. H. and Dyvena Crawford
Bloomfield, New Mexico

George J. Darneille
5521 Bordley
Houston, Texas

Ernest A. Hanson
P. O. Box 852
Roswell, New Mexico

L. B. Hodges
P. O. Box 671
Roswell, New Mexico

Edward J. Johnson
223 Greenbank Avenue
Piedmont 10, California

Southern Union Gas Company
Fidelity Union Tower Building
1507 Pacific Avenue
Dallas, Texas
Attn: D. W. Whitlow

Elma R. Jones
764 Twentieth Avenue
San Francisco, California

Nathan Kessler
5900 States Drive
Oakland, California

George H. Krause, et al
P. O. Box 1107
Colorado Springs, Colorado

Delta Oil Company of Utah
120 Arno NE
Albuquerque, New Mexico

El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas

M. H. and Eula Stark
Route 3
Farmington, New Mexico

Petro-Atlas Inc.
2000 National Bank of Tulsa Building
Tulsa 3, Oklahoma

John J. Redfern, Jr.
P. O. Box 1747
Midland, Texas

H. K. Riddle
65 East 4th South
Salt Lake City, Utah

Robb Woods
501 W. Grand River Street
Clinton, Missouri

Skelly Oil Company
Tulsa 2, Oklahoma
Attn: Mr. D. E. Smith

Summit Oil Company
Fidelity Union Tower Building
1507 Pacific Avenue
Dallas, Texas

Sunray Mid-Continent Oil Company
P. O. Box 2692
Denver 1, Colorado
Attn: A. W. Wadman

Olen F. Featherstone
Roswell Petroleum Building
Roswell, New Mexico

Lecke-Taylor Drilling Co.
801 Second Avenue
Durango, Colorado

Texaco, Inc.
P. O. Box 3109
Midland, Texas

Texas Pacific Coal and Oil Company
P. O. Box 2110
Fort Worth 1, Texas

John H. Trigg
P. O. Box 6529
Roswell, New Mexico

Wood Oil Company
Room 800, Midstates Building
Tulsa, Oklahoma

Tom Bolack
1010 N. Dustin
Farmington, New Mexico

PAN AMERICAN PETROLEUM CORPORATION

P. O. Box 480, Farmington, New Mexico
December 20, 1960.

TEXAS PACIFIC COAL AND OIL COMPANY

RECEIVED
DEC 23 1960

File: E-917-416

Subject: 1961 Plan of Development
Gallegos Canyon Unit
San Juan County, New Mexico

LAND STATE DEPARTMENT
RECEIVED
DEC 29 1960
TITLE AND RECORD DEPARTMENT

The Oil and Gas Supervisor (6)
United States Geological Survey
Roswell, New Mexico

Oil Conservation Commission (3)
State of New Mexico
Santa Fe, New Mexico

Commissioner of Public Lands (3)
State of New Mexico
Santa Fe, New Mexico

All Working Interest Owners
Gallegos Canyon Unit
(See Attached Addressee List)

Gentlemen:

In compliance with Section 9 of the Gallegos Canyon Unit Agreement dated November 1, 1950, designated I-Sec. No. 844, Pan American Petroleum Corporation, as Unit Operator, respectfully submits for your approval a Plan of Development for the calendar year 1961. The recommended 1961 Plan of Development has been approved by a majority of the Working Interest Owners as provided by the Unit Operating Agreement.

History of Past Development -- There has been, to date, a total of 86 wells drilled in the Gallegos Canyon Unit. Of these, 67 are Pictured Cliffs producers, 4 are Gallup-Dakota duals, 1 a single Dakota completion well, 2 Gallup wells, 1 Fruitland completion, and 11 wells that are either dry holes or abandoned Pictured Cliffs wells.

An initial Gallup Participating Area has been established for the commercial production from Gallegos Canyon Unit No. 83. The performance of other Gallup completions are being carefully observed inasmuch as information now available indicates that the Gallup may prove to be non-commercial in these completions. One Gallup completion has already been classified non-commercial (Gallegos Canyon Unit No. 84), and application has been made for the non-commercial determination of the Gallup in the Gallegos Canyon Units No. 86 and 87, and in all probability, applications will also be made for the non-commercial determination for the two remaining Gallup completions.

A non-commercial determination application has also been made for the Fruitland formation in Gallegos Canyon Unit No. 77.

An initial Dakota Participating Area has been approved as well as a First Enlargement thereof, and application has been filed for a Second Enlargement of the Gallegos Canyon Unit Dakota Participating Area.

The Oil and Gas Supervisor
Commissioner of Public Lands
Oil Conservation Commission
All Working Interest Owners

-2-

December 20, 1960

File: E-917-416

Subject: 1961 Plan of Development
Gallegos Canyon Unit
San Juan County, New
Mexico

Attached is a tabulation showing wells by producing formation, production data, etc., for the Gallegos Canyon Unit.

Proposed Additional Wells -- It is planned to drill six additional Dakota wells during 1961, the location of which will be around the perimeter of the Gallegos Canyon Unit Area. We propose to drill no additional Pictured Cliffs wells during 1961 in view of the high risk involved insofar as further development of this zone is concerned. Prospects for further Gallup development in the Unit Area will be determined from information derived from the drilling of Dakota wells, inasmuch as the Gallup overlies the Dakota and log analysis will be the basis for future Gallup development and/or exploration.

Well Casing Program -- The well casing program will generally follow the program currently used in similar wells in San Juan County, including such surface casing and other casing as may be required by the Supervisor, the Commissioner and the Commission, or as set forth in approvals of the applicable U.S.G.S. and State of New Mexico forms. The producing string of casing may be set and cemented on top, partially through or completely through the producing zone.

Off-Set Obligations -- Appropriate and adequate measures will be taken to prevent drainage of unitized substances from lands subject to the Gallegos Canyon Unit Agreement, or, pursuant to applicable regulations, fair and reasonable compensatory royalty will be paid as provided in Section 15 of said Agreement.

Further Development -- This plan of development shall constitute the drilling obligations of the Unit Operator under the terms of the Gallegos Canyon Unit Agreement for the period ending December 31, 1961. Before this plan expires, another plan for further development of the unit area will be submitted.

Modifications -- It is understood that this plan of development is dependent upon certain information to be obtained prior to and subsequent to drilling, and upon other contingencies, such as availability of well casing; therefore, this plan of development may be modified from time to time to meet changing conditions.

Effective Date -- This plan of development shall be effective January 1, 1961.

The Oil and Gas Supervisor
Commissioner of Public Lands
Oil Conservation Commission
All Working Interest Owners

-3-

December 20, 1960
File: E-917-416
Subject: 1961 Plan of Development
Gallegos Canyon Unit
San Juan County, New
Mexico

Dated: December 19, 1960.

PAN AMERICAN PETROLEUM CORPORATION
Unit Operator

By:

L. D. Sperry
Area Superintendent

F.T:
Attach:

Approved: _____ Date: _____

Regional Oil & Gas Supervisor
United States Geological Survey

Approved: _____ Date: _____

Commissioner of Public Lands
State of New Mexico

Approved: _____ Date: _____

Oil Conservation Commission
State of New Mexico

STATISTICAL REVIEW OF OPERATIONS
GALLUP CANYON UNIT
DECEMBER 1, 1960

Total Wells Drilled In Unit	86
Unit Area	43,146.82 acres

Pictured Cliffs Statistics

Pictured Cliffs Participating Area	27,456.46 acres
Total Wells Drilled	78
Dry Holes	10
Producing Wells as of 12-1-60	67
Temporarily Abandoned Wells	1
Current Production:	
October, 1960	161,901 MCF
November, 1960	92,365 MCF
Cumulative Production to 12-1-60	26,878,991 MCF

Dakota Statistics

Dakota Participating Area	3,840 acres
Proposed Second Enlargement	11,027.02 acres
Total Wells Drilled	5
Producing Wells	1
Current Production:	
October, 1960	13,265 MCF
November, 1960	12,927 MCF
Cumulative Production to 12-1-60	200,076 MCF

Gallup Statistics

Gallup Participating Area	360 acres
Total Wells Drilled	6
Producing Wells	6
Current Production:	
October, 1960	6,036 bbls./oil
November, 1960	5,575 bbls./oil
Cumulative Production to 12-1-60	77,963 bbls./oil

Fruitland Statistics

Total Wells Drilled	1 (Non-Commercial)
Current Production:	
October, 1960	5,854 MCF
November, 1960	3,356 MCF
Cumulative Production to 12-1-60	32,792 MCF

MAILING LIST OF WORKING INTEREST OWNERS
GALLAGOS CANYON UNIT AREA
SAN JUAN COUNTY, NEW MEXICO

Union Petrofina Co. of Texas
P. O. Box 2159
Dallas 21, Texas

Delta Oil and Gas Company
Mercantile Securities Building
Dallas 1, Texas

Robert Berry
Washington Street
Washington, Iowa

Rockhaven Oil Company
P. O. Box 396
Scottsdale, Arizona

John F. Colby, Trustee
P. O. Box 1
Crystal Lake, Illinois

W. H. and Byvena Crawford
Farmington, New Mexico

George J. Darneille
521 Bordley
Houston, Texas

Ernest A. Hanson
P. O. Box 852
Roswell, New Mexico

L. B. Hodges
P. O. Box 671
Roswell, New Mexico

Edward J. Johnson
23 Greenbank Avenue
Berkeley 10, California

Southern Union Gas Company
Fidelity Union Tower Building
1507 Pacific Avenue
Dallas, Texas
Attn: D. W. Whitlow

Elma R. Jones
764 Twentieth Avenue
San Francisco, California

Nathan Kessler
5900 States Drive
Oakland, California

George H. Krause, et al
P. O. Box 1107
Colorado Springs, Colorado

Delta Oil Company of Utah
2606 Oak Lawn Avenue
Dallas 19, Texas

El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas

M. H. and Eula Stark
Route 3
Farmington, New Mexico

Petro-Atlas Inc.
2000 National Bank of Tulsa Building
Tulsa 3, Oklahoma

John J. Redfern, Jr.
P. O. Box 1747
Midland, Texas

H. K. Riddle
65 East 4th South
Salt Lake City, Utah

Robb Woods
501 W. Grand River Street
Clinton, Missouri

Skelly Oil Company
Tulsa 2, Oklahoma
Attn: Mr. D. E. Smith

Summit Oil Company
Fidelity Union Tower Building
1507 Pacific Avenue
Dallas, Texas

Sunray Mid-Continent Oil Company
P. O. Box 2692
Denver 1, Colorado
Attn: Mr. A. W. Wadman

Olen F. Featherstone
Roswell Petroleum Building
Roswell, New Mexico

Locke-Taylor Drilling Co.
801 Second Avenue
Durango, Colorado

Texaco, Inc.
P. O. Box 3109
Midland, Texas

Texas Pacific Coal and Oil Company
P. O. Box 2110
Fort Worth 1, Texas

John H. Trigg
P. O. Box 6529
Roswell, New Mexico

Wood Oil Company
Room 800, Midstates Building
Tulsa, Oklahoma

Tom Bolack
1010 N. Dustin
Farmington, New Mexico

PAN AMERICAN PETROLEUM CORPORATION

P. O. Box 480, Farmington, New Mexico

January 4, 1961

File: E-8416

Subject: Approval of Amended
1960 Plan of Development
Gallegos Canyon Unit
San Juan County, New Mexico

TEXAS PACIFIC COAL AND OIL COMPANY
RECEIVED
JAN 9 1961
LAND & LEASING DEPARTMENT

The Oil and Gas Supervisor (6)
United States Geological Survey
Roswell, New Mexico

Commissioner of Public Lands
State of New Mexico
Santa Fe, New Mexico

TEXAS PACIFIC COAL AND OIL COMPANY
RECEIVED
JAN 11 1961
TITLE AND RENTAL DEPARTMENT

Oil Conservation Commission (3)
State of New Mexico
Santa Fe, New Mexico

All Working Interest Owners
Gallegos Canyon Unit
(See Attached Addressee List)

Gentlemen:

Application for an Amended 1960 Plan of Development for the Gallegos Canyon Unit, dated December 20, 1960, has been executed by the United States Geological Survey, Commissioner of Public Lands and Oil Conservation Commission on the following dates:

Director, United States Geological Survey:	December 27, 1960
Commissioner of Public Lands State of New Mexico:	December 28, 1960
New Mexico Oil Conservation Commission:	December 29, 1960

The Amended 1960 Plan of Development was effective January 1, 1960.

Yours very truly,

PAN AMERICAN PETROLEUM CORPORATION

J. B. Jenkins
J. B. Jenkins
District Superintendent

CKD:ep

MAILING LIST OF WORKING INTEREST OWNERS
GALLEGOS CANYON UNIT AREA
SAN JUAN COUNTY, NEW MEXICO

American Petrofina Co. of Texas
P. O. Box 2159
Dallas 21, Texas

Aztec Oil and Gas Company
920 Mercantile Securities Building
Dallas 1, Texas

Mary Roberts Berry
208 E. Washington Street
Washington, Iowa

Brookhaven Oil Company
P. O. Box 396
Scottsdale, Arizona

Lester F. Colby, Trustee
Route 1
Crystal Lake, Illinois

B. H. and Dyvena Crawford
Bloomfield, New Mexico

George J. Darneille
5521 Bordley
Houston, Texas

Ernest A. Hanson
P. O. Box 852
Roswell, New Mexico

L. B. Hodges
P. O. Box 671
Roswell, New Mexico

Edward J. Johnson
223 Greenbank Avenue
Piedmont 10, California

Southern Union Gas Company
Fidelity Union Tower Building
1507 Pacific Avenue
Dallas, Texas
Attn: Mr. D. W. Whitlow

Elma R. Jones
764 Twentieth Avenue
San Francisco, California

Nathan Kessler
5900 States Drive
Oakland, California

George H. Krause, et al
P. O. Box 1107
Colorado Springs, Colorado

Delta Oil Company of Utah
120 Arno NE
Albuquerque, New Mexico

El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas

M. H. and Eula Stark
Route 3
Farmington, New Mexico

Petro-Atlas Inc.
2000 National Bank of Tulsa Building
Tulsa 3, Oklahoma

John J. Redfern, Jr.
P. O. Box 1747
Midland, Texas

H. K. Riddle
65 East 4th South
Salt Lake City, Utah

Robb Woods
501 W. Grand River Street
Clinton, Missouri

Skelly Oil Company
Tulsa 2, Oklahoma
Attn: Mr. D. E. Smith

Summit Oil Company
Fidelity Union Tower Building
1507 Pacific Avenue
Dallas, Texas

Sunray Mid-Continent Oil Company
P. O. Box 2692
Denver 1, Colorado
Attn: Mr. A. W. Wadman

Olen F. Featherstone
Roswell Petroleum Building
Roswell, New Mexico

Locke-Taylor Drilling Co.
801 Second Avenue
Durango, Colorado

Texaco, Inc.
P. O. Box 3109
Midland, Texas

Texas Pacific Coal and Oil Company
P. O. Box 2110
Fort Worth 1, Texas

John H. Trigg
P. O. Box 6529
Roswell, New Mexico

Wood Oil Company
Room 800, Midstates Building
Tulsa, Oklahoma

Tom Bolack
1010 N. Dustin
Farmington, New Mexico

MMS
EJR

PAN AMERICAN PETROLEUM CORPORATION

P. O. Box 480, Farmington, New Mexico
May 8, 1962

PAN AMERICAN PETROLEUM CORPORATION
RECEIVED

MAY 16 1962

TITLE AND MENTAL DEPARTMENT

File: N-429-416

Subject: 1962 Plan of Development
for the Gallegos Canyon Unit

Director (6)
United States Geological Survey
P. O. Drawer 1857
Roswell, New Mexico

Commissioner of Public Lands (3)
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico

Oil Conservation Commission of (3)
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico

All Working Interest Owners
In Unit Area
(See Attached Addressee List)

[Handwritten signature]

Gentlemen:

Application for approval of the 1962 Plan of Development for the Gallegos Canyon Unit dated December 20, 1961, has been approved by the Director, the Commissioner, and the Commission on the following dates:

Director United States Geological Survey	March 30, 1962
Commissioner of Public Lands State of New Mexico	April 9, 1962
New Mexico Oil Conservation Commission	May 1, 1962

Yours very truly,

PAN AMERICAN PETROLEUM CORPORATION

[Handwritten signature: T. M. Curtis]
T. M. Curtis
District Superintendent

CKD:en

MAILING LIST OF WORKING INTEREST OWNERS
GALLEGOS CANYON UNIT AREA
SAN JUAN COUNTY, NEW MEXICO

American Petrofina Co. of Texas
P. O. Box 2159
Dallas 21, Texas
Attention: Mr. Wilkin, Prod. Dept.

American Petrofina Co. of Texas
P. O. Box 2159
Dallas 21, Texas
Attention: Mr. Vendig, Land Dept.

Mary Roberts Berry
208 E. Washington Street
Washington, Iowa

Tom Bolack
1010 North Dustin Mexico
Farmington, New Mexico

Brookhaven Oil Company
P. O. Box 1267
Scottsdale, Arizona

B. H. and Dyvena Crawford
Bloomfield, New Mexico

Delta Oil Company of Utah
c/o Universal Minerals, Inc.
1126 Mercantile Securities Bldg.
Dallas 1, Texas

El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas
Attention: Land Department

Mr. Olen F. Featherstone
Roswell Petroleum Building
Roswell, New Mexico

Ernest A. Hanson
P. O. Box 1515
Roswell, New Mexico

L. B. Hodges
P. O. Box 1558
Roswell, New Mexico

Mrs. James A. Anderson, Executrix of
Estate of Edward J. Johnson
372 Euclid Avenue
Oakland 10, California

Elma R. Jones
764 Twentieth Avenue
San Francisco, California

~~Locke-Taylor Drilling Company~~
~~801 Second Avenue~~
~~Durango, Colorado~~

Petro-Atlas, Inc.
2000 National Bank of Tulsa Building
Tulsa, Oklahoma

John J. Redfern, Jr.
P. O. Box 1747
Midland, Texas

H. K. Riddle
644 East Barcelona Rd.
Santa Fe, New Mexico

John H. Trigg
P. O. Box 6529
Roswell, New Mexico

Texas Pacific Coal & Oil Company
P. O. Box 2110
Fort Worth 1, Texas
Attention: Mr. R. W. Hines

Skelly Oil Company
P. O. Box 1650
Tulsa 2, Oklahoma
Attention: Mr. R. G. Hiltz

Skelly Oil Company
P. O. Box 38
Hobbs, New Mexico
Attention: Mr. H. E. Aab

Wood Oil Company
Room 800 - Midstates Building
Tulsa, Oklahoma

Sunray DX Oil Company
Fourth Floor, 101 University Building
Cherry Creek Center
Denver 6, Colorado
Attention: Mr. A. W. Wadman, Jr.

Texaco, Inc.
P. O. Box 2100
Denver, Colorado

Aztec Oil and Gas Company
920 Mercantile Securities Building
Dallas 1, Texas
Attention: Mr. H. L. Snider, Jr.

Southern Union Production Company
Fidelity Union Tower Building
1507 Pacific Avenue
Dallas 1, Texas
Attention: Mr. A. M. Wiederkehr

National Drilling Company, Inc.
4810 N. Kenneth Avenue
Chicago 30, Illinois

Diversa, Inc.
633 Meadows Building
Dallas 6, Texas

The Atlantic Refining Co.
Suite 760 Petroleum Club Building
110 - 16th Street
Denver 2, Colorado

Pubco Petroleum Corporation
P. O. Box 1419
Albuquerque, New Mexico

11-115.
PAN AMERICAN PETROLEUM CORPORATION 1963P. O. Box 480, Farmington, New Mexico
December 18, 1962

TITLE AND MENTAL DEPARTMENT

File: N-1513-416

Subject: 1963 Plan of Development
Gallegos Canyon Unit
San Juan County, New MexicoDirector (6)
United States Geological Survey
P. O. Drawer 1857
Roswell, New MexicoCommissioner of Public Lands (3)
The State of New Mexico
Capitol Annex Building
Santa Fe, New MexicoOil Conservation Commission of (3)
The State of New Mexico
Capitol Annex Building
Santa Fe, New MexicoAll Working Interest Owners
(See Attached Addressee List)

Gentlemen:

In compliance with Section 9 of the Gallegos Canyon Unit Agreement dated November 1, 1950, designated I-Sec. No. 844, Pan American Petroleum Corporation, as Unit Operator, respectfully submits for your approval a Plan of Development for the calendar year of 1963. The proposed plan has been approved by the Working Interest Owners as provided by the Unit Operating Agreement.

History of Past Development - There has been a total of 122 wells drilled in the Gallegos Canyon Unit. Of these, 61 are Pictured Cliffs producers, 4 are Gallup-Dakota duals; 15 are single Dakotas, 23 are Gallup producers, 1 is a Fruitland completion and 18 wells are dry holes and abandoned.

Participating Areas have been formed for the Pictured Cliffs, the Dakota zone, and three separate Gallup pools inside the Unit. ~~non-commercial~~
Classification for the Fruitland completion was approved.

The attached tabulation furnishes a statistical review of operations in the Gallegos Canyon Unit.

Proposed Additional Wells - It is planned to drill four Basin Dakota wells during 1963 at locations to be selected at a later date. Although the locations are not specified, it is anticipated these wells will be drilled in the vicinity of the Unit boundary to meet possible offset development.

It is proposed to initiate pressure maintenance projects in the Gallup Participating Area "B", Totah Gallup Field, and the Gallup Participating Area "C", Cha Cha Gallup Field. These areas have been established with the New Mexico Oil Conservation Commission and orders have been issued designating the areas and special operating rules.

Page 2

U. S. Geological Survey
Commissioner of Public Lands
Oil Conservation Commission
All Working Interest Owners

December 18, 1962

File: N-1513-416
Subject: 1963 Plan of Development
Gallegos Canyon Unit
San Juan County, New Mexico

Well Casing Program - The well casing program will generally follow current programs used in similar wells in the San Juan Basin. Included will be surface casing and other casing as required by the United States Geological Survey and the State of New Mexico.

Offset Obligation - Appropriate measures will be taken to prevent drainage of unitized substances from lands subject to the Gallegos Canyon Unit Agreement, or, pursuant to applicable regulations, fair and reasonable compensatory royalty will be paid as provided in Section 15 of the Unit Agreement.

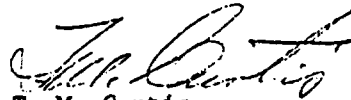
Further Development - This Plan of Development shall constitute the drilling obligation of the Unit Operator under terms of the Gallegos Canyon Unit Agreement for the period ending December 31, 1963.

Modifications - It is understood that this plan is dependent upon certain information to be obtained prior to and subsequent to drilling, therefore, it may be modified from time to time to meet changing conditions.

Effective Date - This Plan of Development shall be effective January 1, 1963.

Yours very truly,

PAN AMERICAN PETROLEUM CORPORATION



T. M. Curtis
District Superintendent

CKD:en
Attach.

APPROVED: _____ DATE: _____
Director, United States Geological Survey
(Subject to like approval by appropriate
State Officials)

APPROVED: _____ DATE: _____
Commissioner of Public Lands
(Subject to like approval by U.S.G.S.
and Oil Conservation Commission)

APPROVED: _____ DATE: _____
Oil Conservation Commission
(Subject to like approval by U.S.G.S.
and Commissioner of Public Lands)

MAILING LIST OF WORKING INTEREST OWNERS
GALLEGOS CANYON UNIT AREA
SAN JUAN COUNTY, NEW MEXICO

American Petrofina Co. of Texas
P. O. Box 2159
Dallas 21, Texas
Attention: Mr. Deewall, Land Dept.

American Petrofina Co. of Texas
P. O. Box 2159
Dallas 21, Texas
Attention: Mr. Wilkin, Prod. Dept.

The Atlantic Refining Co. (3)
Suite 760, Petroleum Club Building
110 - 16th Street
Denver 2, Colorado

Aztec Oil and Gas Company
920 Mercantile Securities Building
Dallas 1, Texas
Attention: Mr. H. L. Snider, Jr.

Mary Roberts Berry
208 E. Washington Street
Washington, Iowa

Tom Bolack
1010 North Dustin
Farmington, New Mexico

Brookhaven Oil Company
P. O. Box 1267
Scottsdale, Arizona

B. H. and Dyvena Crawford
Bloomfield, New Mexico

Delta Oil Company of Utah
c/o Universal Minerals, Inc.
1126 Mercantile Securities Bldg.
Dallas 1, Texas

El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas
Attention: Land Department

Mr. Olen F. Featherstone
Roswell Petroleum Building
Roswell, New Mexico

Ernest A. Hanson
P. O. Box 1515
Roswell, New Mexico

L. B. Hodges
P. O. Box 489
Roswell, New Mexico

Arthur B. Johnson
1114 Laurel Drive
Lafayette, California

Harold K. Johnson
1118 Laurel Drive
Lafayette, California

Marie C. Anderson
372 Euclid Avenue
Oakland, California

Agnes L. Fulsaas
1807 78th Avenue
Oakland, California

Elma R. Jones
764 Twentieth Avenue
San Francisco, California

~~Wicks-Taylor~~ Drilling Company
601 Second Avenue
Durango, Colorado

National Drilling Company, Inc.
4810 N. Kenneth Avenue
Chicago 30, Illinois

Diversa, Inc.
633 Meadows Building
Dallas 6, Texas

Pubco Petroleum Corporation
P. O. Box 1419
Albuquerque, New Mexico

H. K. Riddle
644 East Barcelona Rd.
Santa Fe, New Mexico

Skelly Oil Company
P. O. Box 1650
Tulsa 2, Oklahoma
Attention: Mr. R. G. Hiltz

Skelly Oil Company
P. O. Box 38
Hobbs, New Mexico
Attention: Mr. H. E. Aab

Southern Union Production Company
Fidelity Union Tower Building
1507 Pacific Avenue
Dallas 1, Texas
Attention: Mr. A. M. Wiedekehr

Sunray DX Oil Company
Fourth Floor, 101 University Building
Cherry Creek Center
Denver 6, Colorado
Attention: Mr. A. W. Wadman, Jr.

Texaco Inc.
P. O. Box 2100
Denver, Colorado

Texas Pacific Coal & Oil Company
P. O. Box 2110
Fort Worth 1, Texas
Attention: Mr. R. W. Hines

John H. Trigg
P. O. Box 520
Roswell, New Mexico

Wood Oil Company
Room 800 - Midstates Building
Tulsa, Oklahoma

STATISTICAL REVIEW OF OPERATIONS
GALLEGOS CANYON UNIT
DECEMBER 1, 1962

Total wells drilled in Unit area	126
Total Unit acreage	43,146.82 acres

Pictured Cliffs Statistics

Pictured Cliffs Participating Area	27,456.46 acres
Total Wells Drilled	79
Dry Holes	18
Producing Wells as of 12-1-62	61
Current Production:	
October 1962	63,303 MCF
November 1962	74,326 MCF
Cumulative Production to 12-1-62	29,134,365 MCF

Dakota Statistics

Dakota Participating Area	43,146.62 acres
Total Wells Drilled	19 (Includes 4 duals)
Producing Wells	8
Current Production:	
October 1962	98,634 MCF
November 1962	98,227 MCF
Cumulative Production to 12-1-62	1,948,378 MCF

Gallup Statistics

Gallup Participating Area "A"	680 acres
Gallup Participating Area "B"	715.40 acres
Gallup Participating Area "C"	1,628.75 acres
Producing Wells (Includes 6 Non-Commercial)	27 (Includes 4 duals)
Current Production:	
October 1962	35,340 Bbls.
November 1962	36,674 Bbls.
Cumulative Production to 12-1-62	649,914 Bbls.

Fruitland Statistics

Total Wells Drilled	1 (Non-Commercial)
Current Production:	
October 1962	65 MCF
November 1962	2043 MCF
Cumulative Production to 12-1-62	79,001 MCF

RECEIVED

DEC 24 1963

TEXAS PACIFIC COAL AND OIL COMPANY

PAN AMERICAN PETROLEUM CORPORATION & LEASING DEPARTMENT

P. O. Box 480, Farmington, New Mexico

December 18, 1963

TITLE AND RENTAL DEPARTMENT

File: N-893-416

Subject: 1964 Plan of Development
Gallegos Canyon Unit
San Juan County, New Mexico

Director (6)
 United States Geological Survey
 P. O. Drawer 1857
 Roswell, New Mexico

Commissioner of Public Lands (3)
 The State of New Mexico
 Capitol Annex Building
 Santa Fe, New Mexico

Oil Conservation Commission of (3)
 The State of New Mexico
 Capitol Annex Building
 Santa Fe, New Mexico

All Working Interest Owners
 (See Attached Addressee List)

Gentlemen:

In compliance with Section 9 of the Gallegos Canyon Unit Agreement dated November 1, 1950, designated I-Sec. No. 844, Pan American Petroleum Corporation, as Unit Operator, respectfully submits for your approval a Plan of Development for the calendar year of 1964. The proposed plan has been approved by the Working Interest Owners as provided by the Unit Operating Agreement.

History of Past Development - There has been a total of 140 wells drilled in the Gallegos Canyon Unit. Of these, 61 are Pictured Cliffs producers, 4 are Gallup-Dakota duals, 26 are single Dakotas, 34 are Gallup producers, 1 is a Fruitland completion and 18 wells are dry holes and abandoned.

Participating areas have been formed for the Pictured Cliffs, the Dakota zone, and three separate Gallup pools inside the Unit. A non-commercial classification for the Fruitland completion was approved.

The attached tabulation furnishes a statistical review of operations in the Gallegos Canyon Unit.

Proposed Additional Wells - It is planned to drill ten Basin Dakota wells during 1964 at locations to be selected at a later date. Although the locations are not specified, it is anticipated these wells will be drilled in areas of offset development to prevent drainage.

Well Casing Program - The well casing program will generally follow current programs used in similar wells in the San Juan Basin. Included will be surface casing and other casing as required by the United States Geological Survey and the State of New Mexico.

Page 2

U. S. Geological Survey
Commissioner of Public Lands
Oil Conservation Commission
All Working Interest Owners

December 18, 1963

File: N-893-416
Subject: 1964 Plan of Development
Gallegos Canyon Unit
San Juan County, New Mexico

Offset Obligation - Appropriate measures will be taken to prevent drainage of unitized substances from lands subject to the Gallegos Canyon Unit Agreement, or, pursuant to applicable regulations, fair and reasonable compensatory royalty will be paid as provided in Section 15 of the Unit Agreement,


Further Development - This Plan of Development shall constitute the drilling obligation of the Unit Operator under terms of the Gallegos Canyon Unit Agreement for the period ending December 31, 1964.

Modifications - It is understood that this plan is dependent upon certain information to be obtained prior to and subsequent to drilling, therefore, it may be modified from time to time to meet changing conditions.

Effective Date - This Plan of Development shall be effective January 1, 1964.

Yours very truly,

PAN AMERICAN PETROLEUM CORPORATION


T. M. Curtis
District Superintendent

CKD:en
Attach.

APPROVED: _____ DATE: _____
Director, United States Geological Survey
(Subject to like approval by appropriate
State Officials)

APPROVED: _____ DATE: _____
Commissioner of Public Lands
(Subject to like approval by U.S.G.S.
and Oil Conservation Commission)

APPROVED: _____ DATE: _____
Oil Conservation Commission
(Subject to like approval by U.S.G.S.
and Commissioner of Public Lands)

STATISTICAL REVIEW OF OPERATIONS
GALLEGOS CANYON UNIT
DECEMBER 1, 1963

Total wells drilled in Unit area	140
Total Unit acreage	43,146.82 acres ✓

Pictured Cliffs Statistics

Pictured Cliffs Participating Area	27,456.46 acres ✓
Total Wells Drilled	79
Dry Holes	18
Producing Wells as of 12-1-63	61
Current Production:	
October 1963	67,482 MCF
November 1963	114,985 MCF
Cumulative Production to 12-1-63	30,171,069 MCF

Dakota Statistics

Dakota Participating Area	43,146.62 acres ✓
Total Wells Drilled	30 (Includes 4 duals)
Producing Wells	11
Current Production:	
October 1963	81,022 MCF
November 1963	84,002 MCF
Cumulative Production to 12-1-63	3,147,990 MCF

Gallup Statistics

Gallup Participating Area "A"	880 acres ✓
Gallup Participating Area "B"	715.40 acres
Gallup Participating Area "C"	1,868.75 acres
Producing Wells (Includes 13 Non-Commercial)	34 (includes 4 duals)
Current Production:	
October 1963	26,196 Bbls.
November 1963	24,941 Bbls.
Cumulative Production to 12-1-63	1,072,585 Bbls.

Fruitland Statistics

Total Wells Drilled	1 (Non-Commercial)
Current Production:	
October 1963	57 MCF
November 1963	1,605 MCF
Cumulative Production to 12-1-63	95,633 MCF

MAILING LIST OF WORKING INTEREST OWNERS

GALLEGOS CANYON UNIT AREA

SAN JUAN COUNTY, NEW MEXICO

American Petrofina Co. of Texas
P. O. Box 2159
Dallas 21, Texas
Attention: Mr. Deewall, Land Dept.

American Petrofina Co. of Texas
P. O. Box 2159
Dallas 21, Texas
Attention: Mr. Wilkin, Prod. Dept.

The Atlantic Refining Co. (3)
Suite 760, Petroleum Club Building
110 - 16th Street
Denver 2, Colorado

Aztec Oil and Gas Company
920 Mercantile Securities Building
Dallas 1, Texas
Attention: Mr. H. L. Snider, Jr.

Mary Roberts Berry
208 E. Washington Street
Washington, Iowa

Tom Bolack
1010 North Dustin
Farmington, New Mexico

Brookhaven Oil Company
P. O. Box 1267
Scottsdale, Arizona

B. H. and Dyvena Crawford
Bloomfield, New Mexico

Bloomfield Royalty Corporation
1126 Mercantile Securities Bldg.
Dallas 1, Texas

El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas
Attention: Land Department

Mr. Olen F. Featherstone
Roswell Petroleum Building
Roswell, New Mexico

Ernest A. Hanson
P. O. Box 1515
Roswell, New Mexico

L. B. Hodges
P. O. Box 489
Roswell, New Mexico

Arthur B. Johnson
1114 Laurel Drive
Lafayette, California

Harold K. Johnson
1118 Laurel Drive
Lafayette, California

Marie C. Anderson
372 Euclid Avenue
Oakland, California

Agnes L. Fulsas
1903 Adams Court
Mountain View, California

Elma R. Jones
764 Twentieth Avenue
San Francisco, California

Locke-Taylor Drilling Company
801 Second Avenue
Durango, Colorado

National Drilling Company, Inc.
4810 North Kenneth Avenue
Chicago 30, Illinois

Pubco Petroleum Corporation
P. O. Box 1419
Albuquerque, New Mexico

H. E. Riddle
1409 Mesilla N. E.
Albuquerque, New Mexico

Skelly Oil Company
P. O. Box 1650
Tulsa 2, Oklahoma
Attention: Mr. R. G. Hiltz

Skelly Oil Company
P. O. Box 38
Hobbs, New Mexico
Attention: Mr. H. E. Aab

Southern Union Production Company
Fidelity Union Tower Building
1507 Pacific Avenue
Dallas 1, Texas
Attention: Mr. A. M. Wiederkehr

Sunray DX Oil Company
Fourth Floor, 101 University Boulevard
Cherry Creek Center
Denver 6, Colorado
Attention: Mr. A. W. Wadman, Jr.

Texaco Inc.
P. O. Box 2100
Denver, Colorado

Texas Pacific Coal & Oil Company
P. O. Box 2110
Fort Worth 1, Texas
Attention: Mr. R. W. Hines

John H. Trigg
P. O. Box 520
Roswell, New Mexico

Wood Oil Company
Room 800 - Midstates Building
Tulsa, Oklahoma

17, 18 5

PAN AMERICAN PETROLEUM CORPORATION

SECURITY LIFE BUILDING
DENVER, COLORADO 80202

PRODUCING DEPARTMENT
H. T. HUNTER
DIVISION PRODUCTION
MANAGER

DISTRICT SUPERINTENDENTS
W. M. JONES
A. E. PIPER
T. M. CURTIS
JOINT INTEREST
SUPERINTENDENT
S. B. RICHARDS

March 4, 1968

File: TMC-82-416

Re: 1968 Plan of Development
Gallegos Canyon Unit
San Juan County, New Mexico

Director (6)
United States Geological Survey
P. O. Drawer 1857
Roswell, New Mexico 88201

Commissioner of Public Lands (3)
The State of New Mexico
State Land Office Building
Santa Fe, New Mexico 87501

Oil Conservation Commission of (3)
The State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501

All Working Interest Owners
Gallegos Canyon Unit
(See Attached Addressee List)

OFFICE 000

60 MAR 11 AM 8 13

Gentlemen:

In compliance with Section 9 of the Gallegos Canyon Unit Agreement dated November 1, 1950, designated I-Sec. No. 844, Pan American Petroleum Corporation, as Unit Operator, respectfully submits for your approval a Plan of Development for the calendar year of 1968. The proposed plan has been approved by the Working Interest Owners as provided by the Unit Operating Agreement.

History of Past Development - There has been a total of 251 wells drilled in the Gallegos Canyon Unit. Of these, 61 are Pictured Cliffs producers, 3 are Gallup-Dakota duals, 123 are single Dakotas, 24 are Gallup oil, 1 is a Gallup gas, 6 are Fruitland completions, 25 wells are dry holes and abandoned, and 8 are water injectors.

Participating areas have been formed for the Pictured Cliffs, Dakota, four separate Gallup pools and the Fruitland formation. Two water injection projects are in operation on acreage comprising Gallup Areas "C" and "D".

During 1967, four water injection wells were drilled and completed in Gallup Area "D" and injections were begun on May 24, 1967. This area contains 5 Gallup producing wells.

The initial Fruitland participating area and the first, second, and third revisions thereof were approved during 1967. One Fruitland well was completed during 1967.

The attached tabulation furnishes a statistical review of operations in the Gallegos Canyon Unit.

14
[Signature]

Proposed Additional Wells - The Dakota development program is now essentially complete. Evaluation of the remaining locations is underway and these will be submitted if deemed necessary and economical.

No other development in the Gallup, Pictured Cliffs or Fruitland is anticipated at this time.

Well Casing Program - The well casing program will generally follow current programs used in similar wells in the San Juan Basin. Included will be surface casing and other casing as required by the United States Geological Survey and the State of New Mexico.

Offset Obligation - Appropriate measures will be taken to prevent drainage of unitized substances from lands subject to the Gallegos Canyon Unit Agreement, or, pursuant to applicable regulations, fair and reasonable compensatory royalty will be paid as provided in Section 15 of the Unit Agreement.

Further Development - This Plan of Development shall constitute the drilling obligation of the Unit Operator under terms of the Gallegos Canyon Unit Agreement for the period ending December 31, 1968.

Modifications - It is understood that this plan is dependent upon certain information to be obtained prior to and subsequent to drilling; therefore, it may be modified from time to time to meet changing conditions.

Effective Date - This Plan of Development shall be effective January 1, 1968.

Yours very truly,



Attachments

APPROVED: _____

Director, United States Geological Survey
(Subject to like approval by appropriate
State Officials)

DATE: _____

4-29-68

APPROVED: _____

Commissioner of Public Lands
(Subject to like approval by U.S.G.S. and
Oil Conservation Commission)

DATE _____

4-4-68

APPROVED: _____

Oil Conservation Commission
(Subject to like approval by U.S.G.S. and
Commissioner of Public Lands)

DATE _____

July 24, 1968

MAILING LIST OF WORKING INTEREST OWNERS
GALLEGOS CANYON UNIT AREA
SAN JUAN COUNTY, NEW MEXICO

American Petrofina Co. of Texas
P. O. Box 2159
Dallas, Texas 75202
Attn: Mr. Deewall, Land Dept.

American Petrofina Co. of Texas
P. O. Box 2159
Dallas, Texas 75202
Attn: Mr. L. M. Thompson, Prod. Dept.

The Atlantic Refining Co. (3)
P. O. Box 1978
Roswell, New Mexico 88201

Aztec Oil & Gas Company
2000 First National Bank Building
Dallas, Texas 75202
Attn: Mr. H. L. Snider, Jr.

Mary Roberts Berry
208 E. Washington Street
Washington, Iowa 52353

Bloomfield Royalty Corporation
916 San Jacinto Building
Houston, Texas 77002

Brookhaven Oil Company
P. O. Box 1267
Scottsdale, Arizona 85252

B. H. and Dyvena Crawford
Bloomfield, New Mexico 87413

El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79999
Attn: Land Department

Olen F. Featherstone
Roswell Petroleum Building
Roswell, New Mexico 88201

E. A. Hanson
P. O. Box 1515
Roswell, New Mexico 88201

L. B. Hodges
P. O. Box 489
Roswell, New Mexico 88201

Arthur B. Johnson
1114 Laurel Drive
Lafayette, California 94549

Harold K. Johnson
1118 Laurel Drive
Lafayette, California 94549

Marie C. Anderson
357 Vernon Street
Oakland California 94610

Agnes L. Fulsaas
1903 Adams Court
Mountain View, California 94040

Elma R. Jones
c/o R. H. Klinger
P. O. Box 1741
Stockton, California 95201

Locke-Taylor Drilling Company
801 Second Avenue
Durango, Colorado 81301

A. C. Pegg
P. O. Box 66067
Chicago, Illinois 66066

E. I. Rydin
P. O. Box 8852
Chicago, Illinois 60680

National Drilling Company, Inc.
4810 North Kenneth Avenue
Chicago, Illinois 60630

Pubco Petroleum Corporation
P. O. Box 1419
Albuquerque, New Mexico 87103

Skelly Oil Company
P. O. Box 1650
Tulsa, Oklahoma 74101
Attn: Mr. B. W. Ratliff

Skelly Oil Company
P. O. Box 730
Hobbs, New Mexico 88240
Attn: Mr. H. E. Aab

Southern Union Production Company
Fidelity Union Tower Building
1507 Pacific Avenue
Dallas, Texas 75201
Attn: Mr. A. M. Wiederkehr

Sunray DX Oil Company
1101 Wilco Building
Midland, Texas 79701
Attn: Mr. D. N. Williams

Texaco, Inc.
P. O. Box 2100
Denver, Colorado 80202

Texas Pacific Oil Company
P. O. Box 747
Dallas, Texas 75221

Rip C. Underwood
P. O. Box 2588
First National Bank Building
Amarillo, Texas 79101

Wood Oil Company
Room 800 Midstates Building
Tulsa, Oklahoma 74103

M.H. and Eula Stark
Route 3
Farmington, New Mexico 87401

John J. Christmann
Great Plains Building
Lubbock, Texas 79401

Jack Markham
Great Plains Building
Lubbock, Texas 79401

J. Robert Jones
711 Petroleum Life Building
Midland, Texas 79701

Robert D. Fitting
504 Vaughn Building
Midland, Texas 79701

Estate of Ralph Fitting
P. O. Box 782
Midland, Texas 79701

Redfern & Herd
P. O. Box 1747
Midland, Texas 79701

STATISTICAL REVIEW OF OPERATIONS
GALLEGOS CANYON UNIT
DECEMBER 1, 1967

Total wells drilled in Unit area	251
Total Unit acreage	43,146.82 acres

Pictured Cliffs Statistics

Pictured Cliffs Participating Area	27,496.46 acres
Total wells drilled	78
Producing wells	61
Current production:	
October 1967	68,061 MCF
November 1967	47,595 MCF
Cumulative production to 12/1/67	34,423,591 MCF

Dakota Statistics

Dakota Participating Area	43,146.62 acres
Total wells drilled	128 (includes 2 duals)
Producing wells	127 (includes 3 duals)
Current production:	
October 1967	994,724 MCF
November 1967	1,723,541 MCF
Cumulative production to 12/1/67	76,749,768 MCF

Gallup Statistics

Gallup Participating Area "A"	880 acres
Gallup Participating Area "B"	715.40 acres
Gallup Participating Area "C"	2,148.75 acres
Gallup Participating Area "D"	2,396.88 acres
Producing Wells (includes 13 Non-Commercial)	28 (includes 3 duals, & 1 Gallup gas)
Total wells drilled	39
Current production:	
October 1967	8,224 Bbls.
November 1967	7,228 Bbls.
Cumulative production to 12/1/67	<u>1,682,121 Bbls.</u>

Fruitland Statistics

Fruitland Participating Area	1,275.68 acres
Total wells drilled	86
Producing wells (includes 1 Non-Commercial)	26
Current production:	
October 1967	68,948 MCF
November 1967	46,785 MCF
Cumulative production to 12/1/67	<u>656,105 MCF</u>

PAN AMERICAN PETROLEUM CORPORATION

REC-
TEXAS PACIFIC
PRODUCTION DIV.
JUL 31 1968

PRODUCING DEPARTMENT
H. T. HUNTER
DIVISION PRODUCTION
MANAGER

SECURITY LIFE BUILDING
DENVER, COLORADO 80202

July 29, 1968

File: TMC-229-416

DISTRICT SUPERINTENDENTS
W. M. JONES
A. E. PIPER
T. M. CURTIS
JOINT INTEREST
SUPERINTENDENT
S. B. RICHARDS

Re: 1968 Plan of Development
Gallegos Canyon Unit
San Juan County, New Mexico

All Working Interest Owners
Gallegos Canyon Unit
(See attached mailing list)

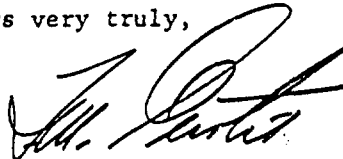
Gentlemen:

Please be advised that the captioned Plan dated March 4, 1968,
File: TMC-82-416 was approved as follows:

Commissioner of Public Lands
Guyton B. Hays April 4, 1968
Acting Supervisor United States Geological Survey
Carl C. Traywick April 29, 1968
Oil Conservation Commission
A. L. Porter Jr. July 24, 1968

Copy of said plan was previously forwarded to you for your files.

Yours very truly,



Attachment

2

MAILING LIST OF WORKING INTEREST OWNERS
GALLEGOS CANYON UNIT AREA
SAN JUAN COUNTY, NEW MEXICO

American Petrofina Co. of Texas
P. O. Box 2159
Dallas, Texas 75202
Attn: Mr. Deewall, Land Dept.

American Petrofina Co. of Texas
P. O. Box 2159
Dallas, Texas 75202
Attn: Mr. L. M. Thompson, Prod. Dept.

The Atlantic Refining Co. (3)
P. O. Box 1978
Roswell, New Mexico 88201

Aztec Oil & Gas Company
2000 First National Bank Building
Dallas, Texas 75202
Attn: Mr. H. L. Snider, Jr.

Mary Roberts Berry
208 E. Washington Street
Washington, Iowa 52353

Bloomfield Royalty Corporation
916 San Jacinto Building
Houston, Texas 77002

Brookhaven Oil Company
P. O. Box 1267
Scottsdale, Arizona 85252

B. H. and Dyvena Crawford
Bloomfield, New Mexico 87413

El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79999
Attn: Land Department

Olen F. Featherstone
Roswell Petroleum Building
Roswell, New Mexico 88201

E. A. Hanson
P. O. Box 1515
Roswell, New Mexico 88201

L. B. Hodges
P. O. Box 489
Roswell, New Mexico 88201

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1114 Laurel Drive
Lafayette, California 94549

Harold K. Johnson
1118 Laurel Drive
Lafayette, California 94549

Marie C. Anderson
357 Vernon Street
Oakland, California 94610

Agnes L. Fulsaa
1903 Adams Court
Mountain View, California 94040

Elma R. Jones
c/o R. H. Klinger
P. O. Box 1741
Stockton, California 95201

Locke-Taylor Drilling Company
801 Second Avenue
Durango, Colorado 81301

A. C. Pegg
P. O. Box 66067
Chicago, Illinois 66066

E. I. Rydin
P. O. Box 8852
Chicago, Illinois 60680

National Drilling Company, Inc.
4810 North Kenneth Avenue
Chicago, Illinois 60630

Pubco Petroleum Corporation
P. O. Box 1419
Albuquerque, New Mexico 87103

Skelly Oil Company
P. O. Box 1650
Tulsa, Oklahoma 74101
Attn: Mr. B. W. Ratliff

Skelly Oil Company
P. O. Box 730
Hobbs, New Mexico 88240
Attn: Mr. H. E. Aab

Southern Union Production Company
Fidelity Union Tower Building
1507 Pacific Avenue
Dallas, Texas 75201
Attn: Mr. A. M. Wiederkehr

Sunray DX Oil Company
1101 Wilco Building
Midland, Texas 79701
Attn: Mr. D. N. Williams

Texaco, Inc.
P. O. Box 2100
Denver, Colorado 80202

Texas Pacific Oil Company
P. O. Box 747
Dallas, Texas 75221

Rip C. Underwood
P. O. Box 2588
First National Bank Building
Amarillo, Texas 79101

Wood Oil Company
Room 800 Midstates Building
Tulsa, Oklahoma 74103

M. H. and Eula Stark
Route 3
Farmington, New Mexico 87401

John J. Christmann
Great Plains Building
Lubbock, Texas 79401

Jack Markham
Great Plains Building
Lubbock, Texas 79401

J. Robert Jones
711 Petroleum Life Building
Midland, Texas 79701

Robert D. Fitting
504 Vaughn Building
Midland, Texas 79701

Estate Of Ralph Fitting
P. O. Box 782
Midland, Texas 79701

Redfern & Herd
P. O. Box 1747
Midland, Texas 79701

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

October 31, 1990

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

BEFORE EXAMINER STOGNER	
OIL CONVEYANCE	
<u>BHP</u>	EQUITY NO. <u>5</u>
CASE NO. _____	



BHP
Petroleum
(Americas) Inc

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/lid
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:

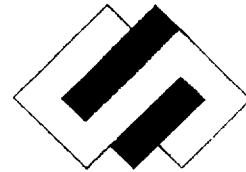
Enclosed for your information are copies of instruments affecting title to Louise Locke's working interest in the NW/4 Section 23-T29N, R13W, San Juan County, New Mexico. The instruments were copied for BHP by its New Mexico attorney from materials being examined for a title opinion which is yet unfinished. 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

LAND 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 it 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:

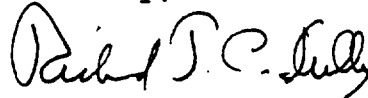
1. BHP will complete and equip the Gallegos Canyon Unit #391 Well in the Fruitland Formation in a reasonably prudent manner on or before April 1, 1991.
2. BHP will change the pooled unit from the Gallegos Canyon Unit #391 to the N/2 of Section 23 on or before April 1, 1991.

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

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



January 28, 1991

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

Jose Y. Locke

Mr. Tully:

BHP Petroleum (Americas) Inc. is in receipt of your letter dated January 22, 1991 regarding the Gallegos Canyon Unit Well #391. Please be advised BHP's attorney is reviewing the allegations set forth 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.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Donald Reinhardt".

Donald Reinhardt
Senior Landman

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

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

HARD 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.

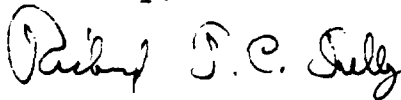
The offer to purchase all of our client's right, title, and interest in the N/2 of Section 23, T-29-N, R-12-W, N.M.P.M., and reserving a 7.5% overriding royalty interest is rejected.

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

TCT:sak

enclosure

c w/o encl.

Louise Y. Locke
c/o Don Locke
39-1/2 East 2nd Street
Rifle, CO 81650

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RE" "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:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature — Addressee
X *Richard T. C. Tully*

6. Signature — Agent
X

7. Date of Delivery
6-3-91

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

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)

PS Form 3800, June 1985 *U.S.G.P.O. 1989-234-555

Sent to	Mr. Richard T. C. Tully
Street and No.	P. O. Box 268
P.O., State and ZIP Code	Farmington, NM 87499-0268
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

5847 San Felipe Suite 3800
Houston, Texas 77057
Telephone: (713) 780-5000
FAX (713) 780-5273
Telex 9108813603

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

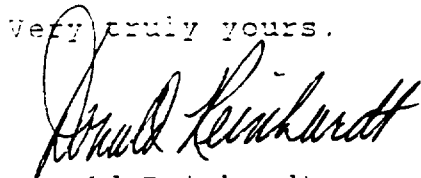
Mr. Richard T. C. Tully
Page two
May 29, 1991

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 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.



Donald Reinhardt
Senior Landman

DR

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>W.C. McLaughlin</u>	<u>5/24/90</u>
<u>Tom Bean</u>	<u>6-4-90</u>						

Approved

JM Edgerton6/5/90

Date



DETAILED COST ESTIMATE
DRILLING, RECOMPLETIONS AND WORKOVERS

Name & Well No. Gallegos Canyon Unit No. 390 AFE No. 9101208
on SE/SW Section 23 T29N - R13W County and State San Juan, New Mexico

INTANGIBLE DRILLING COSTS

	Gross Cost To Csq Pt.
CODE 4527-20	
Rotary Footage	
1,640 ft. @ \$ 9.00	\$ 14,760
Rotary Daywork	
2 days WDP @ \$ 4,000 day	8,000
days WOPD @ \$ day	
Drillsite Camp Expense	
Rotary Turnkey	
Drilling Deals (W.I.)	
Rental Tools/Equipment	1,500
Rig Move	
Inspection Services	
Trucking/Boats	2,000
Personnel Transportation	
Power/Fuel	
Drig Mud & Additives	2,000
Drill Bits/Reamers	
Water	1,200
Mud Logging	
Open Hole Logs	4,000
DST's/Surveys	
Cement & Cementing	2,000
Cores	
Directional Drilling	
Engineering & Consulting	
Location Dirtwork/Cln Up	2,500
Geological	
Drig Permits/Bonds	
Drig Title Opinion	
Stake/Survey Location	500
Right of Way/Damages	2,000
Well Control Insurance	
Overhead - Drig	
Material & Supplies	
Co. Labor/Supervision	1,200
Contract Labor	
Other Drilling Costs	
Supplemental	
Total TCP	\$ 41,660
BHP Net	\$ 41,660

TANGIBLE DRILLING COSTS

CODE 4515-10	X-on Hand	TCP
Installation Cost		\$ 250
Casinghead		500
Cond./Surface Csg		
120 ft 7" 23# K-55		
@ \$ 10.37 ft		1,245
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 & Ftgs.		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	

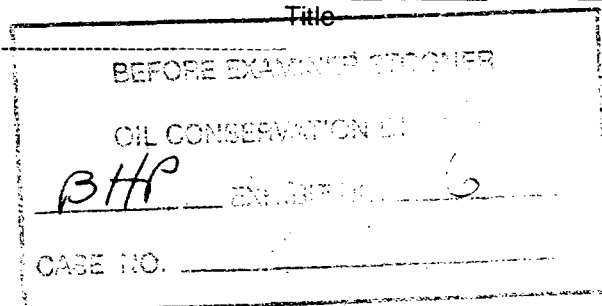
Prepared by Paul C. Bertoglio PCB Date May 14, 1990

Recommended: Operations	Date	Land	Date	Marketing	Date	Technology	Date
						<u>ACM</u>	<u>5/24/90</u>
<u>Steve</u>	<u>6-4-90</u>						

Approved QMED 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.

By _____ Company _____ 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

<u>CODE 4527-20</u>	<u>Gross Cost</u>
	<u>To Csg Pt.</u>
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>
_____ days WOPD @ \$ _____ 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>

<u>CODE 4515-10</u>	<u>X-on</u>	<u>TCP</u>
	<u>Hand</u>	
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		
_____ ft		
@\$ _____ ft		
_____ ft		
@\$ _____ 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>

<u>CODE 4527-30</u>	<u>Gross</u>
	<u>Completion Costs</u>
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>

<u>CODE 4515-20</u>	<u>X-on</u>	<u>Comp. Costs</u>
	<u>Hd</u>	
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		
_____ ft		
@\$ _____ ft		
_____ ft		
@\$ _____ 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		

<u>CODE 4515-21</u>	
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 & Ftgs.	<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

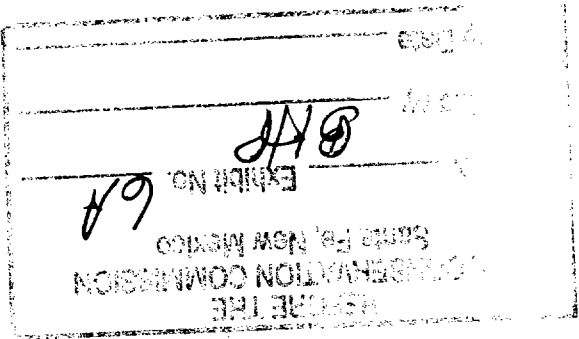
PREPARED BY: Paul C. Bertoglio

RUN DATE 11/05/91
REPORT ID: AF715-BU-1

GROSS AFE DETAIL COSTS

AFE NUMBER 9101208 START DATE 06/05/90 COMPLETION-DATE / / ACTIVITY NM003000390 STATE
AFE NAME GALLEGOS CANYON UNIT #390 -TYPE X BILL CODE N COUNTY
OPERATOR -STAT 0 WKING INT 0.00000000 FIELD

ACCOUNT CODE	ACCOUNT NAME	BUDGET		TOTAL	ACTUAL	VARIANCE
		ORIGINAL	SUPPLEMENT			
DRY HOLE						
INTANGIBLE						
452702001	DRILLING CONTRACT-FOOTAGE-IDC	14,760	0	14,760	16,275	1,515
452702002	DRILLING CONTRACT-DAY WORK-IDC	8,000	0	8,000	4,488	-3,512
452702007	RENTAL TOOLS/EQUIPMENT-IDC	1,500	0	1,500	505	-995
452702008	MOVING RIG-IDC	0	0	0	2,131	2,131
452702010	TRUCKING/BOATS-IDC	2,000	0	2,000	0	-2,000
452702011	PERSONNEL-TRANSPORTATION-IDC	0	0	0	189	189
452702013	DRILLING MUD & ADDITIVES-IDC	2,000	0	2,000	1,537	-463
452702014	DRILL BITS/REAMERS-IDC	0	0	0	2,274	2,274
452702016	WATER-IDC	1,200	0	1,200	2,300	1,100
452702018	WELL LOGGING-OPEN HOLE-IDC	4,000	0	4,000	5,839	1,839
452702022	CEMENT & CEMENTING-IDC	2,000	0	2,000	6,258	4,258
452702030	ENGINEERING & CONSULTING-IDC	0	0	0	2,237	2,237
452702031	LOCATION,DIRT WORK/CLEANUP-IDC	2,500	0	2,500	1,710	-790
452702035	DRILLING TITLE OPINION-IDC	0	0	0	3,170	3,170
452702036	STAKE & SURVEY LOCATION - IDC	500	0	500	390	-110
452702037	RIGHT OF WAY/DAMAGES-IDC	2,000	0	2,000	0	-2,000
452702041	MATERIALS & SUPPLIES-IDC	0	0	0	513	513
452702042	COMPANY LABOR/SUPERVISION-IDC	1,200	0	1,200	1,499	299
452702043	CONTRACT LABOR-IDC	0	0	0	2,667	2,667
TOTAL INTANGIBLE		41,660	0	41,660	53,981	12,321
TANGIBLE						
451501001	INSTALLATION COSTS-WELL EQUIP	250	0	250	0	-250
451501006	CASING HEAD	500	0	500	421	-79
451501007	CONDUCTOR/SURFACE CASING	1,245	0	1,245	386	-859
TOTAL TANGIBLE		1,995	0	1,995	807	-1,188
TOTAL DRY HOLE COSTS		43,655	0	43,655	54,788	11,133
COMPLETION						
INTANGIBLE						
452703001	COMPLETION RIGS-IDC	7,500	0	7,500	0	-7,500
452703007	RENTAL TOOLS/EQUIPMENT-IDC	1,000	0	1,000	0	-1,000
452703009	INSPECTION SERVICES-IDC	0	0	0	855	855
452703010	TRUCKING/BOATS-IDC	2,000	0	2,000	97	-1,903
452703011	PERSONNEL TRANSPORTATION-IDC	0	0	0	99	99
452703016	WATER-IDC	1,000	0	1,000	0	-1,000
452703019	PERFORATE-IDC	1,500	0	1,500	0	-1,500
452703021	ACIDIZE & FRAC-IDC	17,500	0	17,500	0	-17,500
452703022	CEMENT & CEMENTING-IDC	5,000	0	5,000	0	-5,000
452703031	LOCATION,DIRT WORK/CLEANUP-IDC	1,500	0	1,500	0	-1,500
452703041	MATERIALS & SUPPLIES-IDC	2,000	0	2,000	452	-1,548
452703042	COMPANY LABOR/SUPERVISION-IDC	1,500	0	1,500	881	-619
TOTAL INTANGIBLE		40,500	0	40,500	2,384	-38,116
TANGIBLE						



		GROSS AFE DETAIL COSTS					
451502001	INSTALLATION COSTS-WELL EQUIP	1,500	0	1,500	143	-1,357	
451502002	SUCKER RODS	1,500	0	1,500	0	-1,500	
451502003	BOTTOM HOLE PUMP	1,200	0	1,200	0	-1,200	
451502004	PUMPING UNIT	5,000	0	5,000	0	-5,000	
451502005	PRIME MOVER	7,500	0	7,500	0	-7,500	
451502006	WELLHEAD	2,500	0	2,500	443	-2,057	
451502007	CASING	8,200	0	8,200	6,330	-1,870	
451502008	TUBING	4,575	0	4,575	0	-4,575	
451502101	INSTALLATION COSTS-LSE EQUIP	5,000	0	5,000	0	-5,000	
451502111	BATTERIES AND BOILER STE	1,500	0	1,500	0	-1,500	
451502115	SEPARATOR TREATERS	2,500	0	2,500	0	-2,500	
451502116	PIPE, USED FOR OPER PURPOSES	5,000	0	5,000	0	-5,000	
451502119	MISC. VALVES & FITTINGS	2,000	0	2,000	0	-2,000	
TOTAL TANGIBLE		47,975	0	47,975	6,915	-41,060	
TOTAL COMPLETION COSTS		88,475	0	88,475	9,299	-79,176	
TOTAL 9101208		132,130	0	132,130	64,088	-68,042	



AUTHORITY FOR EXPENDITURE
Inland Business Unit
(Drilling, Workovers, Recomp.'s, Etc.)

Operator BHP PETROLEUM (AMERICAS) INC. AFE No. 9101209
Contract/Agreement No. C-EXRM02634 Land Lease No. C-EXRM02709 Budget Year 1991
Project 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	
	To Csg. Pt.	Aft. Csg. Pt.	Dry Hole	Producer
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, 1990

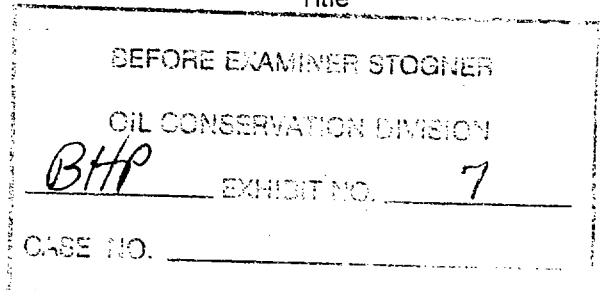
Recommended:

Operations	Date	Land	Date	Marketing	Date	Technology	Date
						<i>ACGMBay</i>	<i>5/29/90</i>
<i>JLM Lean</i>	<i>6-4-90</i>						

Approved *JM Edgington* *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. 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 _____ days WOPD @ \$ _____ day	<u>8,000</u>
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>39,050</u>
BHP Net	\$ <u>24,406</u>

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 _____ ft @\$ _____ ft _____ ft @\$ _____ ft	_____	_____
Supplemental	_____	_____
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	_____
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>25,312</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>1,350</u> ft 4 1/2" 10.5# J-55 @\$ <u>5.00</u> ft _____ ft @\$ _____ ft _____ ft @\$ _____ ft	_____	<u>6,750</u>
08 Tubing: <u>1,250</u> ft 2 3/8" 4.7# J-55 @\$ <u>3.00</u> ft	_____	<u>3,750</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 & Ftgs.	_____	<u>2,000</u>
Supplemental	_____	_____
Total Tang Comp. Cost		\$ <u>45,700</u>
BHP NET		\$ <u>28,563</u>

PREPARED BY: Paul C. Bertoglio

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

GROSS AFE DETAIL COSTS

AFE NUMBER 9101209 START DATE 06/05/90 COMPLETION-DATE / / ACTIVITY NM003100391 STATE
AFE NAME GALLEGOS CANYON UNIT #391 -TYPE X BILL CODE A COUNTY
OPERATOR -STAT 0 WKING INT 0.00000000 FIELD

ACCOUNT CODE		ACCOUNT NAME	ORIGINAL	BUDGET SUPPLEMENT	TOTAL	ACTUAL	VARIANCE
DRY HOLE							
INTANGIBLE							
452702001		DRILLING CONTRACT-FOOTAGE-IDC	12,150	0	12,150	0	-12,150
452702002		DRILLING CONTRACT-DAY WORK-IDC	8,000	0	8,000	12,307	4,307
452702007		RENTAL TOOLS/EQUIPMENT-IDC	1,500	0	1,500	2,370	870
452702008		MOVING RIG-IDC	0	0	0	13,507	13,507
452702010		TRUCKING/BOATS-IDC	2,000	0	2,000	0	-2,000
452702013		DRILLING MUD & ADDITIVES-IDC	2,000	0	2,000	2,254	254
452702016		WATER-IDC	1,200	0	1,200	1,837	637
452702018		WELL LOGGING-OPEN HOLE-IDC	4,000	0	4,000	6,089	2,089
452702022		CEMENT & CEMENTING-IDC	2,000	0	2,000	5,819	3,819
452702030		ENGINEERING & CONSULTING-IDC	0	0	0	4,170	4,170
452702031		LOCATION,DIRT WORK/CLEANUP-IDC	2,500	0	2,500	8,102	5,602
452702034		DRILLING PERMITS/BONDS-IDC	0	0	0	8,934	8,934
452702035		DRILLING TITLE OPINION-IDC	0	0	0	3,267	3,267
452702036		STAKE & SURVEY LOCATION - IDC	500	0	500	390	-110
452702037		RIGHT OF WAY/DAMAGES-IDC	2,000	0	2,000	2,500	500
452702041		MATERIALS & SUPPLIES-IDC	0	0	0	2,585	2,585
452702042		COMPANY LABOR/SUPERVISION-IDC	1,200	0	1,200	0	-1,200
452702043		CONTRACT LABOR-IDC	0	0	0	3,082	3,082
TOTAL INTANGIBLE			39,050	0	39,050	77,214	38,164
TANGIBLE							
451501001		INSTALLATION COSTS-WELL EQUIP	250	0	250	0	-250
451501006		CASING HEAD	500	0	500	940	440
451501007		CONDUCTOR/SURFACE CASING	1,245	0	1,245	1,481	236
TOTAL TANGIBLE			1,995	0	1,995	2,421	426
TOTAL DRY HOLE COSTS			41,045	0	41,045	79,635	38,590
COMPLETION							
INTANGIBLE							
452703001		COMPLETION RIGS-IDC	7,500	0	7,500	0	-7,500
452703007		RENTAL TOOLS/EQUIPMENT-IDC	1,000	0	1,000	539	-461
452703009		INSPECTION SERVICES-IDC	0	0	0	1,608	1,608
452703010		TRUCKING/BOATS-IDC	2,000	0	2,000	10	-1,990
452703011		PERSONNEL TRANSPORTATION-IDC	0	0	0	90	90
452703016		WATER-IDC	1,000	0	1,000	0	-1,000
452703019		PERFORATE-IDC	1,500	0	1,500	0	-1,500
452703021		ACIDIZE & FRAC-IDC	17,500	0	17,500	0	-17,500
452703022		CEMENT & CEMENTING-IDC	5,000	0	5,000	3,939	-1,061
452703031		LOCATION,DIRT WORK/CLEANUP-IDC	1,500	0	1,500	0	-1,500
452703041		MATERIALS & SUPPLIES-IDC	2,000	0	2,000	98	-1,902
452703042		COMPANY LABOR/SUPERVISION-IDC	1,500	0	1,500	3,218	1,718
452703043		CONTRACT LABOR-IDC	0	0	0	486	486
TOTAL INTANGIBLE			40,500	0	40,500	9,987	-30,513
TANGIBLE							

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		GROSS AFE DETAIL COSTS				
451502001	INSTALLATION COSTS-WELL EQUIP	1,500	0	1,500	143	-1,357
451502002	SUCKER RODS	1,500	0	1,500	0	-1,500
451502003	BOTTOM HOLE PUMP	1,200	0	1,200	0	-1,200
451502004	PUMPING UNIT	5,000	0	5,000	0	-5,000
451502005	PRIME MOVER	7,500	0	7,500	0	-7,500
451502006	WELLHEAD	2,500	0	2,500	443	-2,057
451502007	CASING	6,750	0	6,750	5,130	-1,620
451502008	TUBING	3,750	0	3,750	0	-3,750
451502101	INSTALLATION COSTS-LSE EQUIP	5,000	0	5,000	0	-5,000
451502111	BATTERIES AND BOILER STE	1,500	0	1,500	0	-1,500
451502115	SEPARATOR TREATERS	2,500	0	2,500	0	-2,500
451502116	PIPE, USED FOR OPER PURPOSES	5,000	0	5,000	0	-5,000
451502119	MISC. VALVES & FITTINGS	2,000	0	2,000	0	-2,000
TOTAL TANGIBLE		45,700	0	45,700	5,716	-39,984
TOTAL COMPLETION COSTS		86,200	0	86,200	15,703	-70,497
TOTAL 9101209		127,245	0	127,245	95,337	-31,908

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UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW MEXICO

LOUISE Y. LOCKE d/b/a
LOCKE-TAYLOR DRILLING COMPANY,

Plaintiff,

vs.

BHP PETROLEUM (AMERICAS) INC.,

Defendant.

No. CIV 91-748M

Case No.	8
Submitted by	BHP
Hearing Date	

PLAINTIFF'S RESPONSES TO
DEFENDANT'S FIRST REQUEST FOR ADMISSIONS

COMES NOW the Plaintiff Louise Y. Locke d/b/a Locke-Taylor Drilling Company and responds to the Defendant's First Request for Admissions as follows:


Response to Request for Admission No. 1: The Howard Tycksen Pooled Unit No. 1 Well is completed and is producing from the West Kutz Fruitland Sand Pool. However, due to the open hole method of completion of this well, some exposed Basin Fruitland Coal Gas Intervals could be contributing to the gas production from this well.

Response to Request for Admission No. 2: The West Kutz Fruitland Sand Pool is a separate and distinct pool from the Basin Fruitland Coal Gas Pool as determined by the New Mexico Oil Conservation Division in its pool classifications.

Response to Request for Admission No. 3: Under the current New Mexico Oil Conservation Division Rules and Regulations the designated drilling for the West Kutz Fruitland Sand Pool is 160 surface contiguous acres, and the designated drilling tract for the Basin Fruitland Coal Gas Pool is 320 surface contiguous acres.

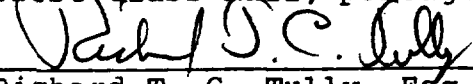
Response to Request for Admission No. 4: As described above, the Howard Tycksen Pooled Unit No. 1 Well is possibly producing gas from what is now called the Basin Fruitland Coal Gas Intervals. Plaintiff is the owner of all the working interest and operating rights from the surface to the base of the Pictured Cliffs Formation, which includes the West Kutz Fruitland Sand Pool and the Basin Fruitland Coal Gas Pool in the N/2 of Section 23, T-29-N, R-13-W, N.M.P.M. and had no plans and did not deem it reasonable or necessary to test the Basin-Fruitland Coal Gas Pool prior to the spudding of the Gallegos Canyon Unit No. 391 Well by Defendant on December 12, 1990.

RICHARD T. C. TULLY, P. A.



Richard T. C. Tully, Esq.
P. O. Box 268
Farmington, NM 87499-0268
(505) 327-3388

I hereby certify that the foregoing pleading was mailed to James Bruce, Esq. on this 13th day of January, 1992 by first class mail, postage pre-paid.



Richard T. C. Tully, Esq.