FORM 1020 1-51

STANOLIND OIL AND GAS COMPANY

OIL AND GAS BUILDING

FORT WORTH, TEXAS

JAMES K. SMITH DIVISION ATTORNEY

January 8, 1954

RE: New Mexico Eddy County East Artesia Area AFE-20,044 Contract No. 21,851

6929,90

603216-2162 # 519,742.50

Malco Refineries, Inc. P. O. Box 660 Roswell, New Mexico

Westcoast Hydrocarbons, Inc. P. O. Box 660 Roswell, New Mexico

Gentlemen:

Pursuant to the provisions of Article 2 of that certain agreement dated July 10, 1953, by and between Malco Refineries, Inc., and Westcoast Hydrocarbons, Inc., as "Lessee", and Stanolinr Oil and Gas Company, as "Operator", as amended by letter agreements dated August 10, 1953, and August 28, 1953, and by a certain instrument dated December 7, 1953, Stanolind Oil and Gas Company does hereby designate the leases and land described in the Schedule of Leases attached to this letter as Exhibit $^{n}A^{n}$ and made a part hereof, such leases and land being situated in Eddy County, New Mexico.

Upon receipt of properly executed Operating Agreements in the form attached to said agreement as Exhibit "C", we shall pay to you the consideration provided for in Article 2 of said agreement.

Please indicate that the above designation of acreage is timely made in accordance with the provisions of said agreement by returning to us a copy of this letter signed by you in the spaces provided below.

Very truly yours,

ACCEPTED, this

, 1954:

westcoast hydrocarbons

AND GAS COMPANY

BEFORE EXAMINER STOGNER OIL CONSERVATION DIVISION

EXHIBIT NO.

EXHIBIT "A"

SCHEDULE OF LEASES

Acres:

Acres:

Acres:

Acres: 480.52

Acres: 160.00

Acres: 40.00

800.00

Acres:

800.00

240.00

360.00

1. Serial No. LC 067858

Lessor:

USA

Malco Refineries, Inc.

Lessee: Date:

July 1, 1949

Description:

Insofar as same covers:

T. 18S., R. 27 E. Sec. 11: NE/4, W/2

Sec. 15: E/2

2. Serial No. LC 067857 Lessor: Lessee:

Date:

USA

Malco Refineries, Inc. September 1, 1948

Description:

T. 18S., R. 27 E. Sec. 22: N/2 NE/4, S/2 N/2

Insofar as same covers:

3. Serial No. LC 065616

Lessor: Lessee:

USA

Malco Refineries, Inc.

Date: Description: September 1, 1948 Insofar as same covers:

T. 18S., R. 27E

Sec. 15: NW/4, N/2 SW/4 Sec. 21: N/2 NE/4, SE/4 NE/4

4. Serial No. LC 062412

Lessor: Lessee:

USA

Malco Refineries, Inc.

Date:

January 1, 1944

Description:

Insofar as same covers:

Sec. 1: W/2, NE/4, T. 18S., R. 27E

5. Serial No. B-7244

Lessor: State of New Mexico

Lessee:

Malco Refineries, Inc.

Date: Description: October 10, 1937 Insofar as same covers:

T. 18S., R. 27E.

Sec. 2: S/2 NW/4, NW/4 SW/4, SE/4 SW/4

6. Serial No. B-8814

State of New Mexico

Lessor: Lessee: Date:

Malco Refineries, Inc. September 10, 1940 Insofar as same covers:

Description: T. 18S1, R. 27E.

Sec. 2: NE/4 SW/4

7. Serial No. LC 067849 Lessor:

Lessee:

USA Malco Refineries, Inc.

Date: Description: September 1, 1948 Insofar as same covers:

T. 17S., R. 27E. Sec. 27: N/2, N/2 S/2 Sec. 28: NE/4 NE/4 Sec. 34: W/2 NW/4, SW/4 Sec. 35: NW/4 NW/4

-1-

Acres: 840.00 8. Serial No. LC 050158

Lessor:

USA

Malco Refineries, Inc. Lessee:

December 31, 1938 Date:

Insofar as same covers: Description:

T. 17S., R. 27E.

Sec. 26: E/2 E/2, S/2 SW/4

Sec. 27: S/2 S/2

Sec; 34: NE/4, W/2 SE/4 Sec. 35: SW/4 NW/4, E/2 NW/4, E/2 NE/4

9. Serial No. LC 026874-C 40.00 Acres:

Lessor:

USA Lessee:

Malco Refineries, Inc.

April 16, 1935 Date:

Insofar as same covers: Description:

T. 17S., R. 27E Sec. 33: SE/4 NE/4

10. Serial No. LC 065478-B 80.00 Acres:

Lessor:

Malco Refineries, Inc. Lessee:

Date: July 11, 1934

Insofar as same covers: Description:

T. 18S., R. 27E. Sec. 9: S/2 SE/4

11. Serial No. LC 065478-B Acres: 80.00

Lessor:

Malco Refineries, Inc. Lessee:

Date: July 11, 1934

Description: Insofar as same covers:

T. 18S., R. 27E. Sec. 10: N/2 NE/4

12. Serial No. LC 065478-B Acres: 642.88

Lessor:

USA

Malco Refineries, Inc. Lessee:

July 11, 1934 Date:

Description: Insofar as same covers:

T. 18S., R. 27E.

Sec. 3: NE/4, N/2 SE/4, E/2 SW/4, N/2 NW/4

Sec. 10: SE/4, S/2 NE/4

37,25 13. Serial No. LC 065478-A Acres: 40.00

Lessor: Lessee:

USA

Malco Refineries, Inc.

Date:

March 8, 1932

Description: Insofar as same covers:

T. 18S., R. 27E. Sec. 4: SE/4 NE/4

14. Serial No. LC 064050-A Acres: 200.00

Lessor:

Malco Refineries, Inc. Lessee:

Date:

January 1, 1951

Description: Insofar as same covers:

T. 17S., R. 27E

Sec. 34: E/2 NW/4, E/2 SE/4

Sec. 35: NW/4 SW/4

15. Serial No. LC 068361-A 200.00 Acres:

Lessor:

USA

Lessee: Donald B. Anderson December 1, 1949 Date:

Description: Insofar as same covers:

T. 17S., R. 27E. Sec. 25: W/2 NW/4

Sec. 26: W/2 NW/4, NW/4 SW/4

Acres: 40.73 16. Serial No. E-5461

Lessor:

State of New Mexico Malco Refineries, Inc.

Lessee: Date:

August 10, 1951

Description:

Insofar as same covers:

T. 18S., R. 27E.

Sec. 2: Lot 4 (NW/4 NW/4)

17. Serial No. B-10456

Acres: 400.00

Lessor:

State of New Mexico

Lessee:

Malco Refineries, Inc.

Date:

July 101 1943

Description:

Insofar as same covers:

T. 18S., R. 27E.

Sec. 14: NE/4 NE/4; NE/4 SE/4; NW/4 SE/4; NE/4 SW/4;

SE/4 SW/4, N/2 NW/4 Sec. 13: SW/4 NW/4, SE/4 SW/4, NW/4 SE/4

18. Serial No. LC 070938 (LC 028805-B) (LC 055465-B) Acres: 640.00

Lessor:

USA

Lessee:

Hugo A. Anderson, Jr.

Date:

July 11, 1934

Description:

Insofar as same covers:

T. 18S., R. 27E Sec. 3: S/2 SE/4

Sec. 9: N/2 SE/4, NE/4

Sec. 10: W/2

19. Serial No. LC 055383-B (LC 026874) Acres: 200.00

Lessor:

USA

Lessee:

Hugo A. Anderson, Jr.

Date:

April 16, 1935

Description:

Insofar as same covers:

T. 17S., R. 27E.

Sec. 33: W/2 NE/4, NE/4 NE/4, S/2 SE/4

20. Serial No. LC 070937 (LC 028805-A)(LC 055465-A) Acres: 120.00

Lessor:

USA

Hugo A. Anderson, Jr. Lessee:

March 8, 1932

Date: Description:

Insofar as same covers:

T. 18S., R. 27E.

Sec. 4: N/2 NE/4, SW/4 NE/4

21. Serial No. B-10021 Acres: 40.00

Lessor: Lessee:

State of New Mexico J. E. Bedingfield

Date: Description: January 11, 1943 Insofar as same covers:

T. 17S., R. 28E. Sec. 31: SW/4 NE/4

22. Serial No. B-7966 40.00 Acres:

Lessor: Lessee:

State of New Mexico Malco Refineries, Inc.

Date:

January 11, 1939

Description:

Insofar as same covers:

T. 17S., R. 28E. Sec. 31: NE/4 SW/4

23. Serial No. 647 87.43 Acres:

Lessor: Lessee:

State of New Mexico Barney Cockburn November 14, 1922

Date: Description:

Insofar as same covers:

T. 17S., R. 28E.

Sec. 31: Lots 3 & 4 (W/2 SW/4)

24. Serial No. LC 028755-A

Lessor:

USA

Paton Brothers

Lessee: Date:

August 1, 1946

Description:

Insofar as same covers:

T. 17S., R. 27E.

Sec. 35: SE/4 SW/4, SW/4 SE/4

25. Serial No. LC 057798

Acres: 200.00

Acres:

80.00

Lessor:

USA

Lessee:

R. S. Magruder

Date:

December 1, 1940

Description:

Insofar as same covers:

T. 17S., R. 27E.

Sec. 35: E/2 SE/4, NW/4 SE/4, NE/4 SW/4, SW/4 SW/4

26. Serial No. 2029

Acres:

40.60

Lessor: Lessee: Date:

State of New Mexico W. F. Daugherity December 17, 1924

Description:

Insofar as same covers:

T. 18S., R. 27E Sec. 2: Lot 3

27. Serial No. B-1483

Acres:

40.46

Lessor:

State of New Mexico

Lessee:

Empire Gas & Fuel Co. (Maine)

Date: Description: December 19, 1932 Insofar as same covers:

T. 18S., R. 27E.

Sec. 2: Lot 2