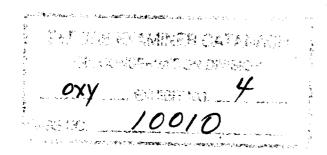
214 WEST TEXAS, SUITE 507 MIDLAND, TEXAS 79701

Certified #P 154 192 200

June 15, 1990



Re: 1/4th interest in a Lot of land 60' X 150' in the SW/corner of Tract 8, Block 28, and 1/4th interest in all of Tracts 7 and 9, Block 28 all in La Huerta Subdivision in Section 29, T-21-S, R-27-E Eddy County, New Mexico Net 2.735 acres

واولا مان والا مانية فال

Mr. Alvin Perrin 1710 North Decator #9 Las Vegas, Nevada 89108

Dear Mr. Perrin:

According to a check of the County Records of Eddy County, New Mexico you are the record owner of the above described mineral interest.

I am representing OXY USA Inc. who owns the balance of the leasehold interest in the E/2 of Section 29, T-21-S, R-27-E, Eddy County, New Mexico.

OXY USA Inc. proposes to drill a 11810' Strawn-Morrow test well in the E/2 of Section 29 immediately.

We invite you to join OXY and pay your proportionate share of the cost of drilling and completing the test well. If you desire to join please execute the AFE and return in the enclosed envelop. Or we will purchase an Oil and Gas Lease on your interest at the rate of \$150.00 per acre with a 3/16ths royalty.

If you desire to lease, please handle the Oil and Gas Lease, Ratification and Rental Division Order and draft as follows:

1. Execute the Oil and Gas Lease and Ratification and Rental Divison Order (both instruments) before a notary public.

2. Endorse the draft.

3. Then place the lease, ratification and draft (all three instruments) in your bank with instructions to be forwarded to the First City National Bank in Midland, Texas, for collection.

Your immediate attention will be appreciated as we are filing an application to compulsory pool with the Oil Conservation Division, State of New Mexico on July 1, 1990.

If you have any questions, please call.

Yours very truly, Seltzer Bill

BS/kp Enclosures

⁵ and 4. Put Your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested. 1. □ Show to whom delivered, date, and addressee's address. 2. □ Restricted Delivery (Extra charge) Complete items 1 and 2 when additional services are desired, and complete items DOMESTIC RETURN RECEIPT Always obtain signature of addresses 4 たこれと 8. Addressee's Address (ONLY requested and fee paid) 4 or agent and DATE DELIVERED. 200 Type of Service: 4. Article Number 154 192 * U.S.G.P.O. 1988-212-865 ρ 5 . . . 1. S. è ¥4.1.4 -6 take Take Ż Las Vegas, NV 89108 Alvin Perrin 1710 N. Decatur, #9 . . . and the second se P8 Form 3811, Mar. 1988 3. Article Addressed to: 2 AL Signatura - Addres Signatura – Agent 7. Date of Delivery 4 Sec. State ů 6. Ś × ×

200 195 Ρ 154

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3.8

RECEIPT FOR CERTIFIED MAIL NO INSURANCE COVERAGE PROVIDED NOT FOR INTERNATIONAL MAIL

(See Reverse)

| | (See Reverse) | |
|-------------------------|---|-------------------|
| | Sent 10 Ivin Perrin StiOnnNc Decatur, as Vegas, NV 89 | #9 9108 |
| | PO State and ZIP Code | |
| | Postage | ^s .65 |
| | Certilled Fee | .85 |
| | Special Delivery Fee | |
| | Restricted Delivery Fee | |
| | Return Receipt showing to whom and Date Delivered | .90 |
| 1985 | Return Receipt showing to whom. Date and Address of Delivery | |
| June | TOTAL Postage and Fees | ^s 2.40 |
| 800 | Postmark or Date | |
| PS Form 3800, June 1985 | 6/15/90 | |
| - | | |

J. Producers 88 Rev. (ByYear Lease) 10-57

(RIXE YEAR PAID UP LEASE) OIL AND GAS LEASE

Form 345 Hall-Poorbaugh Press Roswell, New Mexico

, 1990 , between

| | | 15+4 | | <i>.</i> | t e | Time |
|-------|-------------|---------|----|----------|----------|----------|
| | EEMENT made | | 1 | | day of | June |
| Alvin | Perrin. | dealing | in | his | separate | property |

| Lessor (whether one or more), whose addres | is: 1710 N. Decatur, #9, Las Vegas, Nevada 89108 |
|---|---|
| and Bill Seltzer, 214 | W. Texas, Suite 507, Midland, Texas 79701 Lessee, WITNESSETH: |
| 1. Lessor in consideration of Ten | and no/100 Dollars |
| (\$ 10.00) in hand paid, of the clusively unto Lessee for the purpose of inv roads, tanks, power stations, telephone line | royaltics herein provided and of the agreements of Lessee herein contained, hereby grants, leases and lets ex- extigating, exploring, prospecting, drilling and mining for and producing oil and gas, laying pipe lines, building a and other structures thereon and on, over and across lands owned or claimed by Lessor adjacent and contiguous |
| | t, transport, and own said products, and housing its employees, the following described land in |
| | the SW/corner of Tract 8, Block 28 and all of |
| Tracts 7 and 9, Blo | ck 28, all in the La Huerta Subdivision in Section |
| 29, T-21-S, R-27-E | |

2. Without reference to the commencement, prosecution or constition at any time of drilling or other development operations and/or to the discovery, development or constituent to the contrary, this leave shall be for a term of Newcork from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or land with which said land is pooled hereafter (3). 3. The royalties to paid by Lessee are: (a) on oil, 3/16 of that produced and saved from said land, the same to be delivered at the wells or to the contrary for the field where produced on the date of purchase; (b) on gas, including casinghead gas or other gaseous substance, pro-

duced from sold land, and sold, or used off the premises or for the extraction of gasoline or other product therefrom, the market value at the well of 3/16.

of the gas so sold or used, provided that on gas sold at the wells the royalty shall be 3/16 of the amount realized from such sale; while there is a gas well on this lease or on accessing pooled therewith but gas is not being sold or used, lesser may pay or tender as royalty, on or before ninety (90) days after the date on which said well is shuft in and thereafter at annual intervals the sum of \$1.00 per are, and if such payment is male or tender of the date shufting is royalty may be made by check or draft of Lessee malled or delivered to the parties entitled thereto on or before the date said payment is due. Lessee shuft have free use of oil, gas, cont and water from said land, except water from Lessor's wells, for all operations hereunder, and the royalty on oil and gas shall be computed after deducting any so used.

In more by these as all the Lessee shall not deducted to deducted to the particle function of a before the date shall here stating payment is due, Lessee shall have free after defeating any see used.
4. Lessee, at its ention, is beredy given the right and power to beel or combine the nereage covered by this lesse, or any portion thereof as to oil and gas, or either of them, with other hand, lense or beaus in the immediate vicinity thereif to the estent, hereinafter stipulated, when in Lessee, building and any or either of them, with other hand, lense or beaus in the immediate vicinity thereif to the estent, hereinafter stipulated, when in Lessee, brance to be address of the state of them, with other hand, lense or beaus in the immediate vicinity thereif to the estent, hereinafter stipulated, when in Lessee, brance to the state of the state o

and the same may be recorded either before or after the completion of wells. 5. If at the expiration of the primary term oil or gas is not being produced on said land, or from land pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon, or shall have completed a dry hole thereon within 60 days prior to the end of the primary terms, the lesse shall remain in force so long as operations on said well or for drilling or reworking of any additional well are prosecuted with no cessation of more than 60 con-secutive days, and if they result in the production of oil or gas so long thereafter as oil or gas is produced from said land, or from land pooled therewith. If, after the expiration of the primary term of this lease and after oil or gas is produced from said land, or from land pooled therewith. If, after the ease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within 60 days after the cessation of such production, but shall remain in force and effect so long as such operations are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land, or from land pooled therewith. Any pooled unit designated by Lessee in accordance with the terms hereof, may be dissolved by lessee by instrument filed for record in the appropriate records of the county in which the leased premises are situated at any time after the completion of a dry hole or the cessation of production on said unit. In the event a well or wells producing of or gas in paying quantities should be brought in on adjacent land and within 660 feet of and draining the lease premises, or land pooled therewith. Lessee agrees to drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances. Lessee may at any time execute and deliver to Lessor or place of record a release orelease covering any portio

6. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, ading the right to draw and remove all easing. When required by Lesser, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be ed within two hundred feet of any residence or barn now on said land without Lessor's consent. ineludi drilled

7. The rights of either party hereunder may be assigned in whole or in purt, and the provisions hereof shall extend to their heirs, successors and assigna but no change or division in ownership of the land or royaltics, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U. S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lesse or of a portion thereof who commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designnting an agent to receive payment for all.

8. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lesse nor cause a termination or revision of the extat: created hereby nor be grounds for cancellation hereof in whole or in part. In the event Lessor considers that operations are not at any time being conducted in compliance with this lesse, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Laws time in default, shall have sixty days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument. After the discovery of oil or gas in paying quantities on said premises, Lessee shall develop the accesse retained hereunder as a reasonably prudent operator but in discharging this obligation is shall not ecquired to drill more than one well per forty (40) acres of the area retained hereunder of producing oil in paying quantities and one well per 640 acres plus an acreage tolerance not to exceed 10% of 640 acres of the area retained hereunder and enable of producing gas in paying quantities.

9. Lessor hereby warrants and agrees to defend the title to said hand and agrees that Lessee at its option may discharge any tax, morigage or other lien upon said land either in whole or in part, and in event Lessee does so, it shall be subrocated to such lien with the right to enforce same and apply royalties accruing hereun her toward satisfying same. Without impairment of Lessee's right under the warranty in event of failure of title, it is agreed that if Lessor owns an interest in the oil or gas on, in or under said hand less than the cuite fee simple estate, then the royalties to be paid Lessor shall be reduced proportionately. Shall any one or more of the parties named as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

10. Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon or from producing oil or gas therefrom by reason of scarcily of or inability to obtain or to use equipment or material, or by operation of force materia, any Federat or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented any lessee shall not be counted against Lessee, anything in this lesse to the contrary notwithstanding.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

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| A1 | vin | Perri | n |
| | | | |

SS#:

Lessor

Lessor

| | INDIVIDUAL ACKNOWLEDG | | |
|---|-------------------------------|--|---|
| STATE OF NEW XNEW NEV | ada ss. | | |
| County of |) | | |
| | acknowledged before me this | | ······································ |
| 19 by Alvin Perrin, | , dealing in his separa | tte property | |
| My commission expires | | Notary Public | |
| | | Name: | <u></u> |
| | | | |
| | CORPORATION ACKNOWLEDG | MENT | |
| STATE OF NEW MEXICO County of | } ss. | | |
| The foregoing instrument was | acknowledged before me this | day of | , 1.9 |
| by | | | Preside |
| of on behalf of said corporation. | <u> </u> | | corporati |
| My Commission Expires: | | | Notary Public |
| | | | |
| STATE OF | INDIVIDUAL ACKNOWLEDG | MENT | |
| County of | } ss. | | |
| The four point instrument we | | day of | |
| The foregoing instrument was | s acknowledged before me this | | |
| 19 by | | | |
| | | | |
| | | Notary Public | |
| 19 by | | | |
| 19 by | | | |
| 19 by | , 19 | Notary Public | 1 2 |
| 19 by My commission expires | , 19 | Notary Public | 1 2 |
| 19 by | , 19, | Notary Public | inty Clerk Deputy |
| 19 by My commission expires | , 19 | for record on the 19 | inty Clerk Deputy |
| 19 by My commission expires | , 19 | filed for record on the 19, 19, N., and duly , Page, Page, records of this office. | unty Clerk Deputy |
| 19 by My commission expires ease FROM | , 19 | filed for record on the | unty Clerk Deputy |
| 19 by My commission expires Gase Gase Gase Gase Gase Gase Gase Gase | , 19 | filed for record on the | unty Clerk Deputy |
| 19 by My commission expires | , 19 | strument was filed for record on the day of, 19, o'clockM., and duly n Book, Page records of this office. | County Clerk Deputy When recorded return to |
| 19 by My commission expires ease FROM | , 19 | nstrument was filed for record on the day of, 19, day of, N., and duly, o'clock, N., and duly, Page, Page, records of this office. | County Clerk County Clerk When recorded return to |

RATIFICATION AND RENTAL DIVISION ORDER

| To: | Bill Seltzer | Lessee | |
|---------|----------------------------|-----------------------------------|----------------------------------|
| | You are the owner of a mir | Lessee June 15 | , 19 ⁹⁰ , recorded in |
| Vol | , at page | , of the | |
| | Eddy | County (Parish), State of New Mex | ico "between |
| Alv | vin Perrin, dealir | g in his separate property | |
| ••••••• | | | |

as Lessors, and Bill Seltzer as Lessors, and Bill Seltzer as Lessee, in so far as said lease covers the following land situated in said County (Parish) and State: A 60' X 150' lot in the SW/corner of Tract 8, Block 28 and all of Tracts 7 and 9, Block 28, all in the La Huerta Subdivision in Section 29, T-21-S, R-27-E

We, the undersigned parties, hereby authorize you to pay or tender rentals under said lease in accordance with the provisions thereof to the respective parties named below, or to the credit of any party named below either to a depository bank as named in said lease or to the respective depository set out below opposite such party's name, and in the following amounts:

| | CREDIT TO | Neterost Interest | AMOUNT | DEPOSITORY |
|--------------|-----------|----------------------|--------------------------|------------|
| Alvin Perrin | | 2.735 ac. | None Paid Up Lease | |
| | | | | |
| | | | | |
| | | | | |
| | | | , | |

Each of the undersigned parties agrees that payment or tender of said rentals as set forth above will protect said lease and continue same in force as therein provided in so far as said lease covers the interest of such undersigned party in said land. Each undersigned party, however, certifies only the interest, if any, set forth above opposite such party's name.

This division order covers only payment of delay rentals under said lease as to said land and does not cover royalty payments thereunder.

The provisions hereof shall be binding upon our respective heirs, legal representatives, successors and assigns, except that payment of rentals under said lease as to said tract to an assignee of any undersigned party shall be made to the depository bank named in said lease, if different from the respective depository specified above.

Said lease is hereby ratified and confirmed and declared to be in full force and effect, and the undersigned hereby lease, let and demise the lands described in said lease, unto the record owners and holders of said lease, its successors and assigns, upon the terms and conditions set out in said lease.

| Alvin Perrin | SS#: |
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"ACKNOWLEDGMENT ON BACK"

| TEXAS | AND | NEW | MEXICO-ACKNOWLEDGMENTS |
|-------|-------|------|------------------------|
| LUVYO | ALL D | n Du | |

| County | · | |
|--|--|--|
| County. | | Notary Public in and for |
| and for said County and State, on this day personally appeared | | County, |
| acknowledged to me that he _exocuted the same asfree act and deed for the purpose and consideration therein expressed. Given under my hand and seal of office, this theday of, A. D. 19 (New Mexice) Notary Public in and forCounty (New Mexice) Notary Public in and forCounty STATE OF | STATE OF & Before me, the un and for said County and State, on this day pers | Printed Name: |
| County | acknowledged to me that he executed the same and consideration therein expressed. | as free act and deed for the purpo |
| STATE OF | (New Mexico) | Notary Public in and for County |
| and for said County and State, on this day personally appeared | STATE OF 8 | |
| acknowledged to me that he executed the same as free act and deed for the purposes and consideration therein expressed. Given under my hand and seal of office, this the day of A. D. 19 | COUNTY OF Before me, the u and for said County and State, on this day per: | indersigned authority, a Notary Public ir |
| and for said County and State, on this day personally appeared | (New Mexico) | Notary Public in and for County |
| and for said County and State, on this day personally appeared | STATE OF | Printed Name: |
| acknowledged to me that _he_ executed the same as free act and deed for the purpard and consideration therein expressed. Given under my hand and seal of office, this the day of, A. D. 19, (New Mexico) Notary Public in and for (New Mexico) Notary Public in and for CORPORATE ACKNOWLEDGEMENT - TEXAS CH NEW MEXICO STATE OF | and for said County and State, on this day per- | sonally appeared |
| Printed Name: CORPORATE ACKNOWLEDGEMENT - TEXAS OR NEW MEXICO STATE OF I COUNTY OF I Before me the undersigned authority, on this day per appeared is subscribed to the foregoing instrument as known to me to be the person whose of | acknowledged to me that he executed the same and consideration therein expressed. Given under my hand and seal of office, t | As free act and deed for the purp his theday of, A. D. 19 Notary Public in and for |
| STATE OF | - | Printed Name: |
| COUNTY OF | CORPORATE ACKNOWLEDGEN | ENT - TEXAS OR NEW MEXICO |
| appeared | STATE OF | |
| <pre>is subscribed to the foregoing instrument as of, a corporation, and acknowledged to me he executed the same, on behalf of said corporation, for the purposes and considerati therein expressed and in the capacity therein stated. Given under my hand and seal of office, this the day of, A. D. 19 (New Mexice) Notary Public in and forCounty</pre> | COUNTY OF Before me the | known to me to be the person whose |
| (New Mexico) Notary Public in and for County | appeared | |
| County | appeared is subscribed to the foregoing instrument as of | ation, for the purposes and consideration |
| | appeared is subscribed to the foregoing instrument as of he executed the same, on behalf of said corpor therein expressed and in the capacity therein | ation, for the purposes and considerations and cons |
| Printed Name: | appeared is subscribed to the foregoing instrument as of he executed the same, on behalf of said corpor therein expressed and in the capacity therein Given under my hand and seal of office, for (New Mexico) | Ation, for the purposes and consideration stated. This the day of A. D. 19 Notary Public in and for |
| | appeared is subscribed to the foregoing instrument as of he executed the same, on behalf of said corpor therein expressed and in the capacity therein Given under my hand and seal of office, f (New Mexico) | Ation, for the purposes and considerations stated. this the day of A. D. 19 Notary Public in and for County |

| FOR COLLECTION ONLY DATE June 15, 1990 \$10.25 | Four Hundred Ten and $25/100$ | By Deec Unit | |
|---|-------------------------------|--|--|
| On approval of lease described hereon, and on approval of fille to same by drawee not later than 30 days after arrival of this draft at collecting bank. PAY TO THE AIVIN PELTIN ORDER OF AIVIN PELTIN | Four Hundred Ten and $25/100$ | IO: Bill Selfzer, Urowee AT: First City National Bank of Midland Midland, Texas collecting Bank | |
| | | | |

| Requested by: J. Carrold CITIES SER | | OIL A | ND GA | S CO | <u> КРОНА ПО</u> | Prepared N | by: S. F | Cew Der Gengter |
|---|----------|--|----------|----------|------------------|--|--|---|
| | | | | | : | DATE | 8/90 | |
| | | | | | F | ROP.DEPTH | 11810' | |
| <u>29</u> T <u>21-S</u> R <u>27-E</u> COUNTY <u>Eddy</u> | | | | | | | | |
| DESCRIPTION | 1 | SIZE | | · • | ESTIMATE | ESTIMATE DRY HOLE | REVISED | ACTUAL |
| TANGIBLES | + | | | | | | | |
| Casing | | 1 | | | | | | |
| Surface 13-3/8" 48# H-40 ST&C | | | 600' | | 13,200 | 13,200 | | |
| 8-5/8" 24# K-55 ST&C | | | 2400' | | | 28,800 | | |
| 8-5/8" 32# K-55 ST&C | ļ | ļ | 600' | | | 8,500 | | |
| 5-1/2" 17# N-80 LT&C | | ļ | 10480' | ļ | 104,800 | | | |
| 5-1/2" 20# N-80 LT&C | <u> </u> | ļ | 1330' | | 15,950 | | | |
| | <u> </u> | | | | | | · · · · · · · · · · · · · · · · · · · | |
| Well head connections | | | <u> </u> | | 10,000 | | | |
| Tubing 2-3/8" 4.7# N-80 EUE 8rd | A | <u> </u> | 11800' | | 10,000 | | | |
| Sucker rods | +-^- | , | 111000 | | 43.400 | | | ├ |
| Bottom hole pump | 1 | <u> </u> | | 1 | | | <u></u> | |
| Engine or motor | 1 | | 1 | 1 | i | | · · · · · · · · · · · · · · · · · · · | |
| Pumping unit | 1 | | | 1 | | | · ···· | |
| Electrical equip. incl. Labor & Trans. | | | | | | | | |
| Line pipe, fittings incl. Labor & Trans. | A | | | | 5,000 | | | |
| Packer & Accessories | A | | | | 4,000 | | | |
| | | ļ | ļ | | | | | |
| | | | | <u> </u> | | | | |
| Stock tanks Separator, heater treater, dehydrator | A | 300 | 2 | | 7,000 | | | ····· |
| Meter run and housing | A | | <u> </u> | | 12,000 | | | |
| Labor & transportation | + | | | | 2,500 | | | |
| Total Tangibles | + | | | | 260,150 | 50,500 | | |
| Total langibles | | | | | 200,150 | | | |
| INTANGIBLES | + | 1 | 1 | | | | | |
| Contract drilling labor 11810' @ \$15/foot | | 1 | 1 | 1 | 177,150 | 177,150 | | |
| Rotory day work 6 days (3 \$4000/day | 1 | | 1 | | 24,000 | 24,000 | İ | |
| Service rig work 12 days @ S1100/day | | | | | 13,200 | | | |
| Subsurface casing equipment | | | | | 2,500 | | | |
| D. S. T., electric, radioactivity logs, etc. | | ļ | | | 50,000 | 47,000 | | |
| Acidizing, fracing | | ļ | | ļ | 45,000 | | | |
| Perforating | | | | <u> </u> | 6,000 | 10.000 | · | |
| Misc. company and contract labor Road building, location | | | | <u> </u> | 12,000 | the second s | | |
| Cement and cementing service | | + | + | + | 25,000 | | and the second division of the second divisio | <u> </u> |
| Cement squeeze jobs | + | + | 1 | + | 1 23,000 | 19,000 | | <u> </u> |
| Drilling mud, chemicals | + | 1 | 1 | 1 | 30,000 | 30,000 | | <u> </u> |
| Diamond coring & analyses, bits, reamers | 1 | 1 | 1 | 1 | 18,000 | and the second design of the s | the second s | |
| Mud logging unit 30 days @ \$350/day | | | | | 10,500 | | the second s | |
| Rental of miscellaneous equip. | | | | | 20,000 | | | |
| Contract hauling | | | | | 10,000 | | | |
| Water, fuel | | | | | 15,000 | | | |
| Miscellaneous incidentals | <u> </u> | <u> </u> | | ! | 12,000 | | | ļ |
| Total Intangibles | | | · | <u> </u> | 495,350 | 403,150 | ļ | <u> </u> |
| | | | | | ┨───── | | <u> </u> | |
| | + | | | 1 | <u> </u> | | | <u> </u>] |
| | | | | | 1 | | | |
| | | | | | L | | | |
| Ter I alian ta I and 10007 | | | | | 755,500 | 453,650 | | ↓ |
| Total estimated cost - 100% - Total estimate C. S % | | | + | | 000,000 | 0.0,0.0 | | ┨ |
| Lioral estimate C. J 76 | <u> </u> | <u> </u> | 1 | 1 | <u> </u> | I | 1 | <u>ل</u> ــــــــــــــــــــــــــــــــــــ |

APPROVED BY OPERATOR

OXY USA Inc. *lubello* R. L. Doty, Exploitation Manager

<u>6-15-90</u> Date

APPROVED BY NON-OPERATOR

214 WEST TEXAS. SUITE 507 MIDLAND. TEXAS 79701

Certified #P 154 192 170

July 2, 1990

Re: T-21-S, R-27-E Section 29: All of Lots 7 and 9, Block 28, La Huerta Subdivision Eddy County, New Mexico

Mr. Fred L. O'Cheskey, Jr. Individually and as Personal Representative of the Estate of Fred L. O'Cheskey, Sr. Lora Lee O'Cheskey Thomas Sandra Jean O'Cheskey Martin Walter Ross O'Cheskey 4139 Coe Drive NE Albuguergue, New Mexico 87110

Dear Mr. O'Cheskey:

Pursuant to your oral agreement with my representative, Mr. Mark Hannifin of Midland, Texas, on May 17, 1990, I forwarded to you an Oil and Gas Lease, Ratification and Rental Division Order and draft covering the above lands.

On June 21, 1990, I forwarded you a letter requesting that you and your family expedite the execution of the Oil and Gas Lease that I forwarded on May 17, 1990 as OXY USA Inc. was planning to commence operations to drill a well on the acreage in July, 1990.

In the event you desire to join and pay your proportionate share of the cost of drilling and completing the test well we request that you execute the attached AFE and return in the enclosed envelop.

We would appreciate your immediate attention as we have this date filed an application with the Oil Conservation Division, Santa Fe, New Mexico, to compulsory pool all outstanding interest owners.

Yours very truly,

BS/kp Enclosure

| 365 DOMESTIC RETURN RECEIPT | PS Form 3811, Mar. 1988 + U.S.G.P.O. 1988-212-865 |
|--|---|
| | 7. Deta of Delivery |
| | o. signeture - Agent |
| 8. Addressee's Address (UNLY U requested and fee paid) | Signature - Address & MUN (Markey) |
| Always obtain signature of addressee or agent and DATE DELIVERED. | |
| XXX Certified COD Express Mail Return Receipt for Merchandise | Albuquerque, NM 8/110 X |
| And the service: | |
| 4. Article Number P 154 192 170 | 3. Article Addressed to: |
| iss. 2. Restricted Delivery (Extra charge) | for fees and check box(es) for additional service(s) requested 1. |
| side. Failure to do this will prevent this ide you the name of the person delivered rvices are available. Consult postmaster | 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster |
| vices are desired, and complete items | SENDER: Complete items 1 and 2 when additional services are desired, and complete items |

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P 124 192 170

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| | RECEIPT FOR CERTIFIE K1 NSURANCE CONTRACT TO NOTIFOL NEENAT DIAL MI See Reverse | V-EFC |
|-------------------------|--|---------------------------------------|
| | Fred L. O'Cheske | ey, Jr. |
| | 139 Coe Drive NE 1guquerque, NM 8 | |
| | | .25 |
| | | .85 |
| | | |
| | | · · · · · · · · · · · · · · · · · · · |
| 5 | Aytom Asia philipia wila 19 Milanian - Cata Delayon | .90 |
| 198 | Bet in Bellipt showing to whom Date, and Anthess of Dervery | |
| June | TOTAL Postage and Fees | \$ 2.00 |
| PS Form 3800, June 1985 | Postmark of Date 7/2/90 | |

Requested by: J. Carroll 4 (11-84)

CITIES SERVICE OIL AND GAS CORPORATION DETAILED WELL ESTIMATE

.

LEASE . WELL NO. -

LOCATION _____ 1980' FSL & FEL

Simpson A #2

DATE _____4/18/90

| DESCRIPTION | GRADE | SIZE | QUAN. | W | PRODUCER | ESTIMATE DRY HOLE | REVISED ESTIMATE | ACTUAL COST |
|--|------------|----------|----------|----------|----------|---|---------------------------------------|----------------|
| TANGIBLES | | | | | | | | · |
| Casing | 1 | | | | | | | |
| Surface 13-3/8" 48# H-40 ST&C | 1 | | 600' | | 13,200 | 13,200 | | |
| 8-5/8" 24# K-55 ST&C | | | 2400' | | 28,800 | 28,800 | | |
| 8-5/8" 32# K-55 ST&C | + | | 600' | | 8,500 | 8,500 | | |
| 5-1/2" 17# N-80 LT&C | | | 10480' | | 104,800 | | | |
| 5-1/2" 20# N-80 LT&C | | | 1330' | | 15,950 | | | |
| | | | 1330 | | | | | |
| Well head connections | | | | | | | | |
| | | | 110001 | | 10,000 | | | |
| Tubing 2-3/8" 4.7# N-80 EUE 8rd | A | | 11800' | | 43,400 | | | |
| Sucker rods | | | | | | | | |
| Bottom hale pump | | | | | <u> </u> | | | |
| Engine or motor | <u> </u> | | | | <u> </u> | | | |
| Pumping unit | | | <u> </u> | 1 | <u> </u> | | · · · · · · · · · · · · · · · · · · · | |
| Electrical equip. incl. Labor & Trans. | | ļ | | | ┨─────┤ | | | |
| Line pipe, fittings incl. Labor & Trans. | | | ļ | | 5,000 | | | |
| Packer & Accessories | <u> </u> | | · · · · | | 4,000 | | | |
| TANK BATTERY | | | | | | | | |
| Stock tanks | A | 300 | . 2 | | 7,000 | | | |
| Separator, heater treater, dehydrator | A | 1 | | | 12,000 | | | |
| Meter run and housing | | | . | | 2,500 | | | |
| Labor & transportation | | | | | 5,000 | | | |
| Total Tangibles | | ļ | | | 260,150 | 50,500 | · | |
| INTANGIBLES | | | | | | | | |
| Contract drilling labor 11810' @ \$15/foot | + | <u> </u> | | | 177 150 | 177,150 | | |
| Rotary day work 6 days @ \$4000/day | | | <u> </u> | | 24,000 | | | |
| Service rig work 12 days @ \$1100/day | | <u> </u> | <u> </u> | | 13,200 | 24,000 | | |
| Subsurface casing equipment | | | | | 2,500 | 1,500 | | |
| D. S. T., electric, radioactivity logs, etc. | + | <u> </u> | <u> </u> | | 50,000 | 47,000 | | |
| Acidizing, fracing | | <u> </u> | <u> </u> | | 45,000 | 47,005 | · | ·· |
| Perforating | + | | | | 6,000 | | | |
| Misc. company and contract labor | | <u>}</u> | <u> </u> | | 12,000 | 10,000 | | |
| Road building, location | + | | | | 25,000 | | | |
| Cement and cementing service | | + | | <u> </u> | 25,000 | the second data was not seen as a second data was | | [|
| Cement squeeze jobs | - <u>i</u> | <u> </u> | 1 | | - 23,000 | 19,000 | | |
| Drilling mud, chemicals | + | 1 | + | <u> </u> | 30,000 | 30,000 | | |
| Diamond coring & analyses, bits, reamers | | | | <u> </u> | 18,000 | the second s | | |
| Mud logging unit 30 days @ \$350/day | | + | 1 | | 10,500 | | | <u> </u> |
| Rental of miscellaneous equip. | | | | <u> </u> | 20,000 | | | <u>├──</u> ─¬ |
| Contract hauling | | + | | | 10,000 | | <u> </u> | <u> </u> |
| | | + | <u> </u> | <u> </u> | 15,000 | | | ├ ─── |
| Water, fuel | | ┨──── | <u> </u> | <u> </u> | 12,000 | | | |
| Miscellaneous incidentals | | ╂ | <u> </u> | | 495,350 | | | |
| Total Intangibles | | | <u> </u> | | 495,350 | 403,130 | | |
| and the second | - | | ļ | | | | ļ | |
| · | | | | | | | | <u> </u> |
| | | | | | | | | |
| T 1000 | | | | | 755,500 | 453,650 | | |
| Total estimated cost - 100% - Total estimate C. S % | _ | | | | 100,000 | 433,030 | | |

APPROVED BY OPERATOR

OXY USA Inc. lated R. L. Doty, Exploitation Manager

· ·

6-15-90

Date

APPROVED BY NON-OPERATOR

214 WEST TEXAS, SUITE 507

MIDLAND, TEXAS 79701

June 21, 1990

Re: All of Lots 7 and 9, Block 28, La Huerta Subdivision, in Section 29, T-21-S, R-27-E Eddy County, New Mexico

Mr. Fred L. O'Cheskey, Jr. 4139 Coe Drive NE Albuquerque, New Mexico 87110

Dear Mr. O'Cheskey:

On May 17, 1990, we forwarded to you an Oil and Gas Lease, Ratification and Rental Division Order and draft in the amount of \$800.00 covering the above described lands.

My client, OXY USA Inc., is planning to commence operations in July to drill a test well in the E/2 of Section 29, T-21-S, T-27-E, Eddy County, New Mexico, to which your interest will be a part thereof.

We request your assistance in expediting the execution of the Oil and Gas Lease, Ratification and Rental Division Order and draft as soon as possible so that we may dismiss you from our application to compulsory pool with the Oil Conservation Division, State of New Mexico, that we are filing on July 1, 1990.

Your attention will be greatly appreciated.

Yours very th Bill Seltzer

BS/kp

P.S. I have been trying to reach you by telephone for the past two days and have been unsuccessful in getting an answer.

214 WEST TEXAS, SUITE 507 MIDLAND, TEXAS 79701

May 18, 1990

Re: All of Lots 7 and 9, Block 28, La Huerta Subdivision in Section 29, T-21-S, R-27-E Eddy County, New Mexico

Mr. Fred L. O'Cheskey, Jr. 4139 Coe Drive NE Albuquerque, New Mexico 87110

Dear Mr. O'Cheskey:

Enclosed please find a new Oil and Gas Lease, Ratification and Rental Division Order and draft covering your interest in the above lands.

This Oil and Gas Lease should replace the Oil and Gas Lease forwarded to you on May 17, 1990, in as much as we should have captioned you as Personal Representative instead of Independent Executor.

Please forward a copy of the Probate Proceedings regarding Fred L. O'Cheskey, Sr.

Please handle the revised enclosures as follows:

- 1. Have all parties execute the Oil and Gas Lease and Ratification and Rental Division Order before a notary public.
- 2. Have all parties endorse the draft.
- 3. Place the lease, ratification and draft (all three instruments) in your bank with instructions to be forwarded to the First City National Bank in Midland, Texas, for collection.

Thank you for your assistance and cooperation in this matter. We are sorry for the mistake.

Yours very truly, Seltzer

BS/kp Enclosures

P.S. Please destroy the instruments now in your possession.

MENOX YEAR PAID UP LEASE) Producers 88 Rev. (X Year Lease) 10-57 Form 345 Hall-Poorbaugh Press Roswell, New Mexico OIL AND GAS LEASE THIS AGREEMENT made this 17th day of May 19.90 between Fred L. O'Cheskey, Jr., Individually and as Personal Representative of the Estate of Fred L. O'Cheskey, Sr., Deceased, Lora Lee O'Cheskey Thomas, Sandra Jean O'Cheskey Martin, and Walter Ross O'Cheskey, each dealing in their separate property 4139 Coe Drive NE, Albuquerque, New Mexico 87110 and Bill Seltzer, 214 W. Texas, Suite 507, Midland, TX 79701 Lessee, WITNESSETH: (10.00) in hand paid, of the royalties herein provided and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil and gas, laying pipe lines, building roads, tanks, power stations, telephone lines and other structures thereon and on, over and across lands owned or claimed by Lessor adjacent and contiguous thereto, to produce, and Eddy save, take care of, treat, transport, and own said products, and housing its employees, the following described land in..... New Mexico All of Lots 7 and 9, Block 28, La Huerta Subdivision, City of Carlsbad, in Section 29, T-21-S, R-27-E

2. Without reference to the commencement, prosecution or constition at any time of drilling or other development operations and/or to the discovery, development or constition at any time of production of oil or gas and without further payments than the royalties herein provided, and notwithstanding anything else herein contained to the contrary, this lease shall be for a term of XO_{C} years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or land with which said land is pooled herein X three (3). 3. The royalties to paid by Lessee are: (a) on oil, 3/16 of that produced and saved from said land, the same to be delivered at the wells or to the credit of Lessor into the pipe line to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefor prevailing for the field where produced on the date of purchase; (b) on gas, including rasinghend gas or other gaseous substance, pro-

of from sold lood, and sold, or used off the premises or for the extraction of gasoline or other product therefrom, the market value at the well of 3/16 .

of the gas so sold or used, provided that on gas sold at the wells the royalty shall be 3/16 of the amount realized from such sale; while there is a gas well on this lense or on accenge pooled therewith but gas is not being sold or used. Lesser may pay or tender as royalty, on or before ninety (90) days after the date on which said well is shut in and thereafter at annual intervals the sum of \$1.00 per acce, and if such payment is made or tender of the gas shall be terminate and it will be considered that gas is being produced from this base in paying quantities. Figure to render of said shut in gas royalty may be made by check or draft of Lessee mailed or delivered to the parties entitled thereto on or before the date said payment is due. Lessee shall have free use of oil, gas, coat and water from said land, except water from Lessor's wells, for all operations becauter, and the royalty on oil and gas shall be com-puted after delucting any so'used.

In body processing the service of the state in the service water that the prove private private number of the state of the transfer at the state of the state

and the same may be recorded either before or after the completion of wells.
5. If at the expiration of the primary term oil or gas is not being produced on said land, or from land pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon, or shall have completed a dry hole thereon within 60 days prior to the end of the primary terms, the lease shall remain in force so long as operations on said well or for drilling or reworking of any additional well are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil or gas so long thereafter as oil or gas is produced from said land, or from land pooled therewith. If, after the expiration of the primary term of this lease and after oil or gas is produced from said land, or from land pooled therewith. The production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within 60 days after the cessation of fit production, but shall remain in force and effect so long as such operations are prosecuted with no cessation of more than 60 consecutive days, and if the production of oil or gas, so long thereafter as oil or gas is produced from said land, or from land pooled therewith. Any pooled unit designated by Lessee in accordance with the terms hereof, may be dissolved by Lessee by instrument filed for record in the appropriate records of the county in which the lease of premises are situlted at any time after the completion of a dry hole or the cessation of production on said unit. In the event a well or wells producing oil or gas a premises and end pooled therewith. Lessee agrees to drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances. Lessee may there execute and deliver to Lessor or place of record an of sail and and within 660 feet of and draining the lease premises and therewith. Lessee agrees to drill such offset well or wells as a reasonably

6. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, cluding the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be illed within two hundred feet of any residence or barn now on said land without Lessor's consent.

7. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigned but no change or division in ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no chauge or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee's shall have been furnished by registered U. S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part lisbility for breach of any obligation hereunder shall rest exclusively upon the owner of this lesse or of a portion thereof who commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

8. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lesse nor cause a termination or revision of the extate created hereby nor be grounds for cancellation hereof in whole or in part. In the event Lessor considers that operations are not at any time being conducted in compliance with this lesse, Lessor shall notice in while to commence the compliance with the obligations imposed by virtue of this instrument. After the discovery of oil or gas in paying quantities on said premises, Lessee shall develop the acreage retained hereunder as a reasonably prudent operator but in discharging this obligation is shall in on even the required to drill more than one well per forty (40) acres of the area retained hereunder and capable of producing oil in paying quantities and one well per 640 acres plus an acreage tolerance not to exceed 10% of 640 acres of the area retained hereunder and capable of producing gas in paying quantities.

9. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lie pon said land either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply royaltic ceruing hereunder toward satisfying same. Without impairment of Lessee's right under the warranty in event of failure of title, it is agreed that if Lessee was an interest in the oil or gas on, in or under said land less that the entire fee simple estate, then the royalties to be paid Lessor shall be reduce roportionately. Should any one or more of the parties named as Lessors fail to execute this lense, it shall nevertheless be binding upon the party or partic secuting the same.

10. Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon or from producing oil or gas therefrom by reason of scarcily of or inability to obtain or to use equipment or material, or by operation of force majoure, any Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas from the leased premises; and the time while Lessee is a prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

| Fred L. O'Cheskey, Jr., In- |
|------------------------------|
| dividually and as Personal |
| Representative of the Estate |
| of Fred L. O'Cheskey, Sr., |
| Deceased |
| SS#: |
| |

Lora Lee O'Cheskey Thomas SS#:

Sandra Jean O'Cheskey Martin SS#:

| | INDIVIDUAL ACKNOWLEDGMENT |
|--|--|
| STATE OF NEW MEXICO, | } ss. |
| The foregoing instrument was | acknowledged before me this day of |
| 19 by Fred L. O'Che | skey, Jr., Individually and as Personal Re- |
| - | Estate of Fred L. O'Cheskey, Sr., Deceased |
| My commission expires | , 19, Notary Public |
| • | Printed Name: |
| | |
| | |
| | |
| | |
| | INDIVIDUAL ACKNOWLEDGMENT |
| STATE OF NEW MEXICO, | > ss. |
| County of | (33. |
| The foregoing instrument w | as acknowledged before me this day of |
| 19by Lora Lee O'C | Cheskey Thomas, dealing in her separate property |
| | |
| | · |
| Mat an manufacture a sublimation of | |
| My commission expires | |
| My commission expires | Printed Name: |
| My commission expires | |
| My commission expires | |
| My commission expires | |
| STATE OF | Printed Name: |
| | Printed Name: INDIVIDUAL ACKNOWLEDGMENT |
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| STATE OF County of The foregoing instrument was | Printed Name: INDIVIDUAL ACKNOWLEDGMENT |
| STATE OF County of The foregoing instrument was 19 by <u>Sandra Jean</u> (| Printed Name: |
| STATE OF County of The foregoing instrument was | Printed Name: INDIVIDUAL ACKNOWLEDGMENT |
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| STATE OF County of The foregoing instrument was 19 by <u>Sandra Jean</u> (My commission expires STATE OF County of | Printed Name: |
| STATE OF County of The foregoing instrument was 19 by Sandra Jean (My commission expires STATE OF County of The foregoing instrument w | Printed Name: |
| STATE OF County of The foregoing instrument was 19 by Sandra Jean (My commission expires STATE OF County of The foregoing instrument w | Printed Name: |
| STATE OF County of The foregoing instrument was 19 by Sandra Jean (My commission expires STATE OF County of The foregoing instrument w | Printed Name: |
| STATE OF County of The foregoing instrument was 19 by Sandra Jean (My commission expires STATE OF County of The foregoing instrument w | Printed Name: INDIVIDUAL ACKNOWLEDGMENT |

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5. If at the expiration of the primary term oil or gas is not being produced on said land, or from land pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon, or shall have completed a dry hole thereon within 60 days prior to the end of the primary terms, the lease shall remain in Serce so long as operations on said well or for drilling or reworking of any additional well are prosecuted with no cessation of more than 60 consective days, and if they result in the production of oil or gas so long thereafter as oil of gas is produced from said land, or from land pooled therewith. If, after the expiration of the primary term of this lease and after oil or gas is produced from said land, or from land pooled therewith. If, after the expiration of the primary term of this lease and after oil or gas is produced from said land, or from land pooled therewith. The production, but shall remain in force and effect so long as such operations are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land, or from land pooled therewith. Any pooled unit designated by Lessee in accordance with the terms hereof, may be dissolved by Lessee by instrument filed for record in the appropriate records of the county in which the leased premises are situated at any time after the completion of a dry hole or the cessation of production on said unit. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within 600 feet of and draining the lease premises, or land pooled therewith. Lessee agrees to drill such offset well or wells as a reasonably prudent operations any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be release or releases covering any portion or portions of the above described premises and thereby how the risk to ach time durin a a after be expira

6. Lessee shall have the right at any time during or after the expiration of this lesse to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred feet of any residence or barn now on said land without Lessor's consent.

7. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assignation or division in ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be hinding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U.S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lesse or of a portion thereof who commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

8. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination or revision of the estate created hereby nor be grounds for cancellation hereof in whole or in part. In the event Lessor considers that operations are not at any time being conducted in compliance with this lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have sixty days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument. After the discovery of oil or gas in paying quantities on said premises, Lessee shall develop the acreage retained hereunder as a reasonably prudent operator but in dischriging this obligation is shall in no event he required to drill more than one well per forty (40) acres of the area retained hereunder of producing oil in paying quantities and one well per 640 acres plus an acreage tolerance not to exceed 10% of 640 acres of the area retained hereunder and capable of producing gas in paying quantities.

9. Lesson hereby warrants and agrees to defend the title to said land and agrees that Lesson at its option may discharge any tax, mortgage or other lien upon said land either in whole or in part, and in event Lesson does so, it shall be subrogated to such lien with the right to enforce same and apply royalties accruing hereunder toward satisfying same. Without impairment of Lesson's right under the warranty in event of failure of title, it is agreed that if Lesson owns an interest in the oil or gas on, in or under said land less than the entire fee simple estate, then the royalties to be paid Lesson shall be reduced proportionately. Should any one or more of the parties named as Lessons fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

10. Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon or from producing oil or gas therefrom by reason of scarcily of or inability to obtain or to use equipment or material, or by operation of force maisure, any Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such ruse from conducting drilling or reworking operations on or from producing oil or gas from the leased premises; and the time while Lessee is prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

Fred L. O'Cheskey, Jr., Individually and as Personal Representative of the Estate of Fred L. O'Cheskey, Sr., Deceased SS#:

Lora Lee O'Cheskey Thomas SS#:

Sandra Jean O'Cheskey Martin SS#:

Walter Ross O'Cheskey SS#:

RATIFICATION AND RENTAL DIVISION ORDER

To:___Bill Seltzer ____Lessee

Vol., at page, of the Records of Eddy County (Parish), State of New Mexico, between Fred L. O'Cheskey, Jr., Individually and as Personal Representative of the Estate of Fred L. O'Cheskey, Sr., Deceased, Lora Lee O'Cheskey Thomas, Sandra Jean O'Cheskey Martin, and Walter Ross O'Cheskey, each dealing in their separate property

as Lessors, and Bill Seltzer as Lessee, in so far as said lease covers the following land situated in said County (Parish) and State: All of Lots 7 and 9, Block 28, La Huerta Subdivision, City of Carlsbad, in Section 29, T-21-S, R-27-E

We, the undersigned parties, hereby authorize you to pay or tender rentals under said lease in accordance with the provisions thereof to the respective parties named below, or to the credit of any party named below either to a depository bank as named in said lease or to the respective depository set out below opposite such party's name, and in the following amounts:

| CREDIT TO | Fractional Interest | AMOUNT | DEPOSITORY |
|--|------------------------|--------------------------|------------|
| Fred L. O'Cheskey, Jr., In- dividiually and as Personal Representative of the Estate of Fred L. O'Cheskey, Sr., Deceased | 1/8 | None Paid Up Lease | |
| Lora Lee O'Cheskey Thomas | 1/8 | | |
| Sandra Jean O'Cheskey Martin | 1/8 | | |
| Walter Ross O'Cheskey | 1/8 | | |
| | | | |

Each of the undersigned parties agrees that payment or tender of said rentals as set forth above will protect said lease and continue same in force as therein provided in so far as said lease covers the interest of such undersigned party in said land. Each undersigned party, however, certifies only the interest, if any, set forth above opposite such party's name.

This division order covers only payment of delay rentals under said lease as to said land and does not cover royalty payments thereunder.

The provisions hereof shall be binding upon our respective heirs, legal representatives, successors and assigns, except that payment of rentals under said lease as to said tract to an assignee of any undersigned party shall be made to the depository bank named in said lease, if different from the respective depository specified above.

Said lease is hereby ratified and confirmed and declared to be in full force and effect, and the undersigned hereby lease, let and demise the lands described in said lease, unto the record owners and holders of said lease, its successors and assigns, upon the terms and conditions set out in said lease.

| Fred L. O'Cheskey, Jr., In- dividually and as Personal Representative of the Estate | Lora Lee O'Cheskey Thomas SS#: |
|---|---------------------------------------|
| of Fred L. O'Cheskey, Sr., Deceased SS#: | -Sandra Jean O'Cheskey Martin SS#: |
| ······ | Walter Ross O'Cheskey |
| | SS#: |
| ····· ·· · · · · · · · · · · · · · · · | |
| · · · · · · · · · · · · · · · · · · · | · · · · · · · · · · · · · · · · · · · |

"ACKNOWLEDGMENT ON BACK"

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| naivianaliv and as relation | afore me, the undersigned authority, a Notary Public in on this day personally appeared Fred L. O'Cheskey, Jr. 1 Representative of the Estate of Fred L. O'Chesk |
|---|---|
| nown to me to be the person wi | hose name 15 subscribed to the foregoing instrument, and |
| icknowledged to me that _he_ exe and consideration therein expres | ecuted the same as free act and deed for the purpose seed. |
| Given under my hand and set | al of office, this the day of, A. D. 19 |
| (New Mexico) | Notary Public in and for County, |
| STATE OF | Printed Name: efore me, the undersigned authority, a Notary Public in |
| COUNTY OF B and for said County and State, | efore me, the undersigned authority, a Notary Public in on this day personally appeared dealing in her separate property |
| known to me to be the person w acknowledged to me that She ex | hose name 15 subscribed to the foregoing instrument, an socuted the same as free act and deed for the purpose |
| and consideration therein expre Given under my hand and se | sand. Bal of office, this theday of, A. D. 19 |
| (New Mexico) | Notary Public in and for County |
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| | Printed Name: Before me, the undersigned authority, a Notary Public in on this day personally appeared |
| | on this day personally appeared tin, dealing in her separate property whose name is subscribed to the foregoing instrument, a |
| acknowledged to me that he er purposes and consideration the | cocuted the semi as free act and deed for the |
| | bal of office, this the day of, A. D. 19 |
| (New Mexico) | Notary Public in and for County |
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| STATE OF | Printed Name: Printed Name: Fefore me, the undersigned authority, a Notary Public |
| Walter Ross O'Cheskey, de known to me to be the person acknowledged to me that he e and consideration therein expr | aling in his separate property whose name is subscribed to the foregoing instrument, a xecuted the same as free act and deed for the purpos |
| Walter Ross O'Cheskey, de known to me to be the person acknowledged to me that he e and consideration therein expr | on this day personally appeared aling in his separate property whose name is subscribed to the foregoing instrument, a xecuted the same as free act and deed for the purpos essed. eal of office, this the day of, A. D. 19 Notary Public in and for |
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| And for said County and State, <u>Walter Ross O'Cheskey, de</u> known to me to be the person acknowledged to me that he e and consideration therein expr Given under my hand and s (New Mexico) | on this day personally appeared <u>aling in his separate property</u> whose names is subscribed to the foregoing instrument, a xecuted the same as free act and deed for the purpose essed. eal of office, this the day of, A. D. 19 Notary Public in and for County, Texas Printed Name: |
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| FOR COLLECTION ONLY | E May nd as sed, L Ross O | | E | | |
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| | DAT key, Jr., Individually a L. O'Cheskey, Sr., Decea skey Martin, and Walter | Eight Hundred and no/100 DOLLARS this droft is drown to pay for Oil and Gas Lease, doted May 17, 1990 and covering T-21-S, R-27-F, All OF LOES 7 and 9, Block 28, La Huerta Subdivision, Section 29, Eddy County, NM (5, 264 acres) before a here of and the granters of the lease described hereon, do hereby constitute and appoint the collecting bonk acrow agent to hold this draft for the time above specified time, and without any right of the cover, payee or endorsers hereof, ar sold granters, hor second or demond return of this draft prior to the expiration of the dowe specified time, and without any right of the drower, payee or endorsers hereof, ar sold granters, hor scale of demond return of this draft prior to the expiration of the dowe specified time, and without any right of the collecting bonk for refusal to return the same prior to such expiration. | in the event this draft is not paid within said time, the collecting bank shall return the same to torwarding bank and no liability for payment or otherwise shall be anached to any of the parties hereto. TO: Bill Seltzer, Drawee AT: First City National Bank of Midland Midland, Texas collecting sonk | | |
| On opproval of lease described hereon, and on approval of the value of the draft of collection hank | P ^{AY TO THE} F <u>F</u> <u>F</u> <u>F</u> C OI Che F <u>F</u> <u>F</u> <u>F</u> C Thomas, Sandra Jean O | Eight Hundred and $no/100$ This draft is drawn to pay for Oil and Gas lease, dated. LOLS 7 and 9, BLOCK 28, (5,264, acroc) and the grout the dravet, payee and endorsers hereof, and the grout the time above specified subject alone to acceptance of granters, to recall or demond return of this draft prior to return the same prior to such expiration. | in the event has draft is not poid within said the any of the parties hereto. TO: Bill Selfzer, Drawee AT: First City National Bank of Midland Midland, Texas collecting Benk | | |

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BILL SELTZER

214 WEST TEXAS, SUITE 507 MIDLAND, TEXAS 79701

June 15, 1990

Re: East 1/2 acre of the North 1 1/2 acre of Lot 9, Block 25, La Huerta Subdivision in Section 29, T-21-S, R-27-E Eddy County, New Mexico 0.5 net acre

Fermin Garcia and wife, Dora Garcia c/o Rachael Barrera or Garcia 1425 Tokay Ave. Carlsbad, New Mexico 88220

Dear Mr. and Mrs. Garcia:

On May 8, 1990, May 25, 1990 and June 12, 1990, I wrote you a letter regarding the purchse of an Oil and Gas Lease on the above interest.

I am representing OXY USA Inc. who plans to drill a 11810' Strawn-Morrow test well in the E/2 of Section 29, T-21-S, R-27-E, Eddy County, New Mexico immediately.

We request that you join OXY and pay your proportionate share of the cost of drilling and completing the test well. If you desire to join please execute the AFE and return in the enclosed envelop.

If you desire to lease your interest, please handle the Oil and Gas Lease, Ratification and Rental Division Order and draft as follows:

- 1. Execute the Oil and Gas Lease and Ratification and Rental Division Order (both instruments) before a notary public.
- 2. Endorse the draft.
- 3. Then place the lease, ratifiction and draft (all three instruments) in your bank with instructions to be forwarded to the First City National Bank in Midland, Texas, for collection.

We respectfully request your immediate attention as we are filing an application with the Oil Conservation Division, State of New Mexico to compulsory pool all outstanding interests on July 1, 1990.

If you have any questions, please call.

Yours very truly, Bill Seltzer

BS/kp Enclosures

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SENDER: Complete Items 1 and 2 when additional services are desired, and complete items 3 and 4. Put Your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card, from being returned to you. The return receipt fee will provide you the name of the person delivered to additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested. To fees and check box(es) for additional service(s) requested. To fees and check box(es) for additional service(s) requested. To fees and check box(es) for additional service(s) requested. To fees and check box(es) for additional service(s) requested. To fees and check box(es) for additional service(s) requested. To fees and check box(es) for additional service(s) requested. DOMESTIC RETURN RECEIP Insured COD Return Receipt for Merchandise Always obtain signature of addressee 8. Addressee's Address (ONLY requested and fee paid) or agent and DATE DELIVERED. 199 P 154 192 4. Article Number Type of Service: Registered XXXCentified C Express Mail + U.S.G.P.O. 1988-212-865 c/o Rachel Barrera or Garcia 00 Mr. and Mrs. Fermin Garcia 0_{EE} 2 88220 \hat{q} 85 , 1425 Tokay Ave. Cronz PS Form 3811, Mar. 1988 3. Article Addressed to: Carlsbad, NM Signature - Address 6. Signature – Agent 7. Date of Delivery <u>ى</u> × ×

P 154 192 199

| RECEIPT FOR CERTIFIED MAIL NO INSURANCE COVERAGE PROVIDED NOT FOR INTERNATIONAL MAIL | | | | | | |
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PS Form 3800, June 1985

214 WEST TEXAS, SUITE 507 MIDLAND, TEXAS 79701

June 13, 1990

· Certified #P 154 192 202

Re: East 1/2 acre of the North $1 \frac{1}{2}$ acre of Lot 9, Block 25, La Huerta Subdivision in Section 29 T-21-S, R-27-E Eddy County, New Mexico 0.5 net acre

Fermin Garcia and wife, Dora Garcia c/o Rachael Barrera or Garcia 1425 Tokay Ave. Carlsbad, New Mexico 88220

Attn: Ms. Rachael Barrera or Garcia

Dear Ms. Barrera:

Please make reference to my letter of May 8, 1990 and May 25, 1990.

I am representing OXY USA Inc. in renewing an Oil and Gas Lease covering the above.

OXY is planning to drill a Morrow test in the E/2 of Section 29, T-21-S, R-27-E, therefore we request that you call me collect at the above office number as soon as possible. If we are unable to secure an Oil and Gas Lease from the mineral owners of the above tract then I must file an application to compulsory pool the interest with the Oil Conservation Division, State of New Mexico.

Your cooperation will be appreciated.

Yours very truly, Bill Seltzer

BS/kp Enclosure

| ' | -865 DOMESTIC RETURN RECEIPT | PS Form 3811, Mar. 1988/ '+ U.S.G.P.O. 1988-212-865 |
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| _ | | 1. Wate of Delivery |
| | • | 6. Signature - Agent X F. F. Mer |
| | 8. Addressee's Address (ONLY if requested and fee paid) | Address |
| | Always obtain signature of addressee or agent and DATE DELIVERED. | Attn: Rachael Barrera or Garcia |
| | Or Garcia Type of Service: | c/o Rachael Barrera or Garcia 1425 Tokay Ave. Carlsbad, NM 88220 |
| | 4. Article Number P 154 192 202 | 3. Article Addressed to: Mr. and Mrs. Fermin Carcia |
| | ed. dress. 2. 🗆 Restricted Delivery (Extra charge) | for fees and check box(es) for additional service(s) requested. 1. Show to whom delivered, date, and addressee's address. (Extra charge) |
| | services are desired, and complete items se side. Failure to do this ŵill prevent this ovide you the name of the person delivered services are available. Consult postmaster | SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster |
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P 154 192 202

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RECEIPT FOR CERTIFIED MAIL NO INSURANCE COVERAGE FROM CED NOT FOR INTERNATIONAL MAIL

| | Mr, <u>& Mrs Fermin</u> c/o Rachael Barro Garcia 1425 Tokay Ave. Carlsbad, NM 882 | era or |
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| PS Form 3800, June 1985 | 6/13/90 | |

214 WEST TEXAS, SUITE 507 MIDLAND, TEXAS 79701

June 20, 1990

Re: East 1/2 acre of the North 1 1/2 acre of Lot 9, Block 25, La Huerta Subdivision in Section 29 T-21-S, R-27-E Eddy County, New Mexico 0.5 acre

Ms. Rachel Garcia Barrera 1425 Tokay Avenue Carlsbad, New Mexico 88220

Dear Ms. Barrera:

In accordance with your acceptance of June 15, 1990, please refer to the Oil and Gas Lease, Ratification and Rental Division Order, and Draft, along with instruction letter that was forwarded to Fermin Garcia and wife, Dora Garcia on June 15, 1990.

Please have Fermin Garcia and wife, Dora Garcia execute the above instruments per our instruction letter and place in their bank to be forwarded to First City National Bank in Midland, Texas for collection.

Thank you for your immediate attention to this matter.

Yours very truly,

in the Bill Seltzer

BS/kp

OFFICE PHONE 915 - 684-5381

BILL SELTZER

214 WEST TEXAS, SUITE 507 MIDLAND, TEXAS 79701

May 25, 1990

Re: East 1/2 acre of the North 1 1/2 acre of Lot 9, Block 25, La Huerta Subdivision in Section 29 T-21-S, R-27-E Eddy County, New Mexico 0.5 net acre

Mr. and Mrs. Fermin Garcia 142**5** Tokay Avenue Carlsbad, New Mexico 88220

Attn: Rachel Garcia

Dear Ms. Garcia:

On May 8, 1990, we forwarded a letter to Mr. and Mrs. Fermin Garcia pertaining to the above described lands (copy of letter attached). According to a check of the County Records of Lea County, New Mexico, Mr. and Mrs. Garcia are the owners of the mineral interest set out above.

I am renewing Oil and Gas Leases in the area for OXY USA Inc. and we desire to purchase an Oil and Gas Lease on the above interest and offer \$100.00 for an Oil and Gas Lease for a 3 year Paid Up Lease with 3/16ths royalty.

If this offer is acceptable please indicate your acceptance in the space provided below and I will forward an Oil and Gas Lease and draft in the amount of \$100.00.

If you have any questions, please call me collect.

Yours very truly, Bill Seltzer

BS/kp

Accepted and Agreed to this <u>15</u>^{fh} day of <u>JUME</u> By: Jackel Charcie Darrerle 1425 Tokay

214 WEST TEXAS, SUITE 507

MIDLAND, TEXAS 79701

Certified #P 154 192 137

May 8, 1990

Re: East 1/2 acre of the North 1 1/2 acre of Lot 9, Block 25, La Huerta Subdivision in Section 29 T-21-S, R-27-E Eddy County, New Mexico 0,5 chet annen.

Mr. and Mrs. Fermin Garcia 1427 Tokay Avenue Carlsbad, New Mexico 88220

Dear Mr. and Mrs. Garcia:

According to a check of the County Records of Eddy County, New Mexico, you are the owner of the above described mineral interest.

I am renewing Oil and Gas Leases in the area for OXY USA Inc. and we desire to purchase an Oil and Gas Lease on your interest and offer you \$100.00 for an Oil and Gas Lease for a 3 year Paid Up Lease with 3/16ths royalty.

If this offer is acceptable, please signify your acceptance in the space provided below and I will forward you an Oil and Gas Lease and draft in the amount of \$100.00.

If you have any questions, please call.

Yours very truly,

Bill Seltzer

BS/kp

Accepted and Agreed to this _____ day of ______

By:

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154 192 197 Ρ

RECEIPT FOR CERTIFIED MAIL -NO INSURANCE COVERAGE PROV DED NOT FOR INTERNATIONAL MAIL (See Reverse)

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| | Mr. and Mrs. Fe | rmin |
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| PS Form 3800, June 1985 | 5/8/90 | |

| Producers 88 Rev. X5 Year Lease) 10-57 | THIEE (RIXE YEAR PAID UP LE | ASE) | Form 345 Hall-Poorbaugh Press |
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| • | OIL AND GAS LEA | SE | Roswell, New Mexico |
| THIS AGREEMENT mode this | and husband | Barrera, sole a | and only |
| heirs of Fermin Garci | a and Dora Garcia | · · · · · · · · · · · · · · · · · · · | t |
| Lessor (whether one or more), whose address is and Bill Seltzer, 214 W. 1. Lessor in consideration of Ten a (\$ 10.00) in hand paid, of the ray clusively unto Lessee for the purpose of investi- roads, tanks, power stations, telephone lines a | Texas, Suite 507, M and no/100 | idland, Texas 79701 | Lessee, WITNESSETH: Dollars nts, lenses and lets ex- ring pipe lines, building |
| thereto, to produce, save, take care of, treat, t Eddy | ransport, and own said products, and housi County, New | ng its employees, the following described lar Mexico, to-wit: | 1d in |
| East 1/2 acre of the Subdivision in Section | North 1 1/2 acre of | Lot 9, Block 25, La H | luerta |

2. Without reference to the commencement, prosecution or cessation at any time of drilling or other development operations and/or to the discovery, de-elopment or cessation at any time of production of oil or gas and without further payments than the royalties herein provided, and notwithstanding any-hing else herein contained to the contrary, this lease shall be for a term of 32 cars from this date (called "primary term") and as long thereafter as oil r gas is produced from said hand or land with which said hand is pooled hereunder. Three (3) 3. The royalties to paid by bases are: (a) on oil, 3/16 of that produced and saved from said hand, the same to be delivered at the wells or to the redit of baser into the pipe line to which the wells may be connected; bases may from time to time purchase any royalty oil in its passession, paying the market price therefor prevailing for the field where produced on the date of purchase; (b) on gas, including casinghead gas or other gaseous substance, pro-

duced from said land, and sold, or used off the premises or for the extraction of gasoline or other product therefrom, the market value at the well of 3/16

of the gas so sold or used, provided that on gas sold at the wells the royalty shall be 3/16 of the amount realized from such sale; while there is a gas well on this lease or on acreage proded therewith but gas is not being sold or used. Lessee may pay or tender as royalty, on or before ninety (90) days after the date on which said well is shut in and thereafter at annual intervals the sum of \$1.00 per are, and if such payment is made or tendered, this lease shall not terminate and it will be considered that gas is being produced from this lease in paying quantities. Payment or tender of suid shut-in gas royally may be made by check or draft of Lessee mailed or delivered to the parties entitled thereto on, or before the date said payment is use. Lessee shall have free use of oil, gas, cost and water from said land, except water from Lessor's wells, for all operations become, and the royalty on oil and gas shall be com-puted after deducting any so used.

There of all gas cand and safe from said land, exerpt water from Lesse's wells, for all operations berender, and the toyalty on oil and gas shall be computed after dedecting any so used.
4. Lessee, at it option, thereby given the richt and power to peel or combine the average covered by this lesse, or any pertion thereof as to all an exercise relations in context. Summarizes and the specing rules of the second rule and the independence of the second rules and the second rule and the independence and the independence of the second rules and the second rule and the rule of the second rules of the second rule of the second ru

and the same may be recorded either before or after the completion of wells. 5. If at the expiration of the primary term oil or gas is not being produced on said land, or from land pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon, or shall have completed a dry hole thereon within 60 days prior to the end of the primary terms, the lease shall remain in force so long as operations on said well or for drilling or reworking of any additional well are prosecuted with no cessation of more than 60 con-secutive days, and if they result in the production of oil or gas so long thereafter as oil or gas is produced from said land, or from land pooled therewith. If, after the expiration of the primary term of this lease and after oil or gas is produced from said land, or from land pooled therewith. If, should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within 60 days after the cessation of such production, but shall remain in force and effect so long as such operations are prosecuted from said land, or from land pooled therewith. Any pooled unit designated by Lessee in accordance with the terms hereof, may be dissolved by Lessee by instrument filed for record in the appropriate records of the county in which the leased premises are situated at any time after the completion of a dry hole or the cessation of production on a producing oil or gas in paying quantities should be brought in on adjacent land and within 60 feet of and draining the lease premises, or land pooled there with. Lessee agrees to drill such offset well or wells as a releases or releases covering any portions or portions of the above described premises and there oil wells are areasonably prudent operator would drill under the same or similar circubstances. Lessee may there system any time execute and deliver to Lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surren

6. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred feet of any residence or barn now on said land without Lessor's consent.

7. The rights of either party bereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigned but no change or division in ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lesser: and no change or division in such ownership shall be binding on Lesser until thirty (30) days after Lessee shall have been furnished by registered U. S. mail at Lesser's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lesse or of a portion thereof who commits such breach. If six or more parties become entitled to royalty becounder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

8. The breach by Lessee of any obligation arising bereunder shall not work a forfeiture or termination of this lesse nor cause a termination or revision of the extat: created hereby nor be grounds for cancellation hereof in whole or in part. In the event Lessor considers that operations are not at any time being conducted in compliance with this lesse. Lessor shall notify Lessee in writing of the facts relied upon as constituting a brench hereof, and Lessee, if in default, shall have sixty days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument. After the discovery of oil or gas in paying quantities on said premises. Lessee shall develop the acreage retained hereunder as a reasonably prudent operator but in dischryging this obligation is shall in no event be required to drill more than one well per forty (40) acres of the area retained hereunder and capable of producing us in paying quantities. time e, if

9. Lesson hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other upon said land either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply roya accruing become toward satisfying same. Without impairment of Lessee's right under the warranty in event of failure of title, it is agreed that if Le owns an interest in the oil or gas on, in or under said land less than the entire fee simule estate, then the royalties to be paid Lessor shall be red proportionately. Should any one or more of the parties named as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or pa executing the same. lien

10. Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon or from producing oil or gas therefrom by reason of scarcity of or inability to obtain or to use equipment or material, or by operation of force maneure, any Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting grinding or reworking operations on or from producing oil or gas from the leased premises; and the time while Lessee is prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

| Rachel Garcia | Barrera | |
|---------------|---------|--|
| -SS#: | | |
| | | |

Lessor

Lesso

| INDIVIDUAL | ACKNOWLEDGMENT | |
|------------|----------------|--|

| | | by Ra | che] | L Ga | rci | a Ba | rrer | a and | l hus | band | 1, | <u></u> | | | Ba | rrer | a, | |
|---|---|----------------------------|---------|----------|--------|--------|------------------------------|----------|---------|------|------|---------|----------|-------|--------------|--------------|-------------------------|-----|
| | 19 by <u>Rachel Garcia Barrera and husband</u> , Ba sole and only heirs of Fermin Garcia and Dora Garcia | | | | | | | | | | | | | | | | | |
| | | | • | | | | | | | | | | | | | | | |
| • | My commission expires | | | | | | , 19 Notary Printed Name: | | | | | | y Public | | | | | |
| | | | | | | | | | | | | | | | | | | |
| | | | | · | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | |
| | | | MEN | 100 | | CC | ORPOR | ATION | ACKN | OWLE | DGME | NТ | | | | | | |
| | STATE (County o | | | | | } | ss. | | | | | | | | | | | |
| | The | foregoing | r instr | ument | t was | acknov | vledged | before | me this | | | day | of | | | | , 1.9 | |
| | by | <u>,</u> | · | | | | | ···· | , | | | | | | | | Presi | ide |
| | of on behali | f of said | | etion | | | | | a | | | | | | | | _ corpor | ati |
| | on benan | t of salu | corpor | a 11011. | | | | | | | | | | | | | ry Public | • |
| | County o | OF of foregoin | | | | | SS. | IDUAL | | | | | day of | | | | | |
| | County o | OF | ng inst | trume | nt was | | ss. .owledg | ed befor | re me t | his | | | day of | | | | | |
| | County of The 19 | OF of foregoin | ng inst | trunie | nt wa: | | ss. owledg | ed befor | re me t | his | | | | ry Pu | | | | |
| | County of The 19 | OF of foregoin by | ng inst | trunie | nt wa: | | ss. owledg | ed befor | re me t | his | | | | | | | | |
| | County of The 19 | OF of foregoin by | ag inst | trunie | nt wa: | | ss. owledg | ed befor | re me t | his | | | Nota | | this office. | County Clerk | When recorded return to | |

RATIFICATION AND RENTAL DIVISION ORDER

| To: Bill Seltzer | Lessee |
|---|---|
| You are the owner of a mineral lease dated | June 15 , 19.9.0 , recorded in |
| Vol, at page, of the | |
| EddyCounty (Par | rish), State of <u>New Mexico</u> , between |
| Rachel Garcia Barrera and husba | and, Barrera, sole and |
| only heirs of Fermin Garcia and | l Dora Garcia |
| as Lessee, in so far as said lease covers the following | /2 acre of Lot 9, Block 25, La Huerta |

We, the undersigned parties, hereby authorize you to pay or tender rentals under said lease in accordance with the provisions thereof to the respective parties named below, or to the credit of any party named below either to a depository bank as named in said lease or to the respective depository set out below opposite such party's name, and in the following amounts:

| CREDIT TO | Fractional Interest | AMOUNT | DEPOSITORY |
|--|------------------------|--------------------------|------------|
| Rachel Garcia Barrera and husband, Barrera, sole and only heirs of Fermin Garcia and Dora Garcia | .5 | None Paid Up Lease | |

Each of the undersigned parties agrees that payment or tender of said rentals as set forth above will protect said lease and continue same in force as therein provided in so far as said lease covers the interest of such undersigned party in said land. Each undersigned party, however, certifies only the interest, if any, set forth above opposite such party's name.

This division order covers only payment of delay rentals under said lease as to said land and does not cover royalty payments thereunder.

The provisions hereof shall be binding upon our respective heirs, legal representatives, successors and assigns, except that payment of rentals under said lease as to said tract to an assignee of any undersigned party shall be made to the depository bank named in said lease, if different from the respective depository specified above.

Said lease is hereby ratified and confirmed and declared to be in full force and effect, and the undersigned hereby lease, let and demise the lands described in said lease, unto the record owners and holders of said lease, its successors and assigns, upon the terms and conditions set out in said lease.

| Rachel Garcia Barrera | |
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"ACKNOWLEDGMENT ON BACK"

| TEXAS | AND | NEW | MEXICO-ACKNOWLEDGMENTS |
|-------|-----|-----|------------------------|

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.

| STATE OF <u>New Mexico</u> COUNTY OF <u>Eddy</u> and for said County and St | A Before me, the use of the set of the se | undersigned authority, a Notary Public in rsonally appearod <u>Rachel Garcia Barre</u> ra |
|---|--|---|
| and husband, known to be the pers acknowledged to me that <u>t</u> h | Barrera, sole on_swhose name_s_ar ne_yexecuted the same | and only heirs of Fermin Garcia and gubscribed to the foregoing instrument, and as free act and deed for the purposes |
| and consideration therein Given under my hand a | | this the day of, A. D. 19 |
| (New Mexico) | | Notary Public in and for County, |
| STATE OF | 8 | Printed Name: |
| COUNTY OF and for said County and St | Before me, the | Printed Name: undersigned authority, a Notary Public in rsonally appeared |
| acknowledged to me that _h and consideration therein | ne_ exocuted the sam expressed. | subscribed to the foregoing instrument, and as free act and deed for the purposes this theday of, A. D. 19 |
| (New Mexico) | | Notary Public in and for County |
| STATE OF | ð | Printed Name: |
| COUNTY OF and for said County and St | Before me, the | Printed Name: undursigned authority, a Notary Public in priorsonally appeared |
| acknowledged to me that purposes and consideration | he_ executed the sem n therein expressed. | subscribed to the foregoing instrument, and me as free act and deed for the this the day of, A. D. 19 |
| (New Mexico) | | Notary Public in and for County |
| STATE OF | ð | Printed Name: |
| COUNTY OF and for said County and S | tate, on this day pe | Printed Name: the undersigned authority, a Notary Public in ersonally appeared |
| acknowledged to me that | ne executed the same | subscribed to the foregoing instrument, and me as free act and deed for the purposes this the day of, A. D. 19 |
| (New Mexico) | | Notary Public in and for County, Texas |
| | | Printed Name: |
| C | CORPORATE ACKNOWLEDG | EMENT - TEXAS OR NEW MEXICO |
| STATE OF | ¥ | |
| COUNTY OF | A Before me t | the undersigned authority, on this day personally |
| is subscribed to the fore | egoing instrument as | known to me to be the person whose name |
| of he executed the same, on therein expressed and in | bohalf of said corp | , a corporation, and acknowledged to me that poration, for the purposes and consideration in stated. |
| Given under my hand | and seal of office, | , this the day of A. D. 19 |
| (Now Mexico) | | Notary Public in and for County |
| | | Printed Name: |
| | X - | |
| | 1. Sec. 1. Sec | |
| | | |

FOR_OGL, 21-27, Sec. 29, Eddy Co. PAY TO THE ORDER OF_Rachel_Garcia_Barrera_and One Hundred and no/100-----507 PETROLEUM BLDG. MIDLAND, TX 79701 **BILL SELTZER, LEASE ACCOUNT** OLNEY SAVINCS . . 108" July 2 -----Dollars \$ 100.00 _19<u>90</u> <u>88-7265</u> 3119 3005

Requested by: J. Carroll 32-44 (11-14) CITIES SERVICE OIL AND GAS CORPORATION

DETAILED WELL ESTIMATE

DATE _______

LOCATION _____ 1980' FSL & FEL

LEASE - WELL NO. _

Simpson A #2

_____ PROP.DEPTH ______

 \mathcal{O}

| DESCRIPTION | GRADE | SIZE | QUAN. | w | ESTIMATE | ESTIMATE DRY HOLE | REVISED | ACTUAL |
|---|------------|----------|------------|----------|----------|--|---|-------------|
| TANGIBLES | | | | | PRODUCER | | ESTIMATE | |
| Casing | | | | | | | | |
| Surface 13-3/8" 48# H-40 ST&C | | | 6201 | | 13,200 | 13,200 | · | |
| 8-5/8" 24# K-55 ST&C | <u> </u> | | 2400' | | 28,800 | | | |
| 8-5/8" 32# K-55 ST&C | + | | 600' | | 8,500 | 8,500 | | |
| 5-1/2" 17# N-80 LT&C | | | 10480' | | 104,800 | 0,000 | | |
| 5-1/2" 20# N-80 LT&C | <u> </u> | | 1330' | | 15,950 | | | |
| | | | 1330 | | | · · · · · · · · · · · · · · · · · · · | | · |
| | | | | | | | | |
| Well head connections | A | | | | 10,000 | | | |
| Tubing 2-3/8" 4.7# N-80 EUE 8rd | A | ļ | 11800' | | 43.400 | | | |
| Sucker rods | <u> </u> | | | | ļ | | | |
| Bottom hole pump | <u></u> | <u> </u> | | | Į | | | |
| Engine or motor | 1 | ļ | | | 1 | | | |
| Pumping unit | <u> </u> | Į | | | | | | |
| Electrical equip. incl. Labor & Trans. | 1 | I | | | <u> </u> | | | |
| Line pipe, fittings incl. Labor & Trans. | <u> </u> | ļ | | | 5.000 | | | |
| Packer & Accessories | A | | | | 4,000 | | | |
| TANK BATTERY | | | | | + | | | |
| Stock tanks | A | 300 | 2 | | 7,000 | | | |
| Separator, heater treater, dehydrator | A | | | - | 12,000 | | | |
| Meter run and housing | | | | | 2,500 | | | |
| Labor & transportation | 1 | [| | | 5,000 | | | |
| Total Tangibles | 1 | | | | 260,150 | 50,500 | | |
| | | | | | | | | |
| INTANGIBLES | | <u> </u> | | | | | | |
| Contract drilling labor 11.810' 9 \$15/foot | <u> </u> | <u> </u> | | | | 177,150 | | |
| Rotory day work 6 days (3 \$4000/day | | ļ | | | 24,000 | 24,000 | | |
| Service rig work 12 days @ S1100/day | <u> </u> | | ļ | | 13,200 | | | |
| Subsurface casing equipment | | I | | | 2,500 | | | |
| D. S. T., electric, radioactivity logs, etc. | <u> </u> | | ļ | | 50,000 | | | |
| Acidizing, fracing | | ļ | ļ | | 45,000 | | | |
| Perforating | | ļ | ļ | ·- | 6,000 | | • | |
| Misc. company and contract labor | | _ | <u> </u> | | 12,000 | | | |
| Road building, location | + | | | | 25,000 | | | |
| Cement and cementing service Cement squeeze jobs | | <u> </u> | { | | 25,000 | 19,000 | | |
| | | | | | 20.000 | | | <u> </u> |
| Drilling mud, chemicals | | <u> </u> | <u> </u> | | 30,000 | | | |
| Diamond coring & analyses, bits, reamers | | ·{ | | | 18,000 | the second s | فمناكلة المترجزي والنصاب يتوريني وبراجع | |
| Mud logging unit 30 days @ \$350/day | _ <u> </u> | <u> </u> | | | 10,500 | | | • |
| Rental of miscellaneous equip. Contract hauling | | | ·{ | ┣─── | 20,000 | | | |
| Water, fuel | | | | | 10,000 | | | ļ |
| Miscellaneous incidentals | | <u> </u> | | <u> </u> | 15,000 | | | |
| Total Intangibles | | ╂──── | | | 495,350 | | | |
| Total Intangibies | + | + | | <u> </u> | 1 | -00,100 | | |
| | | 1 | | | | | | |
| | | | · <u> </u> | | | | | |
| | | | | | | | · | |
| | | 1 | 1 | t | 1 | | | |
| Total estimated cost - 100% - | | | | | 755,500 | 453,650 | | |
| Total estimate C.S | 1 | | 1 | 1 | 1 | | | |

APPROVED BY OPERATOR

Total estimate C. S. -

OXY USA Inc. laber JL

%

6-15-90

R. L. Doty, Exploitation Manager

Date

APPROVED BY NON-OPERATOR

D Producers 88 Rev. (XYear Lease) 10-57

Three ANN YEAR PAID UP LEASE) OIL AND GAS LEASE

June

Form 345 Hall-Poorbaugh Press Roswell, New Mexico

19 90 between

15th THIS AGREEMENT made this 15th Fermin Garcia, and wife, Dora Garcia

| Lessor (whether one or more), whose side | 1425 Tokay Avenue, Carlsbad, New Mexico 88220 |
|---|--|
| Bill Seltzer, 214 | W. Texas, Suite 507, Midland, Texas 79701 Lessee, WITNESSETH: |
| 1. Lessor in consideration of Ter | and no/100Dollars |
| clusively unto ressee for the purpose of th | royaltics herein provided and of the agreements of Lessee herein contained, hereby grants, lesses and lets ex- vestigating, exploring, prospecting, drilling and mining for and producing oil and gas, laying pipe lines, building hes and other structures thereon and on, over and across lands owned or claimed by Lessor adjacent and contiguous |
| thereto, to produce, save, take care of, tr | nt, transport, and own said products, and housing its employees, the following described land in |
| Eddy | County, New Mexico, to-wit: |
| East $1/2$ acre of the | North 1 1/2 acre of Lot 9, Block 25, La Huerta |
| Subdivision in Sect. | on 29, T-21-S, R-27-E |

2. Without reference to the commencement, prosecution or costation at any time of drilling or other development operations and/or to the discovery, development or costation at any time of production of oil or gas and without further payments than the royalties berein provided, and notwithstanding any-thing else herein contained to the contrary, this leave shall be for a term of XXX-ars from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or land with which said land is pooled hereunder. Three (3) 3. The royalties to paid by Lessee are: (a) on oil. 3/16 of that produced and saved from said land, the same to be delivered at the wells or to the credit of Lessor into the pipe line to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefor prevailing for the field where produced on the date of purchase; (b) on gas, including casinghead gas or other gaseous substance, pro-

duced from said load, and sold, or used off the premises or for the extraction of gasoline or other product therefrom, the market value at the well of 3/16.

of the gas so sold or used, provided that on gas sold at the wells the royalty shall be 3/16 of the amount realized from such sale; while there is a gas well on this lease or on accrete pooled therewith but gas is not being sold or used. Lesser may pay or lender as royalty, on or before ninety (90) days after the date on which said well is shut in and thereafter at annual intervals the sum of \$1.00 per arce, and if such payment is made or tendered, this lease shall not terminate and it will be considered that gas is being produced from this lease in paying quantities. Payment or tender of said shutin gas royalty may be made by check or that of Lesser mailed or delivered to the parties entitled thereto on or before the date said payment is due. Lesser shall have free use of oil, gas, coal and water from said land, except water from Lessor's wells, for all operations hereunder, and the royalty on oil and gas shall be computed after deducting any so used.

The metric is the constraint of the metric term is and built of the problem of the metric of the constraints for discrete and so used.
4. Leave, at its option, as break statistical except while for all operations bereaker covered by this leave, or any portion thereof as to old and except while of the statistical exception e

and the same may be recorded either before or after the completion of wells. 5. If at the expiration of the primary term oil or gas is not being produced on said land, or from land pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon, or shall have completed a dry hole thereon within 60 days prior to the end of the primary terms, the lease shall remain in force so long as operations on said well or for drilling or reworking of any additional well are prosecuted with no cessation of more than 60 con-secutive days, and if they result in the production of oil or gas so long thereafter as oil or gas is produced from said land, or from land pooled therewith, if, after the expiration of the primary term of this lease and after oil or gas is produced from said land, or from land pooled therewith, the production, but shall remain in force and effect so long as such operations are presecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land, or from land pooled therewith. Any pooled unit designated by Lessee in accordance with the terms hereof, may be dissolved by Lessee by instrument filed for record in the approprinte records of the country in which the lease parentses are situated at any time after the completion of a dry hole or the cestantion on and unit. In the event a well or wells preducing oil or gas in paying quantities should be brought in on adjacent land and within 660 feet of and draining the lease premises, or land pooled there with. Lessee agrees to drill such offact well or wells as a reasonably prudent operations at the ill under the same or similar circumstances. Lessee may t any time execute and deliver to Lessor or place of record a release or releases overing any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and hereinveved of all obligations as to the acreage surrende

6. Lessee shall have the right at any time during or after the expiration of this lesse to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred feet of any residence or barn now on said land without Lessor's consent.

7. The rights of either party hereunder may be assigned in whole or in purt, and the provisions hereof shall extend to their heirs, successors and assignation or change or division in ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be hinding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U. S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lesse or of a portion thereof who ecommits such breach. If six or more parties become entitled to royalty hereunder. Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

8. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination or revisio of the extate created hereby nor be grounds for cancellation hereof in whole or in part. In the event Lessor considers that operations are not at any tin being conducted in compliance with this lease, Lessor shall notify Lessee; in writing of the facts relied upon as constituting a breach hereof, and Lessee, in default, shall have sixty days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrumer After the discovery of oil or gas in paying quantities on anid premises. Lessee shall develop the accesse retained hereunder as a reasonably prudent operat but in discharging this obligation it shall in no event be required to drill more than one well per forty (40) acres of the area retained hereunder and capab of producing oil in paying quantities and one well per 640 acres plus an acreage tolerance not to exceed 10% of 640 acres of the area retained hereund and capable of producing gas in paying quantities. ne if

9. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land either in whole or in part, and in event Lessee does so, it shall be subrotated to such lien with the right to enforce same and apply royalties accruing bereunder toward satisfying same. Without impairment of Lessee's right under the warranty in event of failure of title, it is agreed that if Lessor owns an interest in the oil or gas on, in or under said land less than the entire fee simple estate, then the royalties to be paid Lesser shall be reduced proportionately. Should any one or more of the parties named as Lessors fail to exceute this lease, it shall nevertheless be binding upon the party or parties executing the same.

10. Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon or from producing oil or gas therefrom by reason of scarcity of or inability to obtain or to use equipment or material, or by operation of force majoure, any Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas from the leased premises; and the time while Lessee is a prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

| i | | |
|--------|--------|--|
| Fermin | Garcia | |
| | | |

| Dora Garcia | |
|-------------|--|
| SS#: | |

Lessor

Lessor

| | | INDIVIDUAL A | | | |
|--------|---|---------------------------------------|----------------|--|---|
| | STATE OF NEW MEXICO, County of Eddy | } ss. | | | |
| i | The foregoing instrument w | as acknowledged before | me this d | ay of | |
| | 19 by Fermin Garc | ia and wife, D | ora Garcia | | |
| | | | | | |
| | | | | | |
| | My commission expires | , 19 | | Notary Public | |
| | | Υ. | Printed Name: | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | CORPORATION . | ACKNOWLEDGMENT | | |
| | STATE OF NEW MEXICO County of | } ss. | | | |
| | The foregoing instrument w | as asknowledged before r | na this due | - o f | 10 |
| | | | | | |
| | by | | | | |
| | of on behalf of said corporation. | · · · · · · · · · · · · · · · · · · · | . a | ···· | corpora |
| | My Commission Expires: | | | | Notary Public |
| | | INDIVIDUAL | ACKNOWLEDGMENT | | |
| | STATE OF County of | } ss. | | luy of | |
| | | was acknowledged before | e me this | | |
| | County of | was acknowledged before | e me this | | |
| - - | County of | was acknowledged before | • me this • | | |
| | County of The foregoing instrument 19 by | was acknowledged before | • me this • | | |
| | County of The foregoing instrument 19 by | was acknowledged before | • me this • | | |
| | County of The foregoing instrument 19 by | was acknowledged before | • me this • | | |
| - - | County of The foregoing instrument 19 by | was acknowledged before | • me this | Notary Public | |
| | County of The foregoing instrument of 19 by My commission expires | was acknowledged before | • me this | Notary Public | |
| | County of The foregoing instrument of 19 by My commission expires | was acknowledged before | • me this | Notary Public | inty Clerk , Deputy |
| | County of The foregoing instrument of 19 by My commission expires | was acknowledged before | • me this | Notary Public | inty Clerk , Deputy |
| | County of The foregoing instrument of 19 by My commission expires | } ss. | e me this | Notary Page, 19, Notary, Page, Page, Page, records of this office. | inty Clerk , Deputy |
| | County of The foregoing instrument of 19 by My commission expires | } ss. | e me this | votary Laplice | inty Clerk , Deputy |
| | County of The foregoing instrument of 19 by My commission expires | } ss. | e me this | v of, 19, volume in the second solution of the second solution of the second solution of the second solution of the second solution is second solution. | inty Clerk , Deputy |
| | County of The foregoing instrument of 19 by My commission expires | } ss. | e me this 19 | day of, 19, Notary of, 19, Notary of clockM, and duly hook, Page, Page, Page, records of this office. | County Clerk County Deputy recorded return to |
| · · | County of The foregoing instrument of 19 by My commission expires I gase I gase LEGSE | } ss. | • me this | v of, 19, volumed and the second soft the second soft the soft second soft soft second second soft second secon | inty Clerk , Deputy |

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i ulin (u (ktv, j-01)

RATIFICATION AND RENTAL DIVISION ORDER

| | n 1 1 1 | 0 - 1 | _ | |
|----|---------|---------|--------|---------|
| To | Bill | Seltzer | Lessee | 1.12.20 |
| | | | | |

| You are | e the owner of a mi | ineral lease dated June 1 | 5 | , 19.90, recorded in |
|---------|---------------------|---------------------------|---|--|
| Vol | , at page | , of the | | |
| | | | | |
| | | vife, Dora Garcia | | |
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| • | . Bill Soltz | Por | | |

as Lessors, and Bill Seltzer as Lessor, in so far as said lease covers the following land situated in said County (Parish) and State: East 1/2 acre of the North 1 1/2 acre of Lot 9, Block 25, La Huerta Subdivision in Section 29, T-21-S, R-27-E

We, the undersigned parties, hereby authorize you to pay or tender rentals under said lease in accordance with the provisions thereof to the respective parties named below, or to the credit of any party named below either to a depository bank as named in said lease or to the respective depository set out below opposite such party's name, and in the following amounts:

| CREDIT TO | Frederic Xet Interest | AMOUNT | DEPOSITORY |
|--|--------------------------|--------------------------|------------|
| Fermin Garcia and wife, Dora Garcia | .5 | None Paid Up Lease | |
| | | | |

Each of the undersigned parties agrees that payment or tender of said rentals as set forth above will protect said lease and continue same in force as therein provided in so far as said lease covers the interest of such undersigned party in said land. Each undersigned party, however, certifies only the interest, if any, set forth above opposite such party's name.

This division order covers only payment of delay rentals under said lease as to said land and does not cover royalty payments thereunder.

The provisions hereof shall be binding upon our respective heirs, legal representatives, successors and assigns, except that payment of rentals under said lease as to said tract to an assignee of any undersigned party shall be made to the depository bank named in said lease, if different from the respective depository specified above.

Said lease is hereby ratified and confirmed and declared to be in full force and effect, and the undersigned hereby lease, let and demise the lands described in said lease, unto the record owners and holders of said lease, its successors and assigns, upon the terms and conditions set out in said lease.

| Fermin Garcia | Dora Garcia |
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"ACKNOWLEDGMENT ON BACK"

| and for said County and State, on this day Fermin Garcia and wife, Dora Gar | |
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| acknowledged to me that they executed the and consideration therein expressed, | are subscribed to the foregoing instrument, and same as free act and deed for the purposes e, this the day of, A. D. 19 |
| GIVEN UNDER MY MAINI AINI BEAT OF OFFIC | 6, units uno day or, x. b. 17 |
| (New Mexico) | Notary Public in and for County, |
| STATE OF | Print'ed Name: |
| COUNTY OF Before me, t and for said County and State, on this day | he undersigned authority, a Notary Public in personally appeared |
| acknowledged to me that he executed the and consideration therein expressed. | subscribed to the foregoing instrument, and same asfree act and deed for the purposes te, this theday of, A. D. 19 |
| (New Mexico) | Notary Public in and for County |
| STATE OF | Printed Name: |
| COUNTY OF Before me, and for said County and State, on this day | the undersigned authority, a Notary Public in y personally appeared |
| acknowledged to me that he executed the purposes and consideration therein express | subscribed to the foregoing instrument, and seme as free act and deed for the sod. ce, this the day of, A. D. 19 |
| (New Mexico) | Notary Public in and for County |
| STATE OF COUNTY OF and for said County and State, on this da | Printed Name: me, the undersigned authority, a Notary Public in y personally appeared |
| acknowledged to me that he executed the and consideration therein expressed. | subscribed to the foregoing instrument, and same as free act and deed for the purposes ce, this theday of, A. D. 19 |
| (New Mexico) | Notary Public in and for County, Texas |
| | Printed Name: |
| CODDOUNTR NOYMON | LEIGEMENT - TEXAS UN NEW MEXICO |
| | LEISERENT - TEXAS ON NEW PLEXICO |
| STATE OF | |
| COUNTY OF Before r appeared | he the undersigned authority, on this day personall known to me to be the person whose name |
| of he executed the same, on behalf of said therein expressed and in the capacity the | known to me to be the person whose name t as, a corporation, and acknowledged to me that corporation, for the purposes and consideration erein stated. |
| Given under my hand and seal of off | ice, this the day of, A. D. 19 |
| (New Mexico) | Notary Public in and for County |
| | Printed Name: |
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| • | AT: First City National Bank of Midland Midland, Texas collecting Bank | The drawer, by the drawer is pay for $\frac{1}{2}$ $\frac{1}{2}$ $\frac{2}{2}$ $\frac{2}{2}$ $\frac{1}{2}$ | One Hundred | PAY TO THE OF | On approval of lease described hereon, and on approval of title to same by drawee not later than $\frac{30}{40}$ days after arrival of this draft at collecting bank. | ŗ |
|---|--|--|-------------------|-------------------------------------|---|---|
| | By Received | Lot 9, BLOCK 25, La County, New Mexico hereof, and the grantors of the lease desc olone to acceptance of payment hereof by ourn of this draft prior to the expiration of the spiration. | 5, 1990 | Fermin Garcia and wife, Dora Barcia | ed hereon, and on approval of later than <u>30</u> t at collecting bank. DATE <u>June 15, 1990</u> | |
| | | n 29, $T-21-5$, k escrow agent to hold this draft for r, payee or endorsers hereof, or said er on the collecting bank for refusal er on the rollecting bank for refusal | acre of the North | \$ 100.00 | 1990 | |