

EXHIBIT LIST

EXAMINER: *Michael E. Stogner*

CASE NUMBER: *8165*

HEARING DATE: *May 23, 1984*

| APPLICANT | | | OPPOSITION | | |
|-----------|-----------------------------------|----------|------------|-------------|----------|
| No. | Description | Admitted | No. | Description | Admitted |
| <i>1</i> | <i>Packet of engineering data</i> | <i>—</i> | | | |
| <i>2</i> | <i>Well Bore Semotic</i> | <i>✓</i> | | | |
| <i>3</i> | <i>Owners Correspondance</i> | <i>✓</i> | | | |

WITNES LIST

Case No. 8165 Date of Hearing May 23, 1984

APPLICANT: ECHO PRODUCTION COMPANY OPPOSITION:

No: Qualified Sworn Ab. Qualified Sworn

1) Name : George Hendrickson

Position : handman

Braham, Texas

2) Name : Herb Chen Lee

Position : Self

Teacher

AS + MS - U. Ark.

3) Name : Henry I Kennelwell

Position : Engineer & Ex. U-P

1) Name :

Position :

2) Name :

Position :

3) Name :

Position :

Compulsory Pooling - all mineral
interest in the Nitohu formation
underlying the 4 1/2 Sec. 23, T-9S,
R-32E, Lea Cty.

CASE #: 8165

DATE FILED March 27, 1984

APPLICANT

Name: Echo Production Company

1. Representative: James Bruce
2. Position: Agent
3. Address: _____

4. Telephone: _____
5. ATTORNEY: James Bruce for T. Calder Ezzell, Jr.
6. Address: Hinkle, Cox, Eaton, Coffield & Hensley
P.O. Box 10
Roswell, NM 88201
7. Telephone: 622-6510

OPPOSITION

Name: _____

1. Representative: _____
2. Position: _____
3. Address: _____

4. Telephone: _____
5. ATTORNEY: _____
6. Address: _____

7. Telephone: _____

INTERVENOR (if any) :

or

INTERESTED PARTY (IES):



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

July 25, 1984

POST OFFICE BCX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Mr. T. Calder Ezzell, Jr.
Hinkle, Cox, Eaton, Coffield
& Hensley
Attorneys at Law
Post Office Box 10
Roswell, New Mexico 88201

Re: Case No. 8165
Echo Production Company
Compulsory Pooling

Dear Mr. Ezzell:

As requested in your July 23, 1984 letter, the commencement date called for in Division Order No. R-7548 is hereby extended to October 1, 1984.

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

LEWIS C. COX
PAUL W. EATON
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
C. D. MARTIN
PAUL J. KELLY, JR.
OWEN M. LOPEZ
DOUGLAS L. LUNSFORD
PAUL M. BOHANNON
T. CALDER EZZELL, JR.
WILLIAM B. BURFORD*
JOHN S. NELSON
RICHARD E. OLSON
RICHARD A. SIMMS
DEBORAH NORWOOD*
JAMES H. ISBELL*
ANDERSON CARTER, II
STEVEN D. ARNOLD

JEFFREY L. BOWMAN
JOHN C. HARRISON
JAMES J. WECHSLER
NANCY S. CUSACK
DAVID L. SPOEDE
JEFFREY D. HEWETT*
JAMES BRUCE
MICHELE A. DREXLER
DAVID G. REYNOLDS
T. MARK TISDALE*
THOMAS D. HAINES, JR.
THOMAS M. HNASKO
MICHAEL F. MILLERICK
STEVEN S. MICHEL
GREGORY J. NIBERT
JUDY K. MOORE*
KELLY S. THOMAS*
DAVID T. MARKETTE*
RALPH O. DUNN

HINKLE, COX, EATON, COFFIELD & HENSLEY

ATTORNEYS AT LAW

700 UNITED BANK PLAZA
POST OFFICE BOX 10
ROSWELL, NEW MEXICO 88201
(505) 622-6510

July 23, 1984

200 BLANKS BUILDING
POST OFFICE BOX 3580
MIDLAND, TEXAS 79702
(915) 683-4691

1700 TEXAS AMERICAN BANK BUILDING
POST OFFICE BOX 12118
AMARILLO, TEXAS 79101
(806) 372-5569

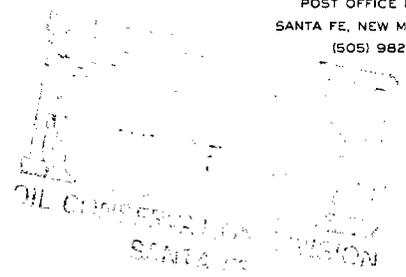
218 MONTEZUMA
POST OFFICE BOX 2068
SANTA FE, NEW MEXICO 87504
(505) 982-4554

OF COUNSEL
CLARENCE E. HINKLE
ROY C. SNODGRASS, JR.
O. M. CALHOUN

W. E. BONDURANT, JR. (1913-1973)
ROBERT A. STONE (1905-1981)

*NOT LICENSED IN NEW MEXICO

Mr. Joe D. Ramey
Director
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501



Re: Case No. 8165
Order No. R-7548

Dear Joe:

The above captioned case and Order granted my client, Echo Production Company, compulsory pooling for all mineral interests in the Atoka formation underlying the N $\frac{1}{2}$ Section 23, Township 9 South, Range 32 East, N.M.P.M., Lea County, New Mexico, with said Order providing that the proposed re-entry operations be commenced on or before August 1, 1984.

Please accept this letter as a formal request for a sixty (60) day extension of the required commencement date of the proposed operations. The reason for this request is that my client and the owner of the severed surface estate have not yet completed their negotiations with respect to surface damages. Currently, although some aspects have been agreed to, the surface owner left town on vacation, and we fear that he may not return until after the August 1, 1984 deadline.

In your consideration of this request, please note that this application was unopposed at hearing, and that all working interest owners have either agreed to participate in the drilling of the well, or desire to have the well drilled under the provisions of the forced pooling Order.

Mr. Joe D. Ramey

-2-

July 23, 1984

If you have any questions or comments, please do not hesitate to contact the undersigned.

Respectfully submitted,

HINKLE, COX, EATON, COFFIELD & HENSLEY



T. Calder Ezzell, Jr.

TCE:ja

cc: Butch Henderson
Echo Production, Inc.
Box 1210
Graham, Texas 76046

P 597 954 592

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

★ U.S.G.P.O. 1983-403-517

PS Form 3800, Feb. 1982

| | |
|---|----|
| Sent to <i>C. B. Christie Jr</i> | |
| Street and No. <i>4720 Taft Blvd</i> | |
| P.O., State and ZIP Code <i>Wichita Falls, TX 76308</i> | |
| Postage | \$ |
| Certified Fee | |
| Special Delivery Fee | |
| Restricted Delivery Fee | |
| Return Receipt Showing to whom and Date Delivered | |
| Return receipt showing to whom, Date, and Address of Delivery | |
| TOTAL Postage and Fees | \$ |
| Postmark or Date <i>4/20/84</i> | |

P 430 832 908

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

PS Form 3800, Feb. 1982

| | |
|---|----|
| Sent to <i>Mr. H. C. Hood</i> | |
| Street and No. <i>6932 Glenneagles Dr.</i> | |
| P.O., State and ZIP Code <i>Tucson, Arizona 85718</i> | |
| Postage | \$ |
| Certified Fee | |
| Special Delivery Fee | |
| Restricted Delivery Fee | |
| Return Receipt Showing to whom and Date Delivered | |
| Return Receipt Showing to whom, Date, and Address of Delivery | |
| TOTAL Postage and Fees | \$ |
| Postmark or Date | |

Echo Production, Inc.

P. O. Box 1210

Graham, Texas 76046

817/549-3292

May 9, 1984

Mr. H. C. Hood
6932 Glenneagles Drive
Tucson, Arizona 85718

Re: Change of Date
Force Pool Hearing
NW/4 of Sec. 23;
T9S, R32E
Lea County, New Mexico

Dear Mr. Hood:

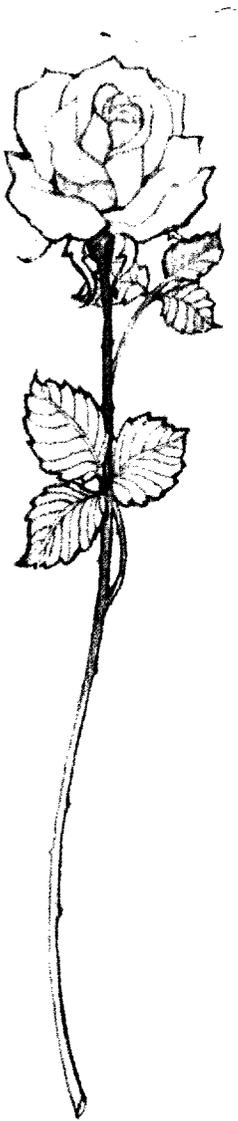
The date of the Echo Production, Inc. force pool hearing on the above captioned acreage has been changed from May 9, 1984 to May 23, 1984.

Should you have any questions, please feel free to call me.

Sincerely yours,

G. Clint Hendrickson
Landman

GCH/mm



FROM THE DESK OF

Nancy Smith

March 26, 2984

Gentlemen:

We do not have an address for Roy Garner.
The closest thing we have to that name
is Roy R. Gardner at 706 First City
National Bank Bldg., Houston, TX 77002,
(713) 225-3227.

Echo Production, Inc.

P. O. Box 1210

Graham, Texas 76046

817/549-3292

March 23, 1984

Mr. Roy Garner
% J. Hiram Moore
P. O. Box 1733
Midland, Texas 79702

Re: Linam Prospect
1/32 und. int. in NW/4
Section 23, T-9-S, R-32-E
Lea County, New Mexico

Dear Mr. Garner:

Echo Production, Inc. is currently in the process of completing its leasing in the N/2 of Section 23. The deed records show you to be the owner of the above referenced interest. Echo is making the same offer to you as has been offered and accepted by all other parties in the N/2 of Section 23, that being:

- 1) \$100.00 per acre bonus
- 2) three-sixteenths (3/16ths) royalty
- 3) two (2) year lease

At the present time, Echo has 215 acres under lease with owners of an additional 70 mineral acres electing to participate, subject to their interest, in our well. This, of course, is an option which is open to you if you would prefer to do so. Echo proposes to start actual drilling sometime this summer, thus if you would please think it over and choose whichever option you prefer and get back in touch with me at the earliest possible convenience. Hopefully, we can reach a mutually beneficial agreement.

If I can be of any further service, please feel free to get in touch with me. Thank you for your time and cooperation in this matter.

Sincerely,



G. Clint Hendrickson
Landman

GCH/co

P 430 832 907

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL

(See Reverse)

| | | | |
|---|--|--------------------------------------|--|
| Sent to | | Hanlad Oil Corp. Attn: Ray Willis | |
| Street and No. | | P. O. Box 1515 | |
| P.O., State and ZIP Code | | Roswell, NM 88201 | |
| Postage | | \$ | |
| Certified Fee | | | |
| Special Delivery Fee | | | |
| Restricted Delivery Fee | | | |
| Return Receipt Showing to whom and Date Delivered | | | |
| Return Receipt Showing to whom, Date, and Address of Delivery | | | |
| TOTAL Postage and Fees | | \$ | |
| Postmark or Date | | | |

PS Form 3800, Feb. 1982

Echo Production, Inc.

P. O. Box 1210

Graham, Texas 76046

817/549-3292

May 9, 1984

Hanlad Oil Corporation
P. O. Box 1515
Roswell, New Mexico 88201

Attn: Ray Willis

Re: Change of Date
Force Pool Hearing
NW/4 of Sec. 23;
T9S, R32E
Lea County, New Mexico

Dear Mr. Willis:

As per our telephone conversation, the date of the Echo Production, Inc. force pool hearing on the above captioned acreage has been changed from May 9, 1984 to May 23, 1984.

Should you have any questions, please feel free to call me.

Sincerely yours,

G. Clint Hendrickson
Landman

GCH/mm

Echo Production, Inc.

P. O. Box 1210

Graham, Texas 76046

817/549-3292

April 20, 1984

Mr. C. E. Alexander
Route 1, Box 40
Lovington, New Mexico 88260

Re: Linam Prospect
1/32 und. int. in NW/4,
Section 23, T9S, R32E,
Lea County, New Mexico

Dear Mr. Alexander:

Please find the enclosed AFE and plat for the drilling of our Linam Prospect. Though you have expressed your wish to be force pooled, I still wanted to send this information to you for your inspection.

Echo's attorney has scheduled our hearing before the Oil Conservation Division in Santa Fe for Wednesday, May 9, 1984. Upon receiving this pooling order, we will be moving ahead with a spud date set for late June or early July.

Should you have any questions, please feel free to get in touch. Thank you for all your time and cooperation.

Sincerely,



G. Clint Hendrickson
Landman

GCH/co

Enclosures

P 597 954 601

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

PS Form 3800, Feb. 1982
* U.S.G.P.O. 1983-403-517

| | | |
|---|--------------------|----|
| Sent to | CE Alexander | |
| Street and No. | Route 1, Box 40 | |
| P.O., State and ZIP Code | Stratford NH 08260 | |
| Postage | | \$ |
| Certified Fee | | |
| Special Delivery Fee | | |
| Restricted Delivery Fee | | |
| Return Receipt Showing to whom and Date Delivered | | |
| Return receipt showing to whom, Date, and Address of Delivery | | |
| TOTAL Postage and Fees | | \$ |
| Postmark or Date | 4/20/84 | |

Echo Production, Inc.

P. O. Box 1210

Graham, Texas 76046

817/549-3292

April 20, 1984

Mr. Roy Garner
c/o Brank & Cowans, Attorneys-at-Law
Hobbs, New Mexico 88240

Re: Linam Prospect
1/32 und. int. in NW/4
Section 23, T9S, R32E,
Lea County, New Mexico

Dear Mr. Garner:

As per our earlier letter to you, Echo Production, Inc. is in the final stages of taking oil and gas leases covering the N/2 of Section 23. The NE/4 is 100% leased to Echo while in the NW/4 we have 45 acres leased and 70 acres of which the interest owners have elected to participate. Echo has filed a petition with the Oil Conservation Division for a force pooling hearing of the 35 outstanding acres. We have been requested by the interest owner to force pool five of the outstanding acres, and will, by receivership, force pool another 15 acres. This leaves 15 acres of which we have received no response from the interest owners, five of these acres belonging to you.

Once again, Echo would prefer, of course, to lease your five acres based upon the terms previously presented to you. Those terms, which are the terms accepted by the interest owners whose acreage we now have under lease, as follows:

- 1) \$100 per acre bonus
- 2) 3/16 royalty
- 3) two-year lease (at this point, we would agree to a one-year lease)

Should you prefer to participate rather than lease, we would certainly welcome you as a working interest owner in our well to be drilled this summer.

Echo plans to re-enter the old Amerada well in the NE/4 of the NW/4 and then deepen the well to a depth sufficient to test all zones of the Atoka formation. The re-entry will be to 9490 feet, and we plan to drill another 1010 feet to a total depth of 10,500 feet. An AFE breakdown is enclosed for your consideration.

We would appreciate your earliest possible reply so that we might come to a mutually beneficial agreement before the scheduled hearing in Santa Fe set for Wednesday, May 9, 1984.

P 597 954 602

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

★ U.S.G.P.O. 1983-403-517

PS Form 3800, Feb. 1982

| | | |
|---|---|----|
| Sent to | Ray Garner | |
| Street and No. | C/O Blank + Cowens ^{Atty's} at Law | |
| P.O., State and ZIP Code | Hobbs, New Mexico 88240 | |
| Postage | | \$ |
| Certified Fee | | |
| Special Delivery Fee | | |
| Restricted Delivery Fee | | |
| Return Receipt Showing to whom and Date Delivered | | |
| Return receipt showing to whom, Date, and Address of Delivery | | |
| TOTAL Postage and Fees | | \$ |
| Postmark or Date | 4/20/84 | |

Page 2

Thank you for your consideration. If I can be of further service to you,
please let me know.

Sincerely,

A handwritten signature in cursive script that reads "G. Clint Hendrickson". The signature is written in dark ink and is positioned above the printed name.

G. Clint Hendrickson
Landman

GCH/co

Enclosures

Echo Production, Inc.

P. O. Box 1210

Graham, Texas 76046

817/549-3292

April 19, 1984

Messrs. Richard L. Moore, Michael A. Moore
and Stephen S. Moore
P. O. Box 1733
Midland, Texas 79702

Re: Linam Prospect
1/32 und. int. in NW/4,
Section 23, T9S, R32E,
Lea County, New Mexico

Gentlemen:

As per our earlier letter to you, Echo Production, Inc. is in the final stages of taking oil and gas leases covering the N/2 of Section 23. The NE/4 is 100% leased to Echo while in the NW/4 we have 45 acres leased and 70 acres of which the interest owners have elected to participate. Echo has filed a petition with the Oil Conservation Division for a force pooling hearing of the 35 acres outstanding. We have been requested by the interest owner to force pool five of the outstanding acres, and will, by receivership, force pool another 15 acres. This leaves 15 acres of which we have received no response from the interest owners, five of these acres belonging to you.

Once again, Echo would prefer, of course, to lease your five acres based upon the terms previously presented to you. Those terms, which are the terms accepted by the interest owners whose acreage we now have under lease, are as follows:

- 1) \$100 per acre bonus
- 2) 3/16 royalty
- 3) two-year lease
(at this point, we would agree to a
one year lease)

Should you prefer to participate rather than lease, we would certainly welcome you as a working interest owner in our well to be drilled this summer.

Echo plans to re-enter the old Amerada well in the NE/4 of the NW/4 and then deepen the well to a depth sufficient to test all zones of the Atoka formation. The re-entry will be to 9490 feet, and we plan to drill another 1010 feet to a total depth of 10,500 feet. An AFE breakdown is enclosed for your consideration.

597 954 603

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

★ U.S.G.P.O. 1983-403-517

| | |
|--|----|
| Sent to Messrs. Richard L. Moore | |
| Street and No. Michael A. Moore and Stephen S. Moore | |
| P.O., State and ZIP Code Box 1733, Midland, TX 79702 | |
| Postage | \$ |
| Certified Fee | |
| Special Delivery Fee | |
| Restricted Delivery Fee | |
| Return Receipt Showing to whom and Date Delivered | |
| Return receipt showing to whom, Date, and Address of Delivery | |
| TOTAL Postage and Fees | \$ |
| Postmark or Date April 19, 1984 | |

PS Form 3800, Feb. 1982

We would appreciate your earliest possible reply so that we might come to a mutually beneficial agreement before the scheduled hearing in Santa Fe set for Wednesday, May 9, 1984.

Thank you for your consideration. If I can be of further service to you, please let me know.

Sincerely,

A handwritten signature in cursive script that reads "G. Clint Hendrickson".

G. Clint Hendrickson
Landman

GCH/co

Enclosure

Echo Production, Inc.

P. O. Box 1210

Graham, Texas 76046

817/549-3292

May 9, 1984

Messrs. Richard L. Moore, Michael A. Moore,
and Stephen S. Moore
P. O. Box 1733
Midland, Texas 79702

Re: Change of Date
Force Pool Hearing
NW/4 of Sec. 23;
T9S, R32E
Lea County, New Mexico

Gentlemen:

The date of the Echo Production, Inc. force pool hearing on the above captioned acreage has been changed from May 9, 1984 to May 23, 1984.

Should you have any questions, please feel free to call me.

Sincerely yours,

G. Clint Hendrickson
Landman

GCH/mm

P 430 832 909

RECEIPT FOR REGISTERED MAIL

WITH POSTAGE PAID BY ADDRESSEE
FIRST CLASS INTERNATIONAL MAIL

(See Reverse)

Sent to Messrs. Richard Moore
Michael Moore & Stephen Moore

Street and No.
P. O. Box 1733

P.O., State and ZIP Code
Midland, Texas 79702

| | |
|--|----|
| Postage | \$ |
| Certificate Fee | |
| Special Delivery Fee | |
| Registered Service Fee | |
| Return Receipt (30 days) to whom and Date Delivered | |
| Return Receipt (Knowledge) Date and Address of Delivery | |

TOTAL Postage and Fees

Postmark or Date

PS Form 3800, Feb. 1982

Echo Production, Inc.

P. O. Box 1210

Graham, Texas 76046

817/549-3292

April 20, 1984

Ms. Glynnia Fay Davis
301 Ocean Drive, Apt. 24
Santa Monica, California 90405

Re: Linam Prospect
1/32 und. int. in NW/4,
Section 23, T9S, R32E,
Lea County, New Mexico

Gentlemen:

As per our earlier letter to you, Echo Production, Inc. is in the final stages of taking oil and gas leases covering the N/2 of Section 23. The NE/4 is 100% leased to Echo while in the NW/4 we have 45 acres leased and 70 acres of which the interest owners have elected to participate. Echo has filed a petition with the Oil Conservation Division for a force pooling hearing of the 35 acres outstanding. We have been requested by the interest owner to force pool five of the outstanding acres, and will, by receivership, force pool another 15 acres. This leaves 15 acres of which we have received no response from the interest owners, five of these acres belonging to you.

Once again, Echo would prefer, of course, to lease your five acres based upon the terms previously presented to you. Those terms, which are the terms accepted by the interest owners whose acreage we now have under lease, are as follows:

- 1) \$100 per acre bonus
- 2) 3/16 royalty
- 3) two-year lease (at this point, we would agree to a one-year lease)

Should you prefer to participate rather than lease, we would certainly welcome you as a working interest owner in our well to be drilled this summer.

Echo plans to re-enter the old Amerada well in the NE/4 of the NW/4 and then deepen the well to depth sufficient to test all zones of the Atoka formation. The re-entry will be to 9490 feet, and we plan to drill another 1010 feet to a total depth of 10,500 feet. An AFE breakdown is enclosed for your consideration.

We would appreciate your earliest possible reply so that we might come to a mutually beneficial agreement before the scheduled hearing in Santa Fe set for Wednesday, May 9, 1984.

P 597 954 599

REC CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

| | | |
|--|--|------------------------|
| * U.S.G.P.O. 1983-403-517 PS Form 3800, Feb. 1982 | Sent to | Glenna Jay Davis |
| | Street and No. | 301 Ocean Dr. Apt 24 |
| | P.O., State and ZIP Code | Santa Monica, CA 90405 |
| | Postage | \$ |
| | Certified Fee | |
| | Special Delivery Fee | |
| | Restricted Delivery Fee | |
| | Return Receipt Showing to whom and Date Delivered | |
| | Return receipt showing to whom Date, and Address of Delivery | |
| | TOTAL Postage and Fees | \$ |
| Postmark or Date | | |
| A/20/84 | | |

Page 2

Thank you for your consideration. If I can be of further service to you,
please let me know.

Sincerely,

A handwritten signature in cursive script that reads "G. Clint Hendrickson".

G. Clint Hendrickson
Landman

GCH/co

Enclosures

Echo Production, Inc.

P. O. Box 1210

Graham, Texas 76046

817/549-3292

April 20, 1984

Mr. Charles H. Davis
P. O. Box 539
Evergreen, Colorado 80439

Re: Linam Prospect
1/32 und. int. in NW/4,
Section 23, T9S, R32E,
Lea County, New Mexico

Dear Mr. Davis:

As per our earlier letter to you, Echo Production, Inc. is in the final stages of taking oil and gas leases covering the N/2 of Section 23. The NE/4 is 100% leased to Echo while in the NW/4 we have 45 acres leased and 70 acres of which the interest owners have elected to participate. Echo has filed a petition with the Oil Conservation Division for a force pooling hearing of the 35 acres outstanding. We have been requested by the interest owner to force pool five of the outstanding acres, and will, by receivership, force pool another 15 acres. This leaves 15 acres of which we have received no response from the interest owners, five of these acres belonging to you.

Once again, Echo would prefer, of course, to lease your five acres based upon the terms previously presented to you. Those terms, which are the terms accepted by the interest owners whose acreage we now have under lease, are as follows:

- 1) \$100 per acre bonus
- 2) 3/16 royalty
- 3) two-year lease (at this point,
we would agree to a one-year lease)

Should you prefer to participate rather than lease, we would certainly welcome you as a working interest owner in our well to be drilled this summer.

Echo plans to re-enter the old Amerada well in the NE/4 of the NW/4 and then deepen the well to a depth sufficient to test all zones of the Atoka formation. The re-entry will be to 9490 feet, and we plan to drill another 1010 feet to a total depth of 10,500 feet. An AFE breakdown is enclosed for your consideration.

We would appreciate your earliest possible reply so that we might come to a mutually beneficial agreement before the scheduled hearing in Santa Fe set for Wednesday, May 9, 1984.

P 597 954 600

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

* U.S.G.P.O. 1983-403-517

PS Form 3800, Feb. 1982

| | |
|---|----|
| Sent to Charles H. Davis | |
| Street and No. P.O. Box 539 | |
| P.O., State and ZIP Code Windsor CO 80439 | |
| Postage | \$ |
| Certified Fee | |
| Special Delivery Fee | |
| Restricted Delivery Fee | |
| Return Receipt Showing to whom and Date Delivered | |
| Return receipt showing to whom, Date, and Address of Delivery | |
| TOTAL Postage and Fees | \$ |
| Postmark or Date 4/20/84 | |

Page 2

Thank you for your consideration. If I can be of further service to you,
please let me know.

Sincerely,

A handwritten signature in cursive script that reads "G. Clint Hendrickson".

G. Clint Hendrickson
Landman

GCH/co

Enclosures

Echo Production, Inc.

P. O. Box 1210

Graham, Texas 76046

817/549-3292

April 20, 1984

Mr. H. C. Hood
6932 Glenneagles Drive
Tucson, Arizona 85718

Re: Linam Prospect
1/16 und. int. in NW/4,
Section 23, T9S, R32E,
Lea County, New Mexico

Dear Mr. Hood:

As per our earlier letter to you, Echo Production, Inc. is in the final stages of taking oil and gas leases covering the N/2 of Section 23. The NE/4 is 100% leased to Echo while in the NW/4 we have 45 acres leased and 70 acres of which the interest owners have elected to participate. Echo has filed a petition with the Oil Conservation Division for a force pooling hearing of the 35 outstanding acres. We have been requested by the interest owner to force pool five of the outstanding acres, and will, by receivership, force pool another 15 acres. This leaves 15 acres of which we have received no response from the interest owners, 10 of these acres belonging to you.

Once again, Echo would prefer, of course, to lease your 10 acres based upon the terms previously presented to you. Those terms, which are the terms accepted by the interest owners whose acreage we now have under lease, are as follows:

- 1) \$100 per acre bonus
- 2) 3/16 royalty
- 3) two-year lease (at this point, we would agree to a one-year lease)

We have included a lease for your consideration. Should you decide to execute the lease, please sign your name in the space provided on the lease in the presence of a notary and have your signature notarized. Also, please include your bank depository and social security number in the designated spaces on the lease. You may then take the enclosed bank draft and fully executed lease to your bank for collection. Your bank will return the lease to our bank and notify you of your credit when the draft has been paid.

Should you prefer to participate rather than lease, we would certainly welcome you as a working interest owner in our well to be drilled this summer.

P 597 954 591

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

* U.S.G.P.O. 1983-403-517

PS Form 3800, Feb. 1982

| | |
|---|-----------------------|
| Sent to | H.C. Hood |
| Street and No. | 6932 Glenmeades Drive |
| P.O. State and ZIP Code | Tucson, Arizona 85718 |
| Postage | \$ |
| Certified Fee | |
| Special Delivery Fee | |
| Restricted Delivery Fee | |
| Return Receipt Showing to whom and Date Delivered | |
| Return receipt showing to whom, Date, and Address of Delivery | |
| TOTAL Postage and Fees | \$ |
| Postmark or Date | 4/20/84 |

Page 2

Echo plans to re-enter the old Amerada well in the NE/4 of the NW/4 and then deepen the well to a depth sufficient to test all zones of the Atoka formation. The re-entry will be to 9490 feet, and we plan to drill another 1010 feet to a total depth of 10,500 feet. An AFE breakdown is enclosed for your consideration.

We would appreciate your earliest possible reply so that we might come to a mutually beneficial agreement before the scheduled hearing in Santa Fe set for Wednesday, May 9, 1984.

Thank you for your consideration. If I can be of further service to you, please let me know.

Sincerely,



G. Clint Hendrickson
Landman

GCH/co

Enclosures

On approval of lease or mineral deed described hereon, and on approval of title to same by drawee not later than 15 days after arrival of this draft at collecting bank.

April 20 19 84

PAY TO THE ORDER OF H. C. Hood

\$ 1,000.00

One thousand and no/100 DOLLARS

This draft is drawn to pay for Oil and Gas Lease, ~~MINERAL DEED~~ dated April 20, 1984 and covering NW/4, Section 23, T9S, R32E, Lea County, New Mexico

The drawer, payee and endorsers hereof, and the grantors of the lease or mineral deed described hereon, do hereby constitute and appoint the collecting bank escrow agent to hold this draft for the time above specified subject alone to acceptance of payment hereof by the drawee, within said time, and without any right of the drawer, payee or endorsers hereof, or said grantors, to recall or demand return of this draft prior to the expiration of the above specified time, and there shall be no liability whatsoever on the collecting bank 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 forwarding bank and no liability for payment or otherwise shall be attached to any of the parties hereto.

TO First National Bank DRAWEE ECHO PRODUCTION, INC.

AT: P. O. Box 540
Graham, Texas 76046
Collecting Bank


Drawer

Form No. 525 Pound Printing & Stationery Co. Standard Form

35 Franklin Street, Houston, Texas 77002 (713) 659-3159

OIL & GAS LEASE

THIS AGREEMENT made this 20th day of 11, 1984, between

H. C. Hood

6932 Glenneagles Drive or Tucson, Arizona 85718
(Post Office Address)

Echo Production, Inc., P. O. Box 1210, Graham, Texas 76046

herein called lessor (whether one or more) and _____, lessee:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the

following described land in Lea County, New Mexico, to-wit:

Township 9 South, Range 32 East, N.M.P.M., Section 23, NW/4

For the purpose of calculating the rental payments hereinafter provided for, said land is estimated to comprise 160 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of 2 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.

3. The royalties to be paid by lessee are: (a) on oil, and on other liquid hydrocarbons saved at the well, 3/16 of that produced and saved from said land, same to be delivered at the wells or to the credit of lessor in the pipe line to which the wells may be connected; (b) on gas, including casinghead gas and all gaseous substances, produced from said land and sold or used off the premises or in the manufacture of gasoline or other product therefrom, the market value at the mouth of 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; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas and/or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, lessee may pay or tender an advance annual shut-in royalty equal to the amount of delay rentals provided for in this lease for the acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered this lease shall not terminate and it will be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing, or be paid or tendered to the credit of such party or parties in the depository bank and in the manner hereinafter provided for the payment of rentals.

4. If operations for drilling are not commenced on said land or on land pooled therewith on or before one (1) year from this date, this lease shall terminate as to both parties, unless on or before one (1) year from this date lessee shall pay or tender to the lessor a rental of \$ 160.00----- which shall cover the privilege of deferring commencement of such operations for a period of twelve (12) months. In like manner and upon like payments or tenders, annually, the commencement of said operations may be further deferred for successive periods of twelve (12) months each during the primary term. Payment

or tender may be made to the lessor or to the credit of the lessor in the Bank

at _____, which bank, or any successor thereof, shall continue to be the agent for the lessor and lessor's heirs and assigns. If such bank (or any successor bank) shall fail, liquidate, or be succeeded by another bank, or for any reason shall fail or refuse to accept rental, lessee shall not be held in default until thirty (30) days after lessor shall deliver to lessee a recordable instrument making provision for another acceptable method of payment or tender, and any depository charge is a liability of the lessor. The payment or tender of rental may be made by check or draft of lessee, mailed or delivered to said bank or lessor, or any lessor if more than one, on or before the rental paying date. Any timely payment or tender of rental or shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties, amounts, or depositories shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made; provided, however, lessee shall correct such error within thirty (30) days after lessee has received written notice thereof by certified mail from lessor together with such instruments as are necessary to enable lessee to make proper payment.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, lease, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the New Mexico Oil Conservation Commission or by other lawful authority for the pool or area in which said land is situated, plus a tolerance of 10%. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the number of surface acres in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit. Lessee is further granted the right and power to commit this lease as to all or any portion of the above described lands or horizons thereof to any unit agreement for the purpose of conserving the natural resources of any oil or gas pool, field or area covered thereby; provided, such unit agreement contains usual and customary provisions for the allocation of oil and gas produced from the unit area and such unit agreement embraces lands of either the United States or State of New Mexico or both, and the form of unit agreement has been approved by either the United States Geological Survey or Commissioner of Public Lands or both and the New Mexico Oil Conservation Commission, and upon such commitment the provisions of this lease shall be conformed to the unit agreement.

6. If prior to the discovery of oil or gas hereunder, lessee should drill and abandon a dry hole or holes hereunder, or if after discovery of oil or gas the production thereof should cease for any cause, this lease shall not terminate if lessee commences reworking or additional drilling operations within 60 days thereafter and diligently prosecutes the same, or (if it be within the primary term) commences or resumes the payment or tender of rentals or commences operations for drilling or reworking on or before the rental paying date next ensuing after the expiration of three months from date of abandonment of said dry hole or holes or the cessation of production. If at the expiration of the primary term oil or gas is not being produced but lessee is then engaged in operations for drilling or reworking of any well, this lease shall remain in force so long as such operations are diligently prosecuted with no cessation of more than 60 consecutive days. If during the drilling or reworking of any well under this paragraph, lessee loses or junks the hole or well and after diligent efforts in good faith is unable to complete said operations then within 30 days after the abandonment of said operations lessee may commence another well and drill the same with due diligence. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. 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 on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, successors and assigns; but no change or division in the ownership of the land, or in the ownership of or right to receive rentals, royalties or payments, however accomplished shall operate to enlarge the obligations or diminish the rights of lessee; and no such change or division shall be binding upon lessee for any purpose until 30 days after lessee has been furnished by certified mail at lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original lessor. If any such change in ownership occurs through the death of the owner, lessee may pay or tender any rentals, royalties or payments to the credit of the deceased or his estate in the depository bank until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. In the event of an assignment of this lease as to a segregated portion of said land, the rentals payable hereunder shall be apportioned as between the several leasehold owners ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder. An assignment of this lease, in whole or in part, shall to the extent of such assignment, relieve and discharge lessee of any obligations hereunder, and, if lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of the rentals due from such lessee or assignee or fail to comply with any other provision of the lease, such default shall not affect this lease in so far as it covers a part of said lands upon which lessee or any assignee thereof shall so comply or make such payments. Rentals as used in this paragraph shall also include shut-in royalty.

9. Should lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, lessee's duty shall be suspended, and lessee shall not be liable 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 hereunder; and the time while lessee is so prevented shall not be counted against lessee, anything in this lease to the contrary notwithstanding.

10. 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, and in the event lessee does so, it shall be subrogated to such lien with the right to enforce same and apply rentals and royalties accruing hereunder toward satisfying same. Without impairment of lessee's rights under the warranty, if this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not) then the royalties, shut-in royalty, rental, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its/his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the rentals and shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

12. Other Substances. Lessor shall be paid the market value on the leased premises of the royalty portion of other substances produced in association with oil and gas and that are sold or are used off the leased premises.

If gas or other substances are sold pursuant to a contract entered into by Lessee in good faith to a purchaser who owns no interest, directly or indirectly, in this lease, the price received therefor shall constitute the market value thereof. If Lessee is required to deliver the gas or other substances to the purchaser off the leased premises, Lessee may deduct from Lessor's royalty the necessary and reasonable cost of transporting the gas or other substances to the point of delivery.

deduct from Lessor's royalty the necessary other substances to the point of delivery.

✓
H. C. Hood

Social Security No. : ✓

The foregoing instrument was acknowledged before me this _____ day of _____, 19____ by _____

My Commission expires _____, 19____ Notary Public

BEFORE EXAMINER, STOGNER
OIL CONSERVATION DIVISION
The foregoing instrument was acknowledged before me this _____ day of _____, 19____
Applicants EXHIBIT NO. 3
CASE NO. 8165

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____ by _____

My Commission expires _____, 19____ Notary Public

STATE OF ARIZONA
County of PIMA

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____ by H. C. Hood

My Commission expires _____, 19____ Notary Public

No. _____
OIL AND GAS LEASE
NEW MEXICO
FROM
TO
Date _____, 19____
Section _____, Township _____, Range _____
No. of Acres _____ County, New Mexico
Term _____
STATE OF NEW MEXICO
COUNTY OF _____
I hereby certify that this instrument was filed for record on the _____ day of _____, A. D., 19____, at _____ o'clock _____ m., and was duly recorded in Book _____ at Page _____ of the Records of said County.
County Clerk.
By _____ Deputy.

STATE OF NEW MEXICO
County of _____

CORPORATION ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____ by _____, _____ President of _____ a _____ corporation on behalf of said corporation.

My Commission Expires: _____ Notary Public

STATE OF _____
County of _____

CORPORATION ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____ by _____, _____ President of _____ a _____ corporation on behalf of said corporation.

My Commission Expires: _____ Notary Public