



**McCOLLUM & COMPANY**  
PETROLEUM LANDMEN

P.O. BOX 7151  
MIDLAND, TEXAS 79708-0151  
915-685-3400

October 4, 1985

PENNZOIL 13  
CASE NO. 8727

Mr. Greg Davis  
Pennzoil Company  
P. O. Box 1828  
Midland, Texas 79702-1828

Re: Negotiation of Extension on Oil & Gas Lease dated September 13, 1980, from Pat Alston Ward, dealing in her sole and separate property, as Lessor, and W. C. Kimball, as Lessee, covering Lots 1, 2 and S/2 NE/4 Section 4, T-17-S, R-37-E, Lea County, New Mexico, recorded in Volume 331, Page 690, of the Oil and Gas Records of Lea County, New Mexico.

Dear Mr. Davis:

The above referenced lease was for a term of five (5) years, and expired on its own terms on September 13, 1985.

W. C. Kimball assigned this lease to Barbara J. Fasken, et al, and they farmed it out to Pennzoil. At your request, we called Mrs. Ward on August 5, 1985, at her home in Lincoln, New Mexico (505-653-4076), and offered her \$600.00 for a 6 month extension on this lease, which represented a bonus of \$172.60 per acre for her 3.47617 net mineral acres. She advised me that she and her husband, Bill Ward, would be in Midland later in the week and would come to my office. They, in fact, did come to see me on August 7, 1985, and we discussed the offer in detail. There was a complete disclosure of information, including the farmout from Fasken to Pennzoil, the recently completed well in the SE/4 of Section 4, and that Pennzoil plans to commence a well in the NE/4 of Section 4 before the end of the 6 month extension. At that time I offered to take them to your office for a visit with you. They said they were satisfied with our visit and decided it was not necessary to come to your office. They took the "Oil & Gas Lease Extension" with them, which we had prepared and said they would decide what to do and contact us.

I called Mrs. Ward again in Lincoln, New Mexico on August 20, 1985 and again on August 26, 1985, and she had not made a decision but told me on the 26th that she had asked her husband, Bill Ward, to

handle the negotiations with me. I called Bill Ward at his office in Odessa (915-367-4196) on the same day, August 26, 1985 and he said he had not made a decision, but would call me later. I called him again at his office on September 10, 1985, and he still had not made a decision. I went to his office on September 11, 1985, without calling, and had a lengthy visit with him and he had not decided what to do. He said he would make a decision soon. I called him again at his office on September 17, 1985, and he was still undecided.

Shortly after September 17, 1985, you advised me that you would handle the negotiations with the Wards'.

All of my visits, both personal and by telephone, were very pleasant and amicable, but I was unable to help them to make any kind of decision in this matter.

Respectfully,

McCOLLUM & COMPANY

  
Leo E. McCollum

Office: Mr. Bill Ward  
5050 East University, Suite 9-B  
Odessa, Tx 79761  
915-367-4196

Residence: Pat Alston Ward et vir Bill  
Lincoln, NM 88338  
505-653-4076