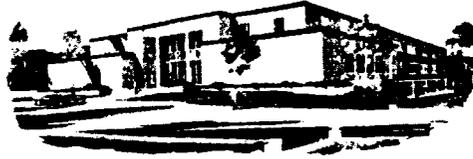


State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

February 6, 1990

TXD Production Corporation
415 West Wall, Suite 900
Midland, Texas 79701-4468

#9382

ATTN: Mr. Joe Fitzgerald

RE: Termination of Pfiester State Unit
T11S, R37E, E/2 Section 36
Lea County, New Mexico

Gentlemen:

We received your letter dated February 1, 1990 wherein you informed this office that the initial test well in the Pfiester State Unit (Humble State #1) was a dry hole and was abandoned on October 20, 1988. According to the terms of the Unit Agreement, you had until April 20, 1989 to commence drilling operations for the second test well in the Unit. However, you also advised us that there will be no further development of the Unit.

The Pfiester State Unit has thus expired by its own terms effective April 20, 1989. Please advise all interested parties of the termination of the Pfiester State Unit.

If you have any questions, please contact Susan Howarth at (505) 827-5791.

Very truly yours,

W.R. HUMPHRIES,
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

TERMINATED

Unit Name PIEESTER STATE UNIT
Operator TXO Production Corp.
County Lea County, New Mexico

TERMINATED
EFFECTIVE DATE 7-12-88
APPROVAL DATE 7-6-88

DATE	OCC CASE NO.	9382	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	INDIAN-FEE	SEGREGATION CLAUSE	TERM
APPROVED	OCC ORDER NO.	R-8670	July 12, 1988	320.00	320.00	-0-	-0-	Strict 5 yrs & so long as	
OCD: June 24, 1988									
CPL: July 12, 1988									

UNIT AREA
TOWNSHIP 11 SOUTH, RANGE 37 EAST, N.M.P.M.

Sec. 36: E/2

Unit Name
 Operator
 County

PIESTER STATE UNIT
 TXO Production Corporation
 Lea

TERMINATED
 EFFECTIVE DATE 4-20-89
 APPROVAL DATE 2-6-90

STATE TRACT NO.	LEASE NO.	INSTI-TUTION	SEC.	TWP.	RGE.	SUBSECTION	RATIFIED DATE	ACRES	ACREAGE NOT RATIFIED	LESSEE
1	V-2188	C. S.	36	11S	37E	NE/4	5/12/88	160.00		Sam L. Pflester
2	V-2189	C. S.	36	11S	37E	SE/4	5/12/88	160.00		Sam L. Pflester

State of New Mexico

9382



W.R. HUMPHRIES
COMMISSIONER

Commissioner of Public Lands

SLO REF. NO. OG-795

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

May 31, 1988

Dickerson, Fisk & Vandiver
Attention: Mr. Chad Dickerson
Seventh & Mahone, Suite E.
Artesia, New Mexico 88210

Re: Proposed Pfiester State Unit,
Chaves County, New Mexico

This office has reviewed the unexecuted copy of unit agreement for the proposed Pfiester State Unit Area, Chaves County, New Mexico. This agreement meets the general requirements of the Commissioner of Public Lands and has this date granted you preliminary approval as to form and content.

Preliminary approval shall not be construed to mean final approval of this agreement in any way and will not extend any short term leases, until final approval and an effective date have been given. Also, any well commenced prior to the effective date of this agreement which penetrates its objective horizon prior to said effective date shall not be construed as the initial test well.

When submitting your agreement for final approval, please submit the following:

1. Application for formal approval by the Commissioner setting forth the tracts that have been committed and the tracts that have not been committed.
2. All ratifications from the Lessees of Record and Working Interest Owners. All signatures should be acknowledged by a notary and one set must contain original signatures.
3. Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division.

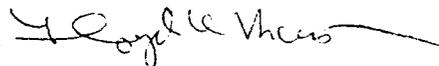
Dickersor Fisk & Vandiver
May 31, 1988
Page 2

4. Your filing fee in the amount of Thirty (\$30.00) Dollars has been received.
5. On Page 4, Article 8, Drilling to Discovery as discussed with this office please change the commencement of operations to sixty (60) days after the effective date of this agreement. Our preliminary approval will be subject to this change.

If we may be of further help please do not hesitate to call on us.

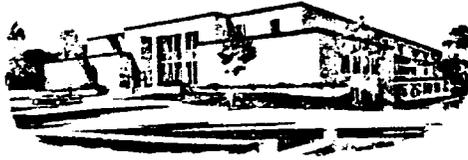
Very truly yours,

W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY: 
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

WRH/FO?/pm
encls.

cc: OCD-Santa Fe, New Mexico



W.R. HUMPHRIES
COMMISSIONER

Commissioner of Public Lands

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

July 12, 1988

Dickerson, Fisk and Vandiver
Attn: Mr. Chad Dickerson
Seventh & Mahone, Suite E
Artesia, New Mexico 88210

Re: Pfiester State Unit Agreement, Lea
County, New Mexico, Final Approval

Gentlemen:

Please be advised that the Commissioner of Public Lands has this date granted final approval to the Pfiester State Unit Agreement, Lea County, New Mexico. The effective date of this agreement is July 12, 1988. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Enclosed are Five (5) Certificates of Approval.

Your filing fee in the amount of \$30.00 Dollars has been received.

If we may be of further help please do not hesitate to call on us.

Very truly yours,

W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

WRH/FOF/pm
encls.

cc: CCD-Santa Fe, New Mexico

Unit Name PIESTER STATE UNIT
 Operator TXO Production Corp.
 County Lea County, New Mexico

DATE	OCC CASE NO.	9382	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	INDIAN-FEE	SEGREGATION CLAUSE	TERM
APPROVED	OCC ORDER NO.	R-8670	July 12, 1988	320.00	320.00	-0-	-0-	Strict	5 yrs & so long as

OCD: June 24, 1988
 CPL: July 12, 1988

UNIT AREA
TOWNSHIP 11 SOUTH, RANGE 37 EAST, N.M.P.M.

Sec. 36: E/2

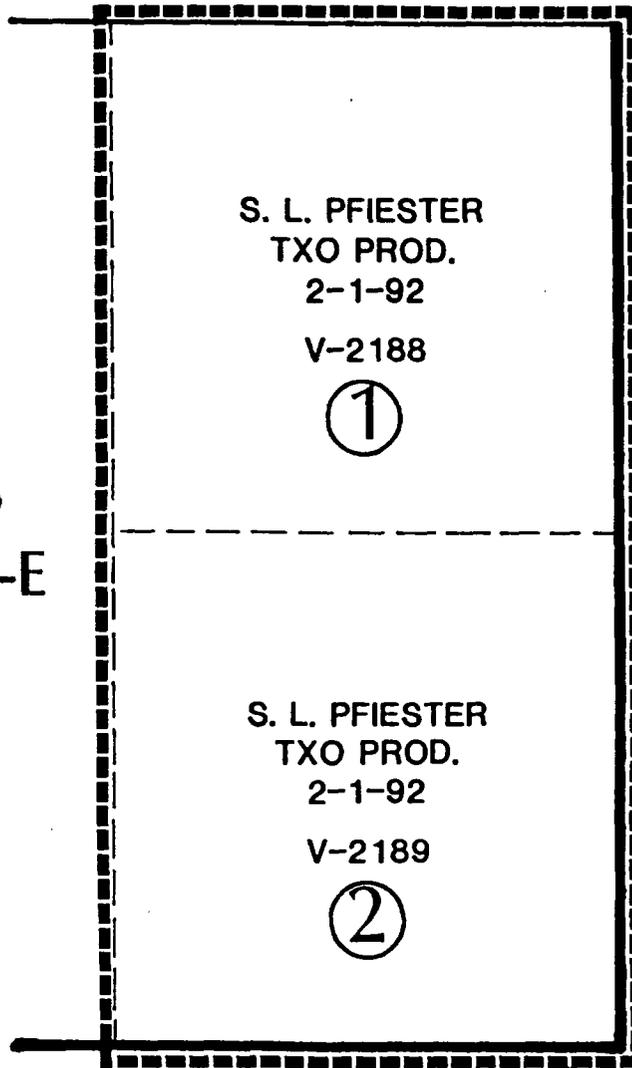
C-2

Unit Name
 Operator
 County

PFIESTER STATE UNIT
 TXO Production Corporation
 Lea

STATE TRACT NO.	LEASE NO.	INSTI-TUTION	SEC.	TWP.	RGE.	SUBSECTION	RATIFIED DATE	RATIFIED ACRES	ACREAGE NOT RATIFIED	LESSEE
1	V-2188	C. S.	36	11S	37E	NE/4	5/12/88	160.00		Sam L. Pfeister
2	V-2189	C. S.	36	11S	37E	SE/4	5/12/88	160.00		Sam L. Pfeister

East 1/2
Section 36
T-11-S, R-37-E



STATE LANDS 320 ACRES 100%



TRACT NUMBER



UNIT OUTLINE

TXO Production Corp.

**PFIESTER STATE UNIT
LEA COUNTY, NEW MEXICO**

EXHIBIT "A"

Scale: 1" = 1000'
MIDLAND, TEXAS

TXO PRODUCTION CORP.
900 WILCO BUILDING
MIDLAND, TEXAS 79701
915/682-7992

SEP 2 1988

August 31, 1988

State of New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Attn: David R. Catanach

Re: ~~Subsequent Joinder to~~
~~Pfiester State Unit Agreement~~
Case #9382
~~Order #R-8670~~

Dear Mr. Catanach:

Pursuant to the above referenced order, in the event of subsequent joinder to the unit, TXO Production Corp. ("TXO"), as unit operator, must file with the Oil Conservation Division (within 30 days) a ratification of said joinder.

Fortson Oil Company ("Fortson") has joined with TXO and Sam L. Pfiester in the proposed unit agreement and corresponding operations. A consent and ratification of the unit agreement has been executed by Fortson and the working interest ownership on Exhibit "B" to the unit agreement has been modified to reflect said joinder. The original instrument is enclosed for your review. TXO hereby requests approval of this instrument by the Oil Conservation Division. Please let me know if you have any questions or comments.

Sincerely,



Richard H. Coats
Landman

RHC/ph

Enclosure

CONSENT AND RATIFICATION
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT
FOR THE PFIESTER STATE UNIT AREA
LEA COUNTY, NEW MEXICO

The undersigned hereby acknowledges receipt of copies of the Unit Agreement and Unit Operating Agreement for the development and operation of the Pfiester State Unit embracing lands situated in Lea County, New Mexico, which Agreements are dated May 12, 1988, and acknowledges that he has read the same and is familiar with the terms and conditions thereof. The undersigned also being the owner of leasehold interests being committed to said Unit Agreement and Unit Operating Agreement does hereby consent to said Unit Agreement and Unit Operating Agreement and ratifies all the terms and provisions thereof, exactly the same as if the undersigned had executed the originals of said Unit Agreement and Unit Operating Agreement or counterparts thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in the acknowledgment.

FORTSON OIL COMPANY

By: *Jack W. Redding*
Jack W. Redding
Its: President

Address: 3000 Texas American Bank Bldg.
Fort Worth, Texas

ACKNOWLEDGMENT BY CORPORATION

STATE OF Texas §
 §
COUNTY OF Tarrant §

The foregoing instrument was acknowledged before me this 25th
day of August, 1988, by Jack W. Redding,
President of Fortson Oil Company, a Texas
corporation, on behalf of said corporation.

My Commission Expires:

10-24-83

Mary Ann Collins
Notary Public in and for the
State of Texas

EXHIBIT "B"

TO UNIT AGREEMENT FOR THE DEVELOPMENT AND
OPERATION OF THE PFIESTER STATE UNIT AREA
E/2 SECTION 36, TOWNSHIP 11 SOUTH, RANGE 37 EAST, N.M.P.M.
LEA COUNTY, NEW MEXICO

<u>Tract</u>	<u>Description</u>	<u>Number of Acres</u>	<u>Serial No. Exp. Date</u>	<u>Basic Royalty Ownership &</u>	<u>Lessee of Record</u>	<u>Overriding Royalty</u>	<u>Working Inter est Owners</u>
1	T-11-S, R-37-E Sec. 36: NE/4	160.00 C.S.	V-2188 2/1/92	State of New Mexico 1/6	Sam L. Pfieister	Derand Seismic and Lease Acquisition Partners I, a limited partnership 2.4% of 8/8 Sam L. Pfieister, Trustee 1/3 of 1/8 of 8/8 River Ratus Americanus, a partnership 0.6% of 8/8 Renee R. Douglas 1/3 of 1/8 of 8/8 Bryan E. Jones 1/3 of 1/8 of 8/8 John D. Kullman 1/3 of 1/8 of 8/8	Sam L. Pfieister 25% TXO Production Corp, 40% Fortson Oil Co 35%
2	T-11-S, R-37-E Sec. 36: SE/4	160.00 C.S.	V-2189 2/1/92	State of New Mexico 1/6	Sam L. Pfieister	Same as Tract 1	Same as Tract 1

