



JIM BACA
COMMISSIONER

State of New Mexico
OFFICE OF THE
Commissioner of Public Lands
Santa Fe

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

CERTIFIED MAIL RETURN RECEIPT REQUESTED

#306

August 7, 1992

Enercap Corporation
Four Greenspoint Plaza
16945 North Chase Drive, Suite 1700
Houston, Texas 77060

Attention: Mr. John D. Fulton

Re: Termination of T-4 Enhanced Recovery Unit
Guadalupe County, New Mexico

Dear Mr. Fulton:

This office is in receipt of your letter of April 1, 1992 advising this office that you are abandoning further attempts to continue operating this unit until more favorable conditions develop.

In view of the above, please be advised that the T-4 Enhanced Recovery Unit, Guadalupe County, New Mexico has this date been terminated effective April 1, 1992. Enclosed is a copy of State Land Office Rule No. 20.005 regarding "Road Abandonment and Reclamation". Please be advised that your \$20,000.00 Surface Improvement Damage Bond will not be released until all reclamation has been made to the satisfaction of the Commissioner. Also, you will need to obtain a Special Use Permit if further access is required on State Trust Lands.

Please advise all interested parties of this action.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*
FLOYD O. PRANDO, Director
Oil/Gas and Minerals Division
(505) 827-5744
JB/FOP/pm
encls.
cc: Reader File
OCD-Santa Fe

Unit Name T-4 (ENHANCED RECOVERY) Unit
Operator Rio Petro, Ltd.
County Guadalupe

TERMINATED
EFFECTIVE DATE 4-1-92
APPROVAL DATE 8-7-92

DATE	OCC CASE NO.	8230	EFFECTIVE	TOTAL	STATE	FEDERAL	INDIAN-FEE	SEGREGATION
APPROVED	OCC ORDER NO.	R-7578	DATE	ACREAGE				CLAUSE
OCD: June 28, 1984								Will extend lease 10
COMMISSIONER: June 29, 1984			April 1, 1985	1,520.00	640.00	-0-	880.00	if sharing in
								royalty

UNIT AREA

TOWNSHIP 11 NORTH, RANGE 26 EAST

- Section 8: S/2
- Section 9: SW/4
- Section 16: NW/4
- Section 17: All
- Section 18: S/2NE/4, SE/4

TERMINATED

Unit Name T-4 (ENHANCED RECOVERY) UNIT
Operator Rio Petro, Ltd.
County Guadalupe

TERMINATED
EFFECTIVE DATE 4-1-92
APPROVAL DATE 8-3-92

STATE TRACT NO.	LEASE NO.	INSTI- TUTION	SEC.	TWP.	RGE.	SUBSECTION	RATIFIED		ACREAGE	LESSEE
							DATE	ACRES	NOT RATIFIED	
1	LG-1896-2	C. S.	16	11N	26E	N/2NW/4	6/28/84	80.00		Rio Petro, Ltd.
2	LG-5209	Univ.	8	11N	26E	S/2S/2				
		C. S.	16	11N	26E	SW/4NW/4				
		UNIV	17	11N	26E	NE/4NE/4, S/2NE/4				
		UNIV	18	11N	26E	SE/4	6/28/84	480.00		Samedan Oil Corporati
3	LG-7540-2	C. S.	17	11N	26E	NW/4NE/4	6/28/84	40.00		Rio Petro, Ltd.
4	LG-8735-1	C. S.	16	11N	26E	SE/4NW/4	6/28/84	40.00		Rio Petro, Ltd

8

Rio Petro
9-24-87

⑤

Hirsinger, et al
LG-5209
3-1-88
Rio Petro

②

State

Rio Petro
HRP

⑦

③

②

T-4 Cattle Co.
LG-1896
7-1-84
Rio Petro

①

②

④

State

State

State

17

Rio Petro
2-16-88
9-12-87


⑥


Hirsinger, et al

9

16

----- Unit Outline

 State of New Mexico Lands
640.00 Acres

 Fee (Patented) Lands
880.00 Acres


 Tract Number

EXHIBIT "A"
T-4 Unit Area
1,520.00 Acres
Guadalupe County, N.M.



State of New Mexico

OFFICE OF THE

Commissioner of Public Lands

Santa Fe

JIM BACA
COMMISSIONER

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

February 24, 1992

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Enercap Corporation
Four Greenspoint Plaza
16945 North Chase Drive, Suite 1700
Houston, Texas 77060

Attn: Mr. John D. Fulton

Re: T-4 Enhanced Recovery Unit
Guadalupe County, New Mexico

Dear Mr. Fulton:

Our records indicate that Enercap Corporation is the operator of record for the T-4 Enhanced Recovery Unit area.

A recent field inspection of the unit area reveals the following:

1. No wells appear to be operating, electric switches are off and there are no signs of any recent activity within the T-4 Enhanced Recovery Unit.
2. The T-4 Enhanced Recovery Unit Well No. 1 located in the SE/4SW/4, Section 8, Township 11 North, Range 26 East, has not had a pumpjack in place for years and should be properly capped as per NMOCD well requirements.
3. There are toxic and/or hazardous substances/wastes and petroleum products on the parcel. These areas must be reclaimed pursuant to State Land Office Rule Nos. 1.068, 1.069 and 20.
4. Our records indicate that unit production for September 1991 was 20 bbls of water and no oil. Production for October 1991 was 20 bbls of water and no oil.
5. Wells are not identified and are not properly capped.



Enercap Corp.
February 24, 1992
Page 2

6. State Lease No. LG-7540-2, Tract No. 3 of the Unit, covering the NW/4NE/4 of Sec. 17-11N-26E is currently in the process of being cancelled for non-payment of rentals.
7. The last Plan of Operation covered the year 1990. If the unit is to remain active a Plan of Operation for 1992, including economic justification to support continued operation of this unit, should be submitted.

Section 22 of the Unit Agreement provides that "this agreement shall be for and during the time that Unitized Substances are produced in paying quantities from the Unit Area and as long thereafter as diligent drilling, reworking or other operations (including secondary recovery and/or enhanced oil recovery operations) are prosecuted thereon without cessation of more than ninety (90) consecutive days,...". The present rate of production, 20 barrels of water per month and no oil, does not appear to meet the requirement of producing in paying quantities.


In view of the above, please be advised that you have thirty (30) days from receipt of this letter to reclaim all the state lands in this unit. In addition, you must also show cause why this unit agreement should not be terminated. Failure to timely respond to our request will subject the unit agreement to termination and possible legal action regarding the clean up and forfeiture of your Bond No. B02743.

Enclosed you will find copies of State Land Office Rule Nos. 1.068, 1.069 and 20, which address surface reclamation on State oil and gas leases.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: 
FLOYD O. PRANDO, Director
Oil/Gas and Minerals Division
(505) 827-5744
JB/FOP/pm
encls.
cc: Reader File
OCD - Attn: Roy Johnson

NEW MEXICO STATE LAND OFFICE

REQUEST FOR FIELD ASSIGNMENT

DATE TO FIELD BUREAU: 12/16/91 FIELD BUREAU CONTROL NUMBER: ROE-639

FROM: Oil, Gas & Minerals Division BY: Pete Martinez

LEASE NUMBER: T-4 Unit Area TYPE OF REQUEST: Possible Termination Check on operation: Is there any

DESIGNATED CONTACT: John Fulton 713/876-0170 wells producing? Check for reclamation
Enercap Corp., Four Greenspoint Plaza, Ste 1700, 16945 No. Chase, needed
Drive, Houston, Texas 77060COUNTY/LEGAL DESCRIPTION: GUADALUPE COUNTY S/2S/2 Sec. 8, NW/4 Sec. 16, NE/4 Sec. 17,
SE/4 Sec. 18 Township 11 North, Range 26 East

REMARKS: Check on this unit agreement for possible termination. Is there any activity within the unit area? What condition is the area in is it clean or does it require any reclamation or cleaning up? All leases in this unit agreement are active and are being held by this unit. Take photographs of area. Conduct a Phase I Environmental audit if necessary.

ADDITIONAL INFORMATION NEEDED: 1. Submit a plat with report that illustrates the location of the right-of-way in relation to any existing improvements. 2. Contact both the right-of-way applicant and the affected grazing lessee to ask them to accompany you on your field investigation.

DATE RETURNED TO REQUESTING DIVISION/BUREAU: 2/3/92

L.U.S. RECOMMENDATION: No activity, same as before

CONCUR WITH RECOMMENDATION: FIELD DIVISION

REQUESTING DIVISION 2/24/92

DO NOT CONCUR WITH RECOMMENDATION: (PLEASE STATE REASONS) Letter Sent 2/24/92

for ENERCAP

ACTION TAKEN:

DATE RETURNED TO L.U.S.:



State of New Mexico
OFFICE OF THE
Commissioner of Public Lands
Santa Fe

JIM BACA
COMMISSIONER

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

DATE: January 29, 1992

M E M O R A N D U M

TO: Jim Baca, Commissioner of Public Lands

FROM: Ron Ensminger, Land Use Specialist

Ron Ensminger

SUBJECT: Termination of Unit Agreement, T-4 Unit Area, POSSIBLE TERMINATION.
Oil, Gas & Minerals Division request received 12-27-91.

SYNOPSIS

No wells appear to be operating, no activity and conditions seen the same as reported in February 1991, see attached copy of ROE-582. See the attached photograph of the only well (#1) located on state land. Well has not been capped but pumpjack has not been in place in years. Empty barrels, trash on the state land. The tank location and most of the most recent activity is on private land where conditions are bad with corroded chemical barrels, trash, and cattle have been down in the sludge pits.

LEGAL DESCRIPTION

SUBDIVISION	SECTION	TOWNSHIP	RANGE
S $\frac{1}{2}$ S $\frac{1}{2}$,	8	11 North	26 East
NW $\frac{1}{4}$,	16	11 North	26 East
NE $\frac{1}{4}$,	17	11 North	26 East
SE $\frac{1}{4}$,	18	11 North	26 East

Based on the NMPM, Guadalupe County.

LOCATION

The lease site is located in the northeastern corner of Guadalupe County. It is in the Monsimer Ranch Which adjoins the T-4 Ranch. Access is gained via NM 219, 11 miles north of Newkirk turn right (east) at the windmill (or at the F.A.A. gate 1 mile south if it is not locked) and stocktank. Then southeast for 3 miles following ranch roads to the site which is just east of a stock tank. Mr. Pete Romero runs the ranch and Dwain Wilkerson used to work for DCR Production, see ROE-637.

The dominant landform is Mesa Rica toward the northeast and the vegetation is Plains Grassland with blue grama, little bluestem, and some patches of mesquite. See maps and photographs.

HIGHEST AND BEST USE

The highest and best use is for oil production. However I understand oil in this area comes from tight asphaltic sands which require steam injection for production and present market prices do not justify the high production costs. Future demand and higher market prices may renew oil production in the area. Adjoining lands are used for livestock grazing and as shown in the attached photographs, cattle have been in the sludge ponds.

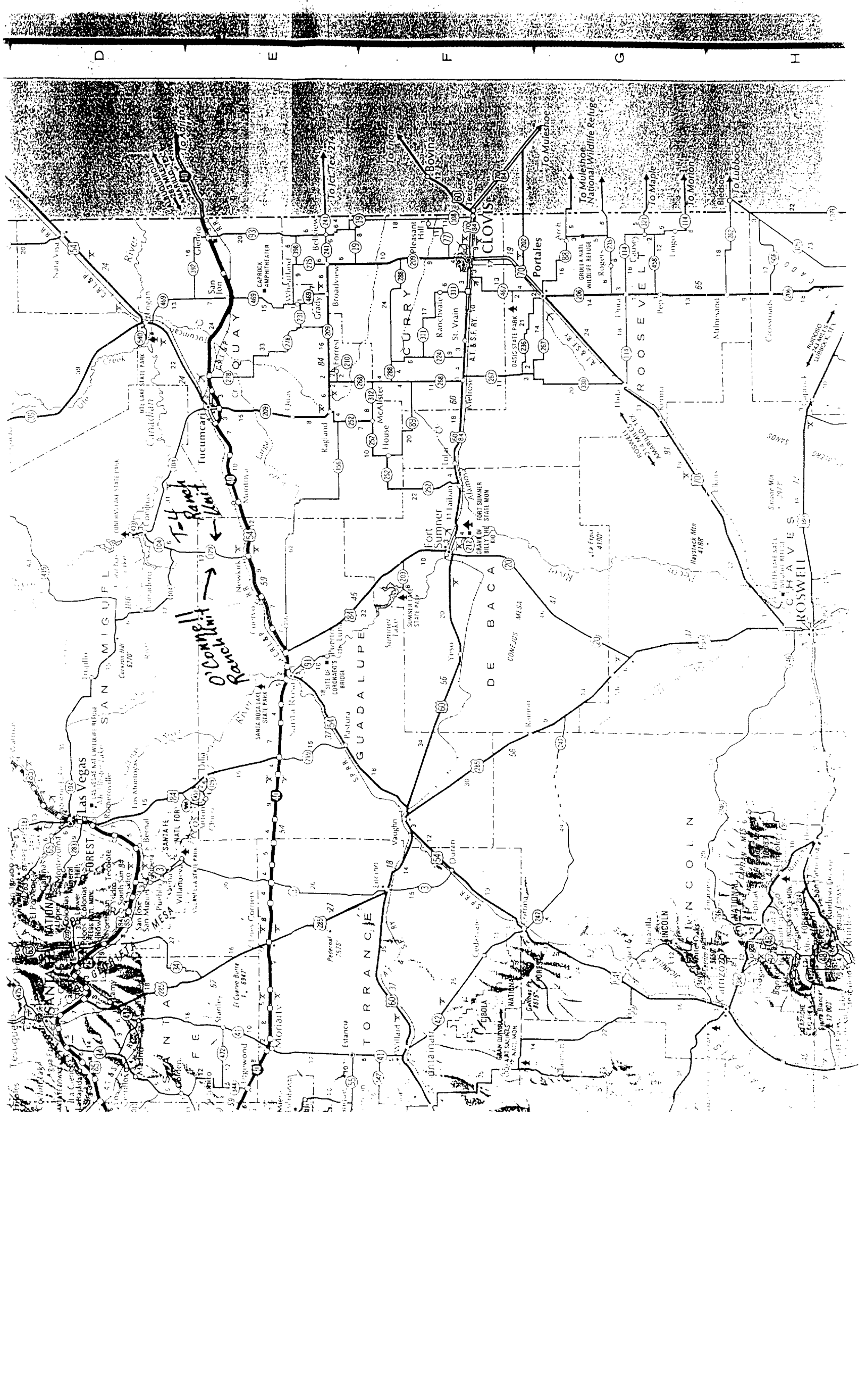
ENVIRONMENTAL CONCERNS

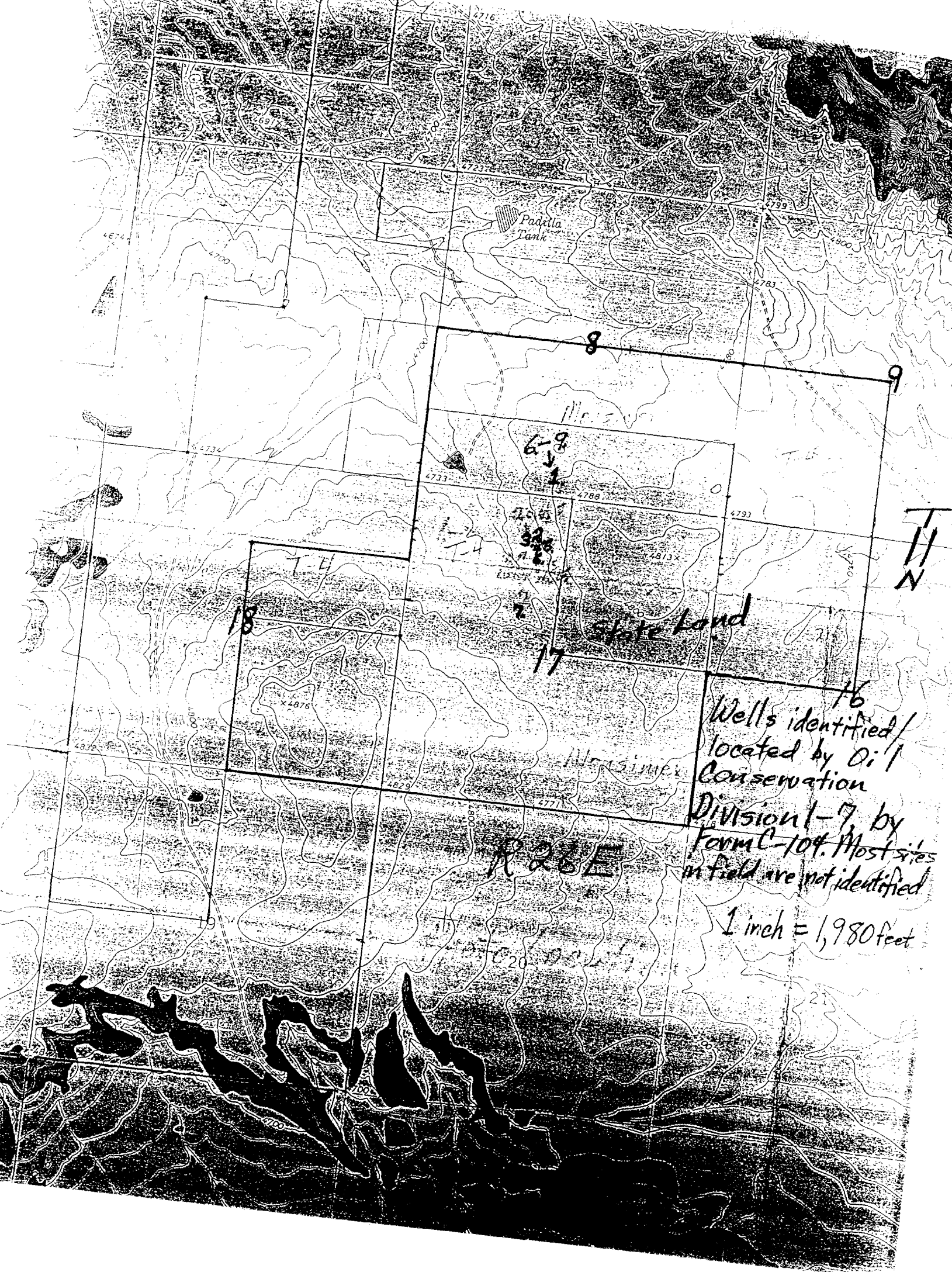
There are toxic and/or hazardous substances/wastes and petroleum products on the well unit. As mentioned only empty barrels and trash are on the state land. On the private land in the NW $\frac{1}{4}$, Section 17, there are corroded barrels, contaminated surface areas, and open sludge ponds.

REMARKS

The site seems much the same as it was when inspected about one year ago. No wells are working and electric switches were off. Reclamation is needed on the state land but not as much as is needed on the private land where the tank location is with corroded chemical barrels, contaminated surface area and probably sub-surface, open sludge pits that cattle have been in and managed to get out of.

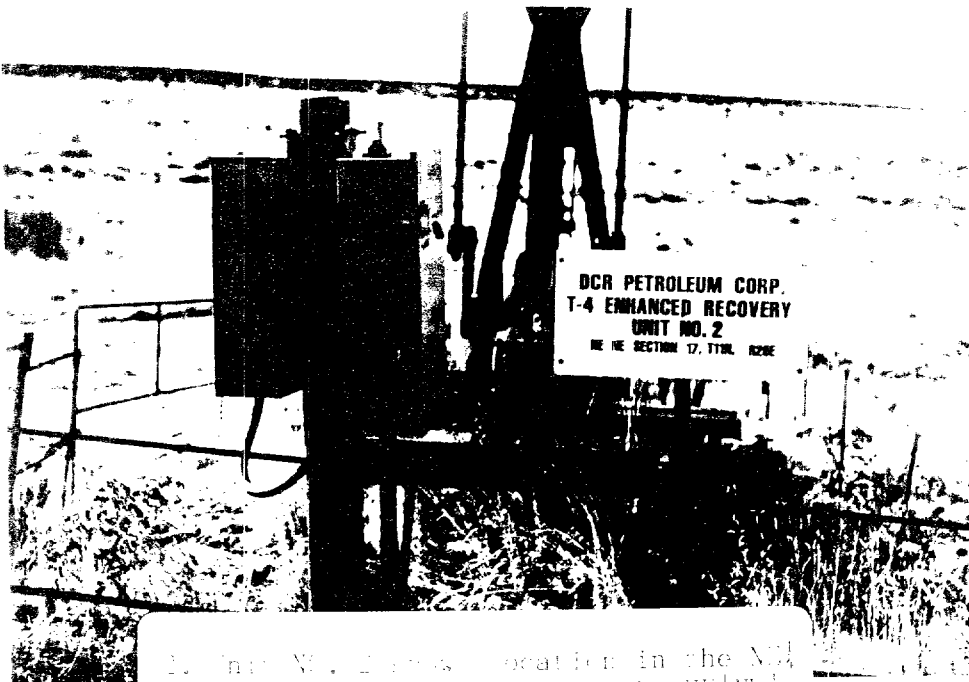
ILLEGIBLE



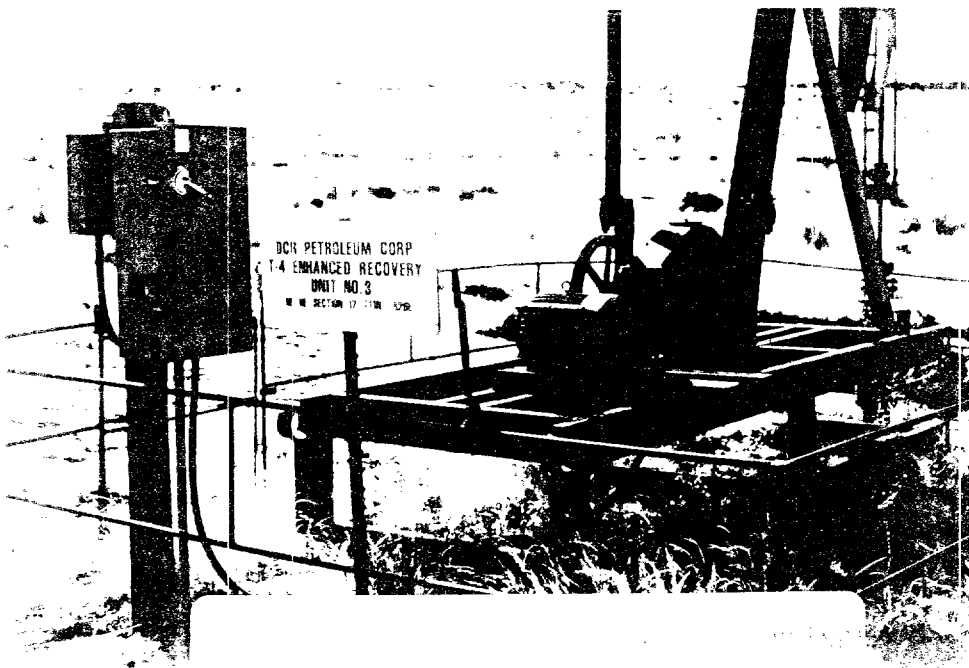


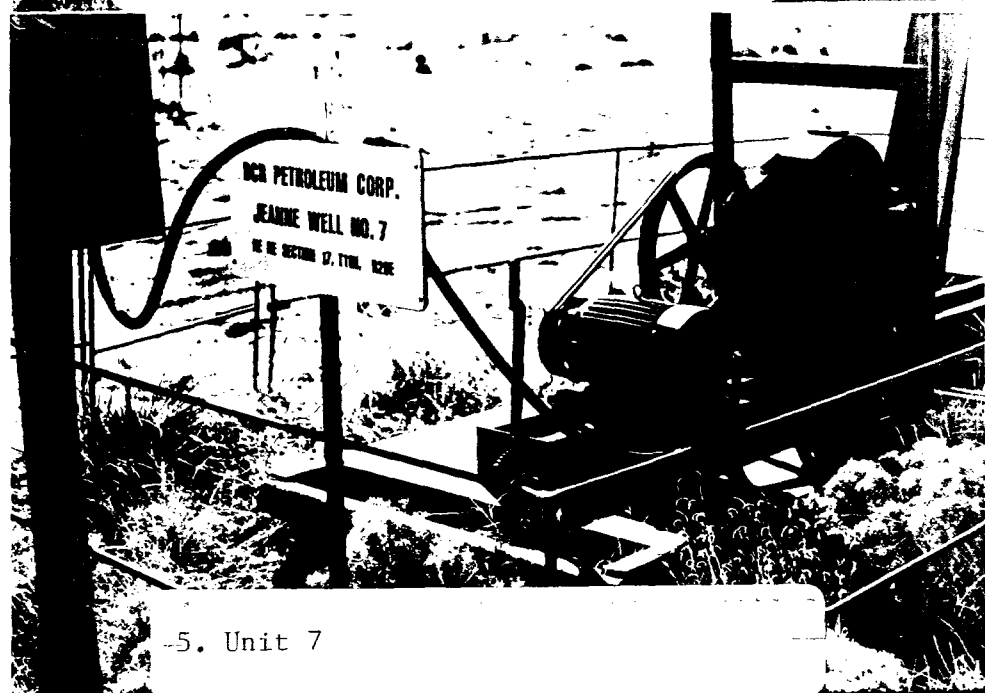
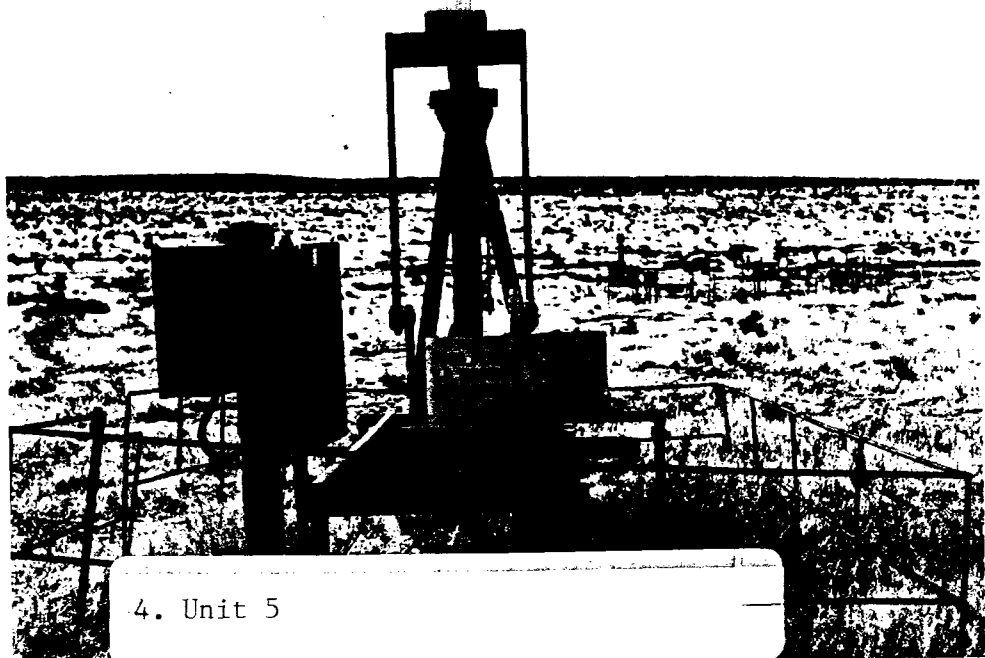


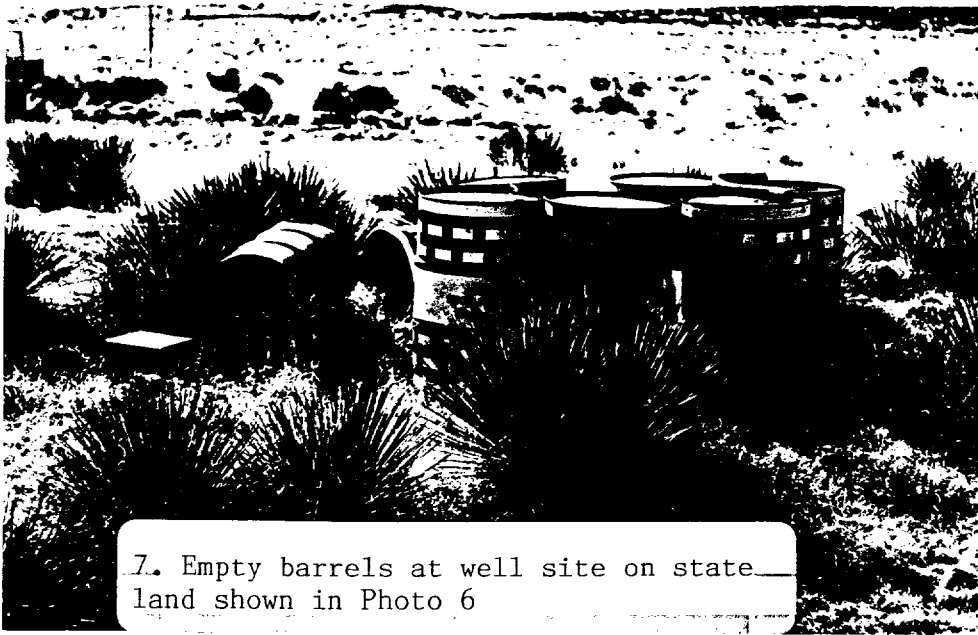
1. General View of the tank location
on private land in the NE $\frac{1}{4}$ SW $\frac{1}{4}$, S17



2. Unit No. 2 tank location in the NE $\frac{1}{4}$
SW $\frac{1}{4}$, S17, T10N, R20E. Summary to be NE $\frac{1}{4}$ SW $\frac{1}{4}$.







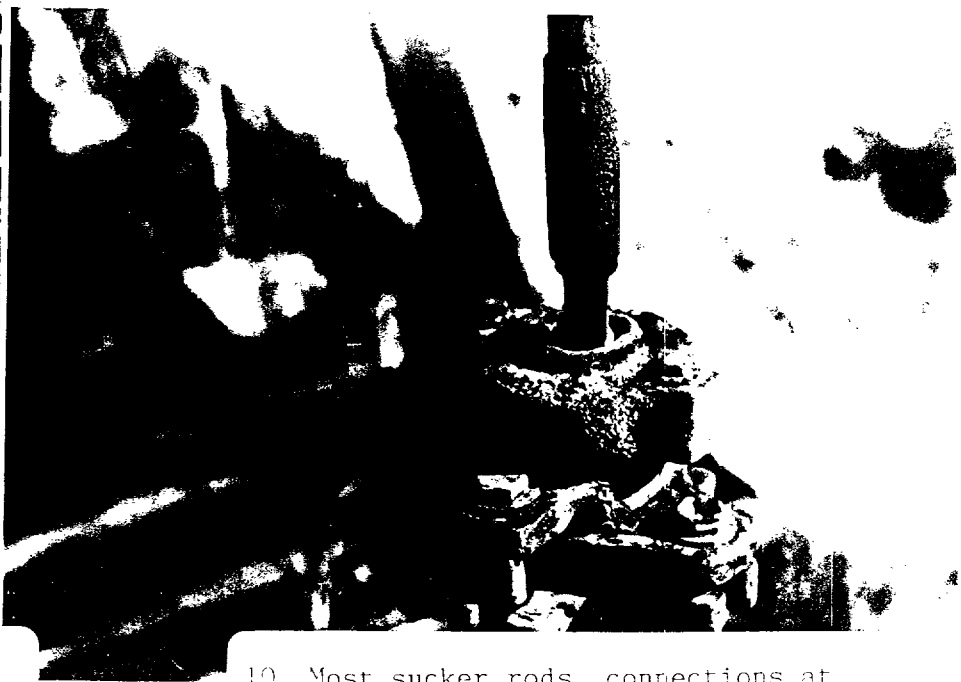
7. Empty barrels at well site on state land shown in Photo 6



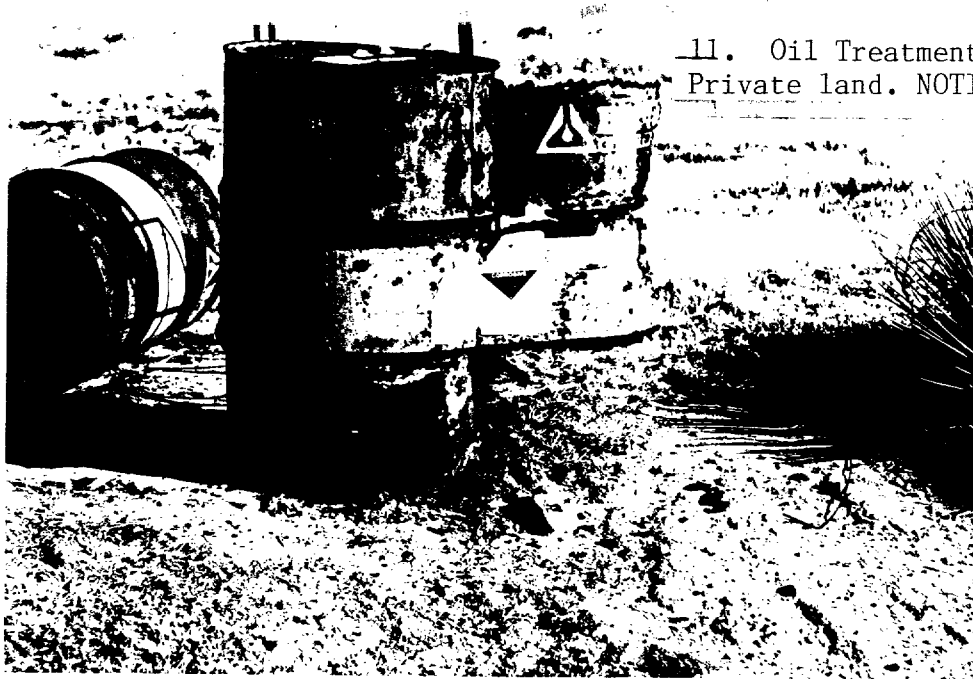
8. Possible contamination site near barrels shown above, bare spot, no vegetation



9. Close-up of well 1 on state land



10. Most sucker rods, connections at

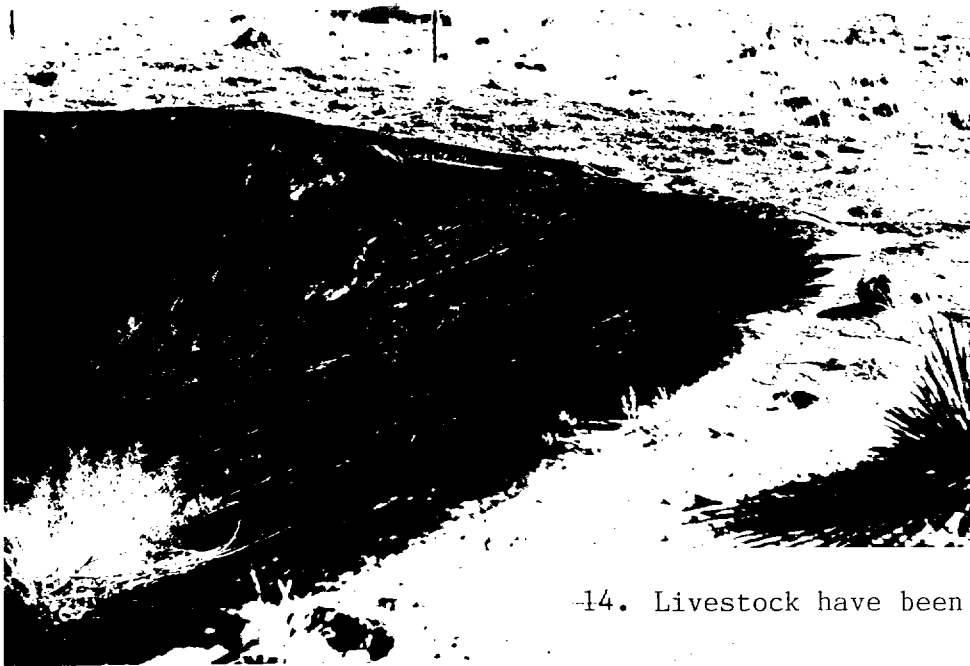


11. Oil Treatment compound barrels on Private land. NOTICE: SURFACE DAMAGE

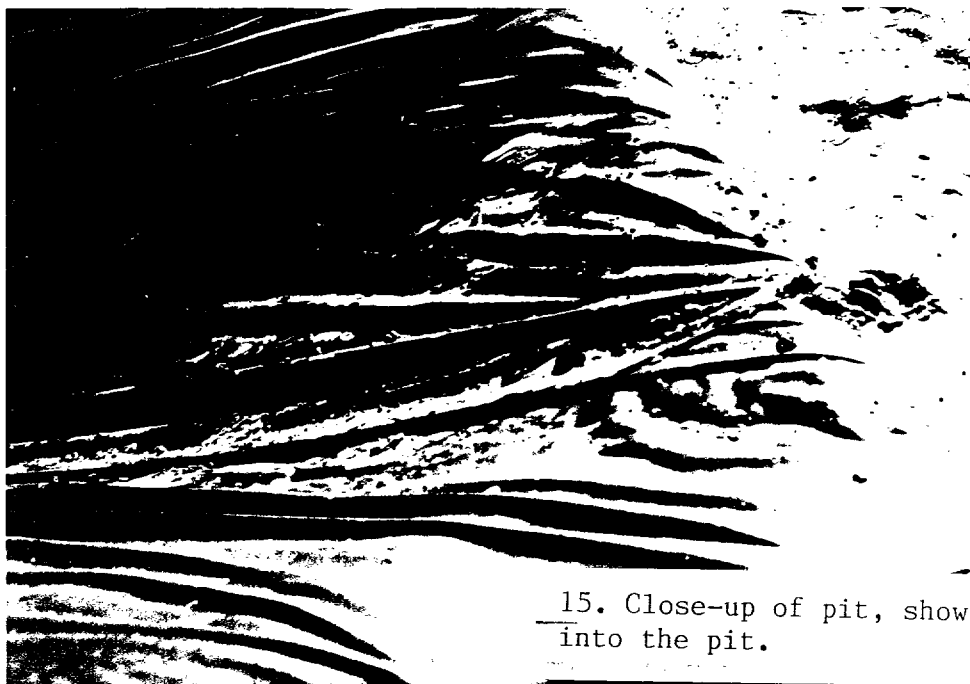
12. Close-up of barrel in photo 11.
Metal corroded away, plastic inner liner left



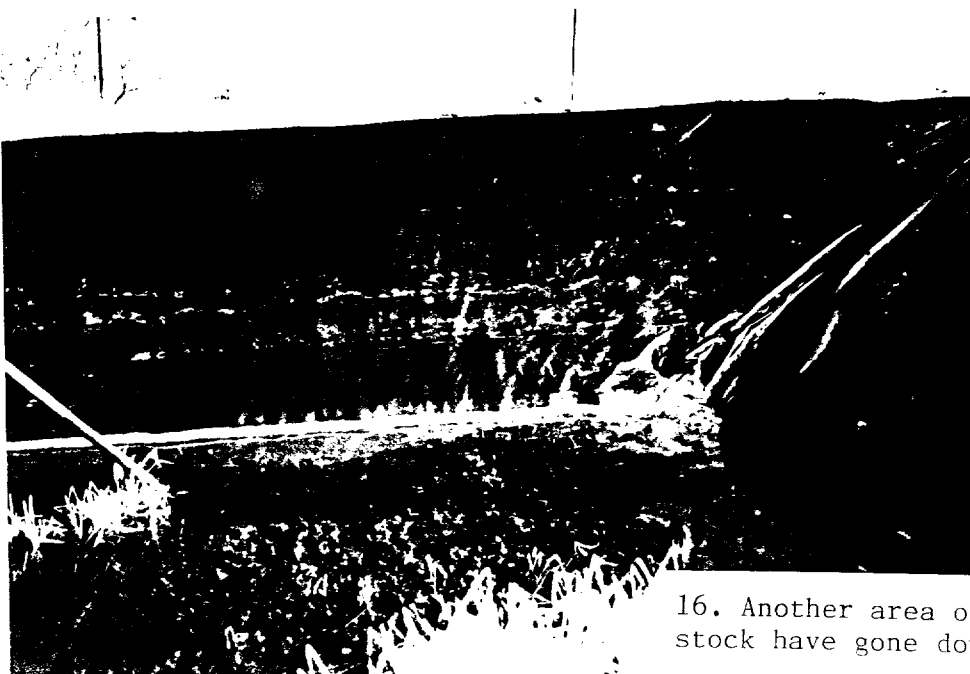
13. Fence is down around sludge pond on private land in the NE $\frac{1}{4}$ NW $\frac{1}{4}$, S8



14. Livestock have been in pit



15. Close-up of pit, shows cattle tracks into the pit.



16. Another area of the pit where livestock have gone down to water, torn line

REQUEST FOR FIELD ASSIGNMENT

DATE TO FIELD BUREAU: A-16-91 FIELD BUREAU CONTROL NUMBER: RDE-582
FROM: O & G BY: CLYDE LANGDALE per B. R. L. Sec.
LEASE NUMBER: _____ TYPE OF REQUEST: WELL & LEASE INSPECTION
DESIGNATED CONTACT: Operator - ENERCAP CORP.

COUNTY/LEGAL DESCRIPTION: GUADALUPE Co., S/2 S/2 8-~~16N-26E~~
NW/4 16-~~16N-26E~~ NE/4 17-~~16N-26E~~ SE/4 11N-26E Section 18,
REMARKS: THIS IS A STEAM FLOOD OPERATION. RECORDS
INDICATE 7 WELLS.

ADDITIONAL INFORMATION NEEDED: 1. Submit a plat with report that illustrates the location of the
right-of-way in relation to any existing improvements. 2. Contact both the right-of-way applicant and
the affected grazing lessee to ask them to accompany you on your field investigation.

DATE RETURNED TO REQUESTING DIVISION/BUREAU: _____

L.U.S. RECOMMENDATION: _____

CONCUR WITH RECOMMENDATION: FIELD DIVISION _____ REQUESTING DIVISION _____

DO NOT CONCUR WITH RECOMMENDATION: (PLEASE STATE REASONS) _____

ACTION TAKEN: _____

DATE RETURNED TO L.U.S. _____

State of New Mexico



JIM BACA
COMMISSIONER

Commissioner of Public Lands

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

February 11, 1991

M E M O R A N D U M

TO: Jim Baca, Commissioner of Public Lands, Santa Fe, New Mexico

FROM: Ron Ensminger, Land Use Specialist, Moriarty, New Mexico

Ron Ensminger
SUBJECT: Well & Lease Inspection, Operator Enercap Corporation.

Oil, Gas, Mineral Division request received 1-22-91.

SYNOPSIS

A total of seven (7) wells were located. Units 1 and 6 have been plugged and abandoned. Unit 4 has no pumpjack in place. Unit 3 has a pumpjack, but no belts, pulleys rusted from lack of use. Units 2, 5, 7, have pumpjacks, belts in place. Unit 2 appears to have been used most recently.

As shown in the attached photographs, the lease site is in good condition with recent grading work and activity visible. Electricity is available, if needed. It was not running at the time of inspection. (Meter Reading from left to right-89683). The three large storage tanks on site had one empty and the others were no more than $\frac{1}{4}$ full. There were no tracks near the tanks to show any recent pickups of oil from the lease.

LEGAL DESCRIPTION

The legal description requested for inspection is as follows: $S\frac{1}{2}S\frac{1}{2}$, Section 8, Township 11 North, Range 26 East, $NW\frac{1}{4}$, Section 16, T11N, R26E, $NE\frac{1}{4}$, Section 17, T11N, R26E, $SE\frac{1}{4}$, Section 18, Township 11 North, Range 26 East, NM PM, Guadalupe County.

LOCATION

The lease site is located in the northeastern corner of Guadalupe County. It is in the Monsimer Ranch which adjoins the T-4 Ranch. Access is gained via NM 129, 11 miles north of Newkirk turn right (east) at the windmill and stock tank. Then southeast for 3 miles following ranch roads to the site which is just east of stock tank. Mr. *Pete Romero, Tucumanari* runs the ranch for the Monsimers. The dominant landform is Mesa Rica toward the northeast and the vegetation is Plains Grassland with blue grama, little bluestem, and some patches of mesquite.

HIGHEST AND BEST USE

The highest and best use of the state land is for oil production. Adjoining lands are used for livestock production with GT-2490.

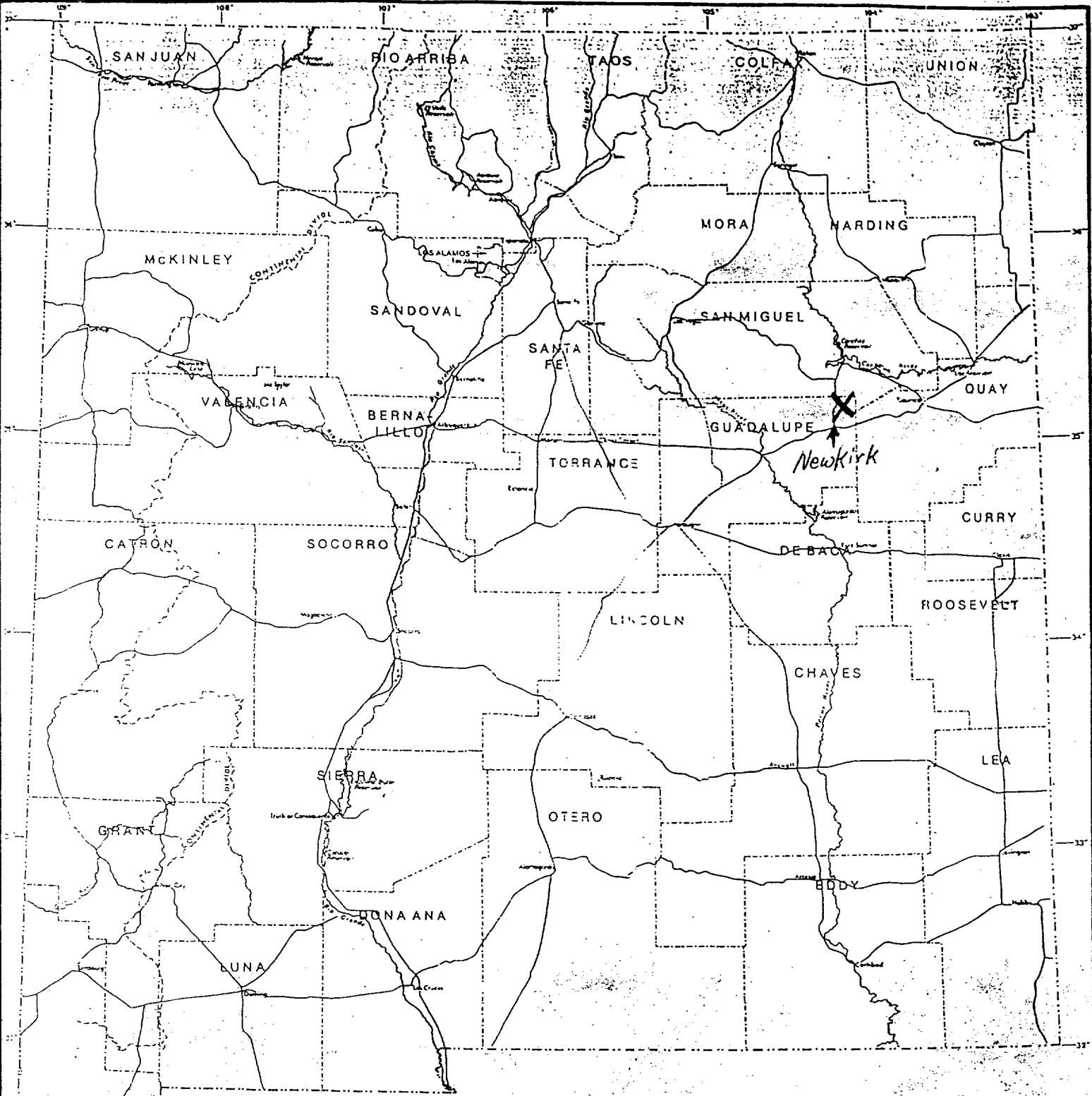
REMARKS

The wells and lease site are ~~not~~ believed to be located in the ^{NW¹/₄} ~~NE¹/₄~~, of Section 17, T11N, R26E, ~~as shown by the operator, but on state land in the SE¹/₄SW¹/₄ of Section 8, T11N, R26E.~~ R.D.E. 1-29-92

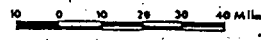
Signs on the lease site show DCR Petroleum Corporation as the operator. It is identified as " T-4 Enhanced Recovery Unit, Steam Injection Project." A total of seven (7) wells were located as shown on the attached lease site map. Units 1 and 6 have been plugged and abandoned. Unit 4 has no pumpjack in place. Unit 3 has a pumpjack, but no belts, pulleys rusted from lack of use. Units 2, 5, 7, have pumpjacks, belts in place. Unit 2 appears to have been used most recently. The lease site was/is in good condition.

Activity can be checked in the future by comparing the present electric meter reading, which is now at 89683. 1-23-92 ~~89683~~ 89091

The storage tanks had no more than $\frac{1}{4}$ of their capacity in 2 tanks and one was empty. Their composition is unknown, BSW / oil. The surface looked oily. There was no signs of recent oil removal, production.

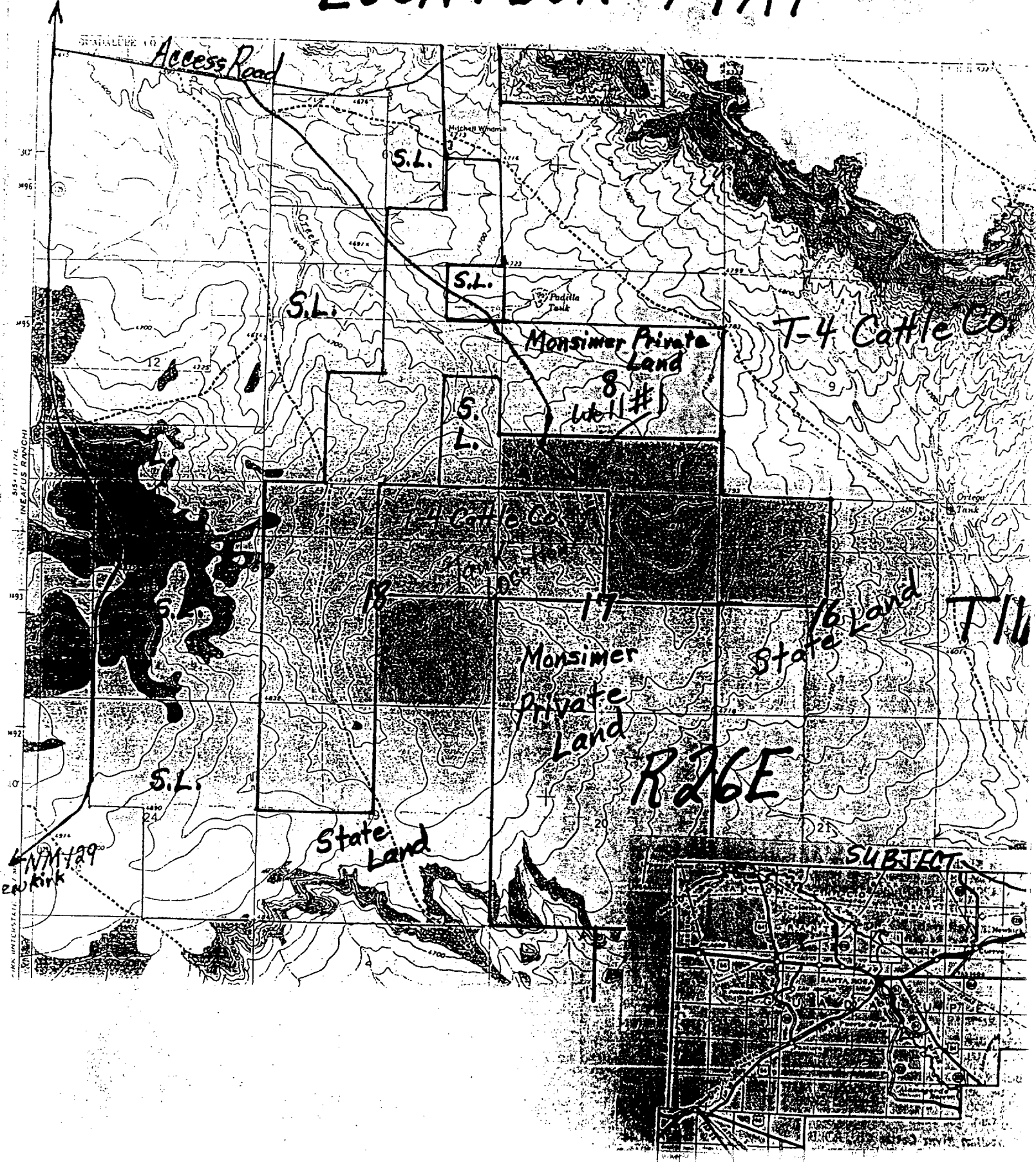


GENERAL LOCATION MAP



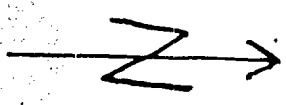
LOCATION MAP

Conchas Lake



Lease Site Map - Enercap Corp. Photo Location Map

Not drawn in scale
general locations only



Well 1 ✓

Electric Line

26-22-1

in pond

fence down
cattle have been

Meter
Meterpole

Access Road

Photo 1 →

Photo 2 →

Gas Tank for vehicle, equipment use.

STOR AGENT A N K S

← 15

← 16

9 → 6

3

4

5 & 8

7

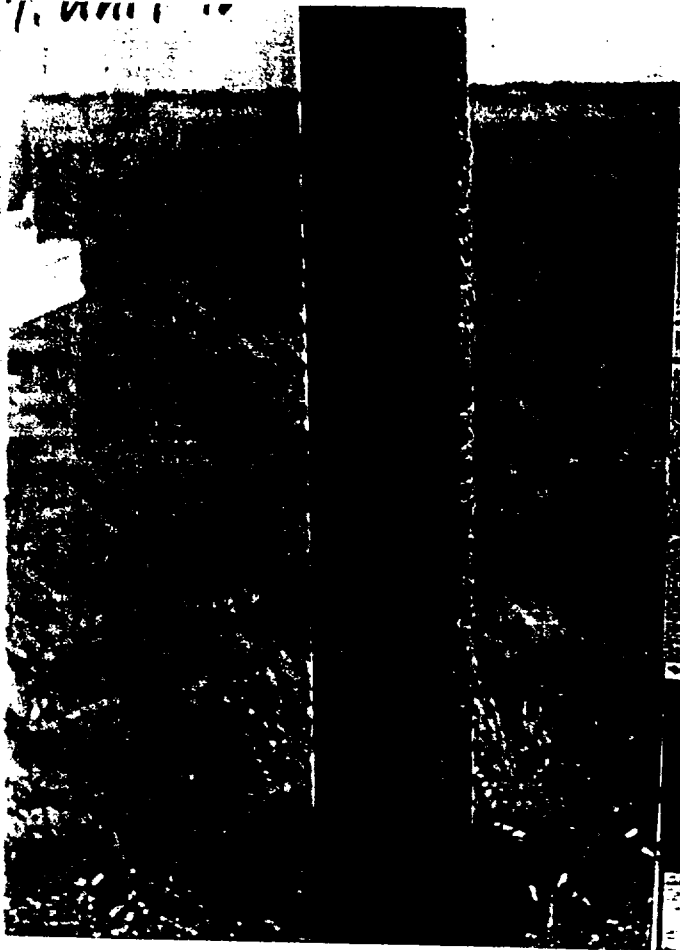
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Photo 3

14. 11-11ae/112

13 →

7. Unit 1



5. Unit 2



6. Unit 3, Nobel

DCR PETROLEUM CORP.
T-4 ENHANCED RECOVERY
UNIT NO. 3
NE 1/4 SECTION 17, T11N, R26E

ILLEGIBLE



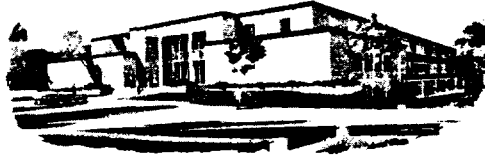
7. Unit 4, Al...

#8230

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

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

November 20, 1990

Mr. John D. Fulton, Land Manger
Enercap Corporation
Four Greenspoint Plaza
16945 North Chase Drive
Suite 1700
Houston, TX 77060

Re: T-4 Enhanced Recovery Unit
O'Connell Ranch Unit
Guadalupe County, New Mexico
Change of Operator

Dear Mr. Fulton:

The Commissioner of Public Lands this date approves Enercap Corporation as the Successor Unit Operator of the two (2) subject units.

As required by the Unit Agreement, please provide this office with monthly status reports as specified in Section 11 of the Unit Agreement.

If you have any questions contact Clyde Langdale at (505) 827-5791.

Sincerely,

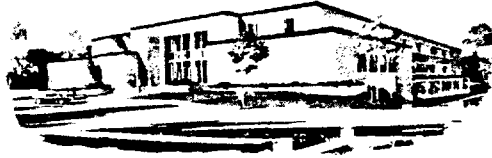
W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

By: *Floyd O. Prando*
Floyd O. Prando, Director
Oil, Gas & Minerals Division

WRH/FOP/CL/dm

cc: OCD - David Catanach
BLM - Jerry Dutchover
TRD - O & G Accounting Division
Royalty Management Division, SLO - Phil Valdez

State of New Mexico



8230

JIM BACA
COMMISSIONER

Commissioner of Public Lands

September 3, 1985

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148
Express Mail Delivery Uses:
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Randolph M. Richardson
P. O. Box 2423
Roswell, New Mexico 88201

Re: T-4 (Enhanced Recovery) Unit
Guadalupe County, New Mexico

Dear Mr. Richardson,

The Commissioner of Public Lands has this date approved the resignation of Rio Petro, Ltd., as Operator of the T-4 Enhanced recovery Unit, Guadalupe County, New Mexico and has accepted the Designation of DCR Petroleum Corporation as the Successor Unit Operator.

Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Enclosed is an approved copy for your files.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: *Ray D. Graham*
RAY D. GRAHAM, Director
Oil and Gas Division
AC 505/827-5744

JB/RDG/pm
encls.

cc: OCD-Santa Fe, New Mexico

RESIGNATION OF UNIT OPERATOR

AND

DESIGNATION OF SUCCESSOR UNIT OPERATOR

T-4 (Enhanced Recovery) Unit Agreement
Guadalupe County, New Mexico

KNOW ALL MEN BY THESE PRESENTS:

THAT, the undersigned, Rio Petro, Ltd., a Partnership, with offices at 4835 LBJ Freeway, Dallas, Texas, 75244, being the duly designated, qualified and acting Unit Operator pursuant to the terms and provisions of the Unit Agreement for the Development and Operation of the T-4 (Enhanced Recovery) Unit Area, Guadalupe County, New Mexico, by these presents herein contained, does hereby resign, as Unit Operator in and under said Unit Agreement.

PROVIDED FURTHER, that, DCR Petroleum Corporation, with offices at 4606 FM 1960 West, Suite 220, Houston, Texas, 77069, has succeeded to the interests of Rio Petro, Ltd., in and to all the lands and leases within the T-4 (Enhanced Recovery) Unit Area and therefore desires to be designated and named as successor Unit Operator.

THAT, there are no other Working Interest owners having interests committed to the Unit Agreement for the T-4 (Enhanced Recovery) Unit Area, and there is no objection to the designation of DCR Petroleum Corporation as successor Unit Operator.

NOW, THEREFORE, the undersigned DCR Petroleum Corporation, in consideration of the promises herein contained, hereby covenants and agrees to fulfill the duties and assume the obligations and responsibilities of Unit Operator under and pursuant to all the terms and provisions of the T-4 (Enhanced Recovery) Unit Agreement, and as of the effective date hereof, DCR Petroleum Corporation shall be designated as Unit Operator in lieu of Rio Petro, Ltd.

PROVIDED FURTHER, pursuant to the terms and provisions of said Unit Agreement, this Designation of DCR Petroleum Corporation as successor Unit Operator shall not be effective until approved by the Commissioner of Public Lands and Oil Conservation Division, State of New Mexico. Therefore, the effective date hereof shall be that date shown in the attached Certificate of Approval, executed by the Commissioner of Public Lands; subject to prior approval by the Oil Conservation Division.

DATED this 13th day of June, 1985.

RIO PETRO, LTD. BY RIO PETRO COMPANY,
GENERAL PARTNER

By: _____

DON E. WILLIAMS, VICE PRESIDENT

RESIGNING UNIT OPERATOR

Attest:

DCR PETROLEUM CORPORATION

Candy Rojas
Secretary

By: _____

D. C. Rojas

SUCCESSOR UNIT OPERATOR

ILLEGIBLE

STATE OF TEXAS)
 : ss.
COUNTY OF DALLAS)

The foregoing instrument was acknowledged before me this 13th day of June, 1985, by Don E. Williams, Vice President of Rio Petro Company, the General Partner of Rio Petro, Ltd., a Partnership, individually, and on behalf of said partnership.

Helen Ogden
Notary Public

My Commission Expires:

8-24-85

STATE OF TEXAS)
 : ss.
COUNTY OF HARRIS)

August The foregoing instrument was acknowledged before me this 14th day of ~~June~~, 1985, by DEAN C. POEAS, PRESIDENT of DCR Petroleum Corporation, a Texas Corporation, on behalf of said corporation.

Jean Stakes Bland
Notary Public

My Commission Expires:

Oct. 5, 1985

JAN STAKES BLAND
Notary Public State of Texas
My Commission Expires October 5, 1985
Bonded by L. Alexander Lovett, Lawyers Surety Corp.

CERTIFICATE OF APPROVAL

BY

OIL CONSERVATION DIVISION, ENERGY AND MINERALS DEPARTMENT
STATE OF NEW MEXICO

The undersigned Director, Oil Conservation Division, Energy and Minerals Department, State of New Mexico, does hereby approve the Designation of DCR Petroleum Corporation as the new Unit Operator to succeed Rio Petro, Ltd., as Operator under the Unit Agreement for the development and operation of the T-4 (Enhanced Recovery) Unit Area, Guadalupe County, New Mexico, heretofore approved by the Commissioner of Public Lands and Oil Conservation Division.

DATED this _____ day of June, 1985.

Director, Oil Conservation Division,
Energy and Minerals Department, State of
New Mexico

CERTIFICATE OF APPROVAL

BY

COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

The undersigned Commissioner of Public Lands of the State of New Mexico, does hereby approve the Designation of DCR Petroleum Corporation as the new Unit Operator to succeed Rio Petro, Ltd., as Operator under the Unit Agreement for the development and operation of the T-4 (Enhanced Recovery) Unit Area, Guadalupe County, New Mexico, heretofore approved by the Commissioner of Public Lands.

DATED this 3rd day of ^{September} ~~XXXX~~, 1985.



Commissioner of Public Lands,
State of New Mexico

#

RESIGNATION OF UNIT OPERATOR

AND

DESIGNATION OF SUCCESSOR UNIT OPERATOR

T-4 (Enhanced Recovery) Unit Agreement
Guadalupe County, New Mexico

KNOW ALL MEN BY THESE PRESENTS:

THAT, the undersigned, Rio Petro, Ltd., a Partnership, with offices at 4835 LBJ Freeway, Dallas, Texas, 75244, being the duly designated, qualified and acting Unit Operator pursuant to the terms and provisions of the Unit Agreement for the Development and Operation of the T-4 (Enhanced Recovery) Unit Area, Guadalupe County, New Mexico, by these presents herein contained, does hereby resign, as Unit Operator in and under said Unit Agreement.

PROVIDED FURTHER, that, DCR Petroleum Corporation, with offices at 4606 FM 1960 West, Suite 220, Houston, Texas, 77069, has succeeded to the interests of Rio Petro, Ltd., in and to all the lands and leases within the T-4 (Enhanced Recovery) Unit Area and therefore desires to be designated and named as successor Unit Operator.

THAT, there are no other Working Interest owners having interests committed to the Unit Agreement for the T-4 (Enhanced Recovery) Unit Area, and there is no objection to the designation of DCR Petroleum Corporation as successor Unit Operator.

NOW, THEREFORE, the undersigned DCR Petroleum Corporation, in consideration of the promises herein contained, hereby covenants and agrees to fulfill the duties and assume the obligations and responsibilities of Unit Operator under and pursuant to all the terms and provisions of the T-4 (Enhanced Recovery) Unit Agreement, and as of the effective date hereof, DCR Petroleum Corporation shall be designated as Unit Operator in lieu of Rio Petro, Ltd.

PROVIDED FURTHER, pursuant to the terms and provisions of said Unit Agreement, this Designation of DCR Petroleum Corporation as successor Unit Operator shall not be effective until approved by the Commissioner of Public Lands and Oil Conservation Division, State of New Mexico. Therefore, the effective date hereof shall be that date shown in the attached Certificate of Approval, executed by the Commissioner of Public Lands; subject to prior approval by the Oil Conservation Division.

DATED this 13th day of June, 1985.

RIO PETRO, LTD. BY RIO PETRO COMPANY,
GENERAL PARTNER

By: [Signature]
DON E. WILLIAMS, VICE PRESIDENT
RESIGNING UNIT OPERATOR

Attest:

DCR PETROLEUM CORPORATION

[Signature: Cindy Rojas]
Secretary

By: [Signature: D. C. Rojas]

SUCCESSOR UNIT OPERATOR

STATE OF TEXAS)
 : ss.
COUNTY OF DALLAS)

The foregoing instrument was acknowledged before me this 13th day of June, 1985, by Don E. Williams, Vice President of Rio Petro Company, the General Partner of Rio Petro, Ltd., a Partnership, individually, and on behalf of said partnership.

Helw Orzain
Notary Public

My Commission Expires:

7-24-85

STATE OF TEXAS)
 : ss.
COUNTY OF HARRIS)

August The foregoing instrument was acknowledged before me this 14th day of ~~June~~, 1985, by DEAN C. ROJAS, PRESIDENT of DCR Petroleum Corporation, a Texas Corporation, on behalf of said corporation.

JAN STAKES BLAND
Notary Public

My Commission Expires:

OCTOBER 5, 1985

JAN STAKES BLAND
Notary Public State of Texas
My Commission Expires October 5, 1985
Bonded by L. Alexander Lovett, Lawyers Surety Corp.


CERTIFICATE OF APPROVAL

BY

OIL CONSERVATION DIVISION, ENERGY AND MINERALS DEPARTMENT
STATE OF NEW MEXICO

The undersigned Director, Oil Conservation Division, Energy and Minerals Department, State of New Mexico, does hereby approve the Designation of DCR Petroleum Corporation as the new Unit Operator to succeed Rio Petro, Ltd., as Operator under the Unit Agreement for the development and operation of the T-4 (Enhanced Recovery) Unit Area, Guadalupe County, New Mexico, heretofore approved by the Commissioner of Public Lands and Oil Conservation Division.

DATED this 16th day of ^{December}~~June~~, 1985.



Director, Oil Conservation Division,
Energy and Minerals Department, State of
New Mexico

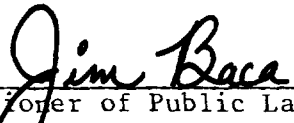
CERTIFICATE OF APPROVAL

BY

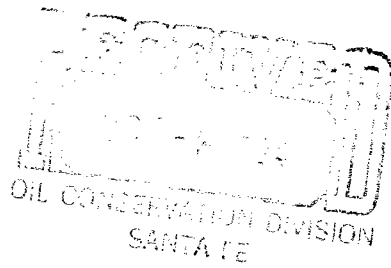
COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

The undersigned Commissioner of Public Lands of the State of New Mexico, does hereby approve the Designation of DCR Petroleum Corporation as the new Unit Operator to succeed Rio Petro, Ltd., as Operator under the Unit Agreement for the development and operation of the T-4 (Enhanced Recovery) Unit Area, Guadalupe County, New Mexico, heretofore approved by the Commissioner of Public Lands.

DATED this 16th day of ^{December}~~JUNE~~, 1985.



Commissioner of Public Lands,
State of New Mexico



BILL SELTZER
507 PETROLEUM BUILDING
MIDLAND, TEXAS 79701

HQME 915 - 6

guy
m.s.

October 3, 1984

Re: Case No. 8230
Order No. R-7682

Oil Conservation Division
of the Energy and Mineral Dept.
P.O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

Enclosed please find copy of my letters dated October 3, 1984 wherein I forwarded by certified mail a copy of AFE pertaining to the above Case and Order numbers to the non-consenting owners.

Yours very truly,

Bill Seltzer
Bill Seltzer

BS/kp
Enclosures

cc? Amerind Oil Co.

BILL SELTZER
507 PETROLEUM BUILDING
MIDLAND, TEXAS 79701

October 3, 1984

Re: T-16-S, R-37-E
Section 28: S/2 NW/4
Lea County, New Mexico
Case No. 8320
Order No. R-7682

J.R. McGinley, Jr.
J.R. McGinley .0104167
R.A. McGinley

Cleroy, Inc. .0104167

Lanroy, Inc. .0104167

512 Mayo Building
P.O. Box 3405
Tulsa, Oklahoma 74101

Gentlemen:

Enclosed please find AFE pertaining to the above Case No. 8320 and Order No. R-7682 of the Oil and Conservation Division of the Energy and Mineral Department, State of New Mexico, Santa Fe, New Mexico.

Yours very truly,

Amerind Oil Co.

By: 
Bill Seltzer

BS/kp
Enclosure

BILL SELTZER
507 PETROLEUM BUILDING
MIDLAND, TEXAS 79701

October 3, 1984

Re: T-16-S, R-37-E
Section 28: S/2 NW/4
Lea County, New Mexico
Case No. 8320
Order No. R-7682
.0937500

Sohio Petroleum Co.
Two Lincoln Center
5420 LBJ Freeway
Suite #1000/LB03
Dallas, Texas 75240

Gentlemen:

Enclosed please find AFE pertaining to the above Case No. 8320 and Order No. R-7682 of the Oil Conservation Division of the Energy and Mineral Department, State of New Mexico, Santa Fe, New Mexico.

Yours very truly,

Amerind Oil Co.

By: 
Bill Seltzer

BS/kp
Enclosure

A M E R I N D O I L C O.
Authorization for Expenditure

Speight No. 2
 1830' FNL, 1980' FWL
 28 - 16S - 37E
 Lovington Penn, NE Field
 Lea County, New Mexico

To drill and complete in the Strawn Formation:

<u>INTANGIBLE</u>	<u>Casing Point</u>	<u>Pumping Completion</u>	<u>Total</u>
Drilling 11,600' @ \$15.50	\$180,000	\$	\$
Daywork 3 @ \$4,500	14,000		
Drilling mud and water	30,000		
Location and surface damages	20,000		
Drill stem test - Strawn	5,000		
Log and perforate	30,000	6,000	
Cementing - surface 400 sx	8,000		
- inter. 1,900 sx	15,000		
- prod. 300 sx		5,000	
Supervision	5,000	5,000	
Geological	3,000		
Contract services and equipment rentals	5,000	30,000	
Completion unit (10 days @ \$1,500)		15,000	
Acid treatment - 5,000 gal. MOD 202		10,000	
Drilling and completion overhead	4,000	2,000	
TOTAL INTANGIBLE	\$319,000	\$ 73,000	\$392,000
<u>TANGIBLE</u>			
Casing			
Surface 400' 13-5/8" 54.5# H40STC	\$ 6,000	\$	\$
Inter. 2,200' 8-5/8" 24 # K55STC	20,000		
2,100' 8-5/8" 32 # K55STC	23,000		
Prod. 11,600' 5-1/2" 20 # N80LTC		80,000	
Tubing 11,300' 2-7/8" 6.5# N80 T&C		40,000	
Rods		15,000	
Pumping unit - 640-365-144		60,000	
Pump, tbg. anchor, etc.		4,000	
Wellhead	6,000	7,000	
Tank battery & misc.		25,000	
Electric power installation		7,000	
TOTAL TANGIBLE	\$ 55,000	\$238,000	\$293,000
Contingencies	20,000	15,000	35,000
TOTAL	\$394,000	\$326,000	\$720,000

RECOMMENDED BY:



Date: August 1, 1984

APPROVED BY:

Date: _____

State of New Mexico



JIM BACA
COMMISSIONER



Commissioner of Public Lands

June 29, 1984

#8230

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148
Express Mail Delivery Uses
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Randolph M. Richardson
P. O. Box 2423
Roswell, New Mexico 88201

Re: Rio Petro, Ltd.
T-4 (Enhanced Recovery) Unit
Guadalupe County, New Mexico

Dear Mr. Richardson

The Commissioner of Public Lands has this date granted final approval to the T-4 (Enhanced Recovery) Unit Agreement, Guadalupe County, New Mexico. This approval is subject to being withdrawn 45 days from the above date, if we are not supplied with an OCD Order and joinders from Amoco Production Company, Dan W. Varel and Barbara Varel. Failure to furnish this office with these final requirements will subject this Unit Agreement to termination. This office has also approved your Initial Plan of Operation. Such plan proposes to drill a minimum of one delineation well inside the unit and expand the existing pilot steam project. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Our approval is given with the understanding that Tract Nos. 5, 6, 8 and 9 are not fully committed at this time. Please submit a copy of the re-designation of well names and numbers.

Enclosed are five Certificates of Approval.

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

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: *Ray D. Graham*
RAY D. GRAHAM, Director
Oil and Gas Division
AC 505/827-5744

JB/RDG/pm
encls.

cc: OCD-Santa Fe, New Mexico

Unit Name T-4 (ENHANCED RECOVERY) Unit
Operator Rio Petro, Ltd.
County Guadalupe

DATE	OCC CASE NO.	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	INDIAN-FEE	SEGREGATION CLAUSE	TERM
APPROVED	OCC ORDER NO. <u>8230</u> <u>RR-7578</u>							
OCD: June 28, 1984								
COMMISSIONER: June 29, 1984								
		April 1, 1985	1,520.00	640.00	-0-	880.00	Will extend lease 30 long if sharing in royalty	

UNIT AREA

TOWNSHIP 11 NORTH, RANGE 26 EAST

- Section 8: S/2
- Section 9: SW/4
- Section 16: NW/4
- Section 17: All
- Section 18: S/2NE/4,SE/4

Unit Name

T-4 (ENHANCED RECOVERY) UNIT

Operator

Rio Petro, Ltd.

County

Guadalupe

STATE	LEASE	INSTI-	SEC.	TWP.	RGE.	SUBSECTION	RATIFIED	ACRES	ACREAGE	NOT	LESSEE
TRACT NO.	NO.	TUTION					DATE			RATIFIED	
1	LG-1896-2	C. S.	16	11N	26E	N/2NW/4	6/28/84	80.00			Rio Petro, Ltd.
2	LG-5209	Univ.	8	11N	26E	S/2S/2					
		C. S.	16	11N	26E	SW/4NW/4					
		UNIV	17	11N	26E	NE/4NE/4, S/2NE/4					
		UNIV	18	11N	26E	SE/4	6/28/84	480.00			Samedan Oil Corporation
3	LG-7540-2	C. S.	17	11N	26E	NW/4NE/4	6/28/84	40.00			Rio Petro, Ltd.
4	LG-8735-1	C. S.	16	11N	26E	SE/4NW/4	6/28/84	40.00			Rio Petro, Ltd