

#9380

McKay Oil Corporation

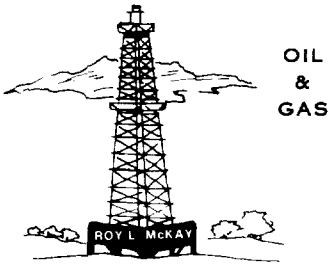
OIL CONSERVATION DIVISION

RECEIVED

ROY L. MCKAY, PRESIDENT

MAILING ADDRESS: P.O. Box 2088 ROSWELL, N.M. 88201 • TELEPHONE 505 / 623 - 4735

STREET ADDRESS: ONE MCKAY PLACE ROSWELL, N.M. 88201 • FAX NO. 505 / 624 - 2202



3-31-92
D-Unit letter
Tux Ry

March 27, 1992

Joe G. Lara
Assistant District Manager, Minerals
Bureau of Land Management
P. O. Box 1397
Roswell, New Mexico 88201-1397

Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87504-1148

Oil Conservation Division
New Mexico Department of Energy & Minerals
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: Plan of Development
West Fork Unit
Chaves County, New Mexico

Gentlemen:

McKay Oil Corporation, as Unit Operator of the West Fork Unit Agreement dated May 1, 1988, pursuant to the provisions of Section 10 thereof, respectfully submits for your approval this Plan of Development describing all anticipated unit operations for the next twelve months.

SUMMARY OF 1991 OPERATIONS:

McKay Oil Corporation has drilled two wells within the unit, the West Fork Federal Unit #3, located in the SE/4 of Sec. 32, T-4S-R-22E and the West Fork Federal Unit #4, located in the SW/4 of Section 32, T-4S-R-22E. Neither well has been completed as a producing well at this time.

McKay Oil Corporation obtained approval to horizontal drill on 5 proposed unit wells.


Page 2 of 2
Bureau of Land Management
Commissioner of Public Lands
NM Dept. of Energy & Minerals
March 27, 1992

PLAN OF DEVELOPMENT - 1992

McKay Oil Corporation has commenced drilling to deepen the West Fork Unit #4, located in the SW/4 of Sec. 32, T-4S-R-22E to a depth of 4,400'. Presently the well has reached a depth of 3,950'.

It is anticipated that approximately 3 additional wells will be drilled during the 1992 calendar year and some may be horizontally drilled.

McKay Oil Corporation respectfully requests your approval of this Plan of Development and Summary of Operations for the West Fork Unit.



James L. Schultz
V.P. Land & Legal
MCKAY OIL CORPORATION

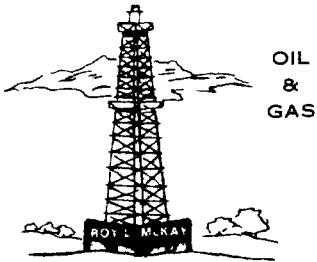
JLS/ml

#9380

McKay Oil Corporation

ROY L. MCKAY, PRESIDENT

MAILING ADDRESS: P.O. BOX 2014 ROSWELL, N.M. 88202 • TELEPHONE 505 / 623 - 4735
STREET ADDRESS: ONE MCKAY PLACE ROSWELL, N.M. 88201 • FAX NO. 505 / 624 - 2202



March 29, 1991

Handwritten:
4-8-91
D-unit letter
Tx
Ry

Joe G. Lara
Assistant District Manager, Minerals
Bureau of Land Management
P. O. Box 1397
Roswell, New Mexico 88201-1397

Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87504-1148

Oil Conservation Division
New Mexico Department of Energy & Minerals
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: Plan of Development
West Fork Unit
Chaves County, New Mexico

Gentlemen:

McKay Oil Corporation, as Unit Operator of the West Fork Unit Agreement dated May 1, 1988, pursuant to the provisions of Section 10 thereof, respectfully submits for your approval this Plan of Development describing all anticipated unit operations for the next twelve months.

SUMMARY OF 1990 OPERATIONS:

McKay Oil Corporation had commenced the drilling of one unit well, West Fork Federal Unit #3, located in the SE/4 of Sec. 32, T-4S-R-22E. The drill pipe was lost in the hole and presently we are waiting on another rig to recover the pipe and continue drilling.

McKay Oil Corporation has submitted APDs and applied for horizontal drilling approval from the OCD on 5 proposed unit wells.

page 2 of 2
Bureau of Land Management
Commissioner of Public Lands
NM Dept. of Energy & Minerals
March 29, 1991

PLAN OF DEVELOPMENT - 1991

McKay Oil Corporation has commenced the drilling of an additional unit well, the West Fork Unit #4, located in the SW/4 of Sec. 32, T-4S-R-22E. Presently the well has TD at 3,350' and is waiting on completion.

It is anticipated that approximately 5 additional wells will be drilled during the 1991 calendar year and some may be horizontally drilled.

McKay Oil Corporation respectfully requests your approval of this Plan of Development and Summary of Operations for the West Fork Unit.

James L. Schultz
V.P. Land & Legal
MCKAY OIL CORPORATION

JLS/ml

#9380



91 FEB 21 AM 8 52

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell District Office
P.O. Box 1397
Roswell, New Mexico 88202-1397

TAKE
PRIDE IN
AMERICA

IN REPLY
REFER TO:

3180 (065)
NMNM-72622-B

McKay Oil Corporation
P.O. Box 2014
Roswell, NM 88202

Re: West Fork Unit Area, Chaves County, NM
Initial Abo "A" Participating Area

FEB 20 1991

Gentlemen:

This office is in receipt of your January 29, 1991, application requesting approval of the Initial Abo "A" participating area for the West Fork Unit Area in Chaves County, New Mexico. Such application is hereby approved on February 18, 1991, and is effective as of July 24, 1987. The Initial Abo "A" Participating area will be assigned No. NMNM-72622-B. This number is to be used for production reporting purposes.

The initial Abo "A" Participating area embraces 160.00 acres, more or less, and is described as the NW1/4 of sec. 30, T. 5 S., R. 22 E., NMPM. Such participating area is based on the completion of the West Fork Unit Well No. 19 in the SW1/4NW1/4 of sec. 30 on July 24, 1987, as the discovery well determined to be a paying well pursuant to section nine (9) of the unit agreement by our letter of January 14, 1990.

Copies of the approved application are being distributed to the appropriate offices and one copy is returned herewith. You are requested to furnish all interested principals with appropriate evidence of this approval.

If you have any questions, please contact the Branch of Fluid Minerals or John Simitz at (505) 622-9042.

Sincerely,

(ORIG. SCD.) ARMANDO A. LOPEZ

Armando A. Lopez
Acting Assistant District Manager,
Minerals

FOR

2 Enclosures

cc:
1 Commissioner of Public Lands

State of New Mexico

#9380



W.R. HUMPHRIES
COMMISSIONER

Commissioner of Public Lands

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

October 18, 1990

McKay Oil Corporation
P.O. Box 2014
Roswell, NM 88201

Attn: James L. Shultz

Re: West Fork Unit
Chavez County, New Mexico
1990 Plan of Development

Dear Mr. Shultz:

The Commissioner of Public Lands this date approved the 1990 Plan of Development for the West Fork Unit. Our approval is subject to like approval by all other appropriate agencies.

The possibility of drainage by wells outside of the Unit Area and the need for further development may exist. You will be contacted at a later date regarding these possibilities.

If we may be of further help, please do not hesitate to contact Clyde Langdale at (505) 827-5791.

Sincerely,

W. R. HUMPHRIES

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

cc: OCD ✓
Unit Corresp.
Unit POD

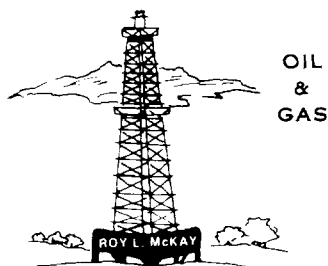
#9380

McKay Oil Corporation

ROY L. MCKAY, PRESIDENT

MAILING ADDRESS: P. O. BOX 2014 ROSWELL, N.M. 88202 • TELEPHONE 505 / 623 - 4735

STREET ADDRESS: ONE MCKAY PLACE ROSWELL, N.M. 88201 • FAX NO. 505 / 624 - 2202



March 23, 1990

Joe G. Lara
Assistant District Manager, Minerals
Bureau of Land Management
P. O. Box 1397
Roswell, New Mexico 88201-1397

Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87504-1148

Oil Conservation Division
New Mexico Department of Energy & Minerals
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: Plan of Development
~~West Fork Unit~~
Chaves County, New Mexico

3-26-90
D- Unit letter
The
127

Gentlemen:

McKay Oil Corporation, as Unit Operator of the West Fork Unit Agreement dated May 1, 1988, pursuant to the provisions of Section 10 thereof, respectfully submits for your approval this Plan of Development describing all anticipated unit operations for the next twelve months.

SUMMARY OF 1989 OPERATIONS:

No additional wells were drilled and the West Fork Federal Unit #2 was not placed into production as a result of the price of natural gas for the entire year of 1989 and the inability of the nearest pipeline, Transwestern/Enron, to purchase and/or transport gas.

A paraffin substance was detected obstructing the well bore of the Bonnie #1 well, located in the SE/4 of Section 30, T-5S-23E. A recompletion of the formation attempted by injecting

page 2 of 3
Bureau of Land Management
Commissioner of Public Lands
NM Dept. of Energy & Minerals
March 23, 1990

500 gallons of 50/50 solution of 7½% acid and Xylene. Gas production resumed at an increased rate, but no oil was recovered.

A seismic information taken in the southern portion of the Unit was analyzed for possible oil bearing formations and structures. The following drilling locations have been staked and permitted as a result of the analysis:

1. West Fork Federal Unit #4 SE/4, Sec. 31-4S-22E
2. West Fork Federal Unit #5 NE/4, Sec. 25-5S-21E
3. West Fork Federal Unit #6 SW/4, Sec. 19-5S-22E
4. West Fork Federal Unit #8 SW/4, Sec. 30-5S-22E
5. West Fork Federal Unit #9 SE/4, Sec. 24-5S-21E

PLAN OF DEVELOPMENT - 1990

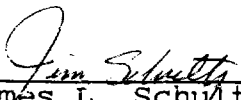
McKay Oil Corporation is presently experimenting with horizontal drilling technology in a well located 1½ miles south of the Unit. Approximately 150 feet of horizontal hole has been drilled in the Abo formation and all preliminary indications are that this type of drilling will enhance the recovery of reserves by 400 percent. Although at the time of preparing this report no actual flow or pressure rates are available, McKay Oil Corporation will begin utilizing this technology on all future drilling in the Unit.

Due to present low gas prices which prevail during spring and summer months, we anticipate drilling activity to begin within the 3rd and 4th quarter of the year. It is our intention to drill an estimated six to ten wells within the unit boundaries during the next twelve months.

Further, McKay Oil Corporation will reenter the West Fork Federal Unit #1 well and will attempt completion in the PreCambrian formation by deepening the hole to approximately 4,400 feet.

page 3 of 3
Bureau of Land Management
Commissioner of Public Lands
NM Dept. of Energy & Minerals
March 23, 1990

McKay Oil Corporation respectfully requests your approval of this Plan of Development and Summary of Operations for the West Fork Unit.



James L. Schultz
V.P. Land & Legal
McKAY OIL CORPORATION

JLS/ml



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
ROSWELL DISTRICT OFFICE
P.O. BOX 1397
ROSWELL, NEW MEXICO 88201

TAKE
PRIDE IN
AMERICA

RECEIVED

JUN 14 1989

OIL CONSERVATION DIV.
SANTA FE

JUN 13 1989

Ag 380

NR-72622
3180 (065)

McKay Oil Corporation
Attention: Ms. Sharon R. Hamilton
P.O. Box 2014
Roswell, New Mexico 88202

Re: Commercial Well Determination, your West Fork Unit well No. 4 - Inexco
Federal, SW1/4 sec. 30, T. 5 S., R. 22 E., Chaves County, New Mexico,
Federal Lease NM-32311

Gentlemen:

We are in receipt of your letter of May 1, 1989 along with additional information that supports your recommendation that the subject well be determined commercial.

We agree with your recommendation that the subject well be deemed a commercial well in the Abo Formation. Please submit an application for the initial Abo "A" participating area, that being Exhibit "A" showing the outline of the proposed participating area, revised Exhibit "B" showing the tracts included in the participating area with ownership and percent participation and geologic justification for the inclusion of such lands in the participating area. The initial participating area is described on page 9 of the "BLM Manual Handbook 3180-1".

Should you have additional questions concerning this determination, please call David Glass at (505) 622-9042.

Sincerely,

(ORIG. SGD.) JOE G. LARA

Joe G. Lara
Assistant District Manager,
Minerals

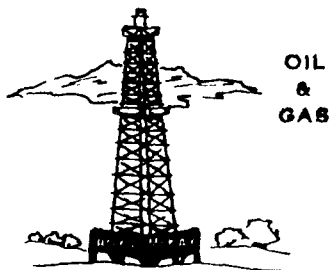
cc:
Commissioner of Public Lands, Santa Fe
MMS-Denver
✓ NMOC, Santa Fe

McKay Oil Corporation

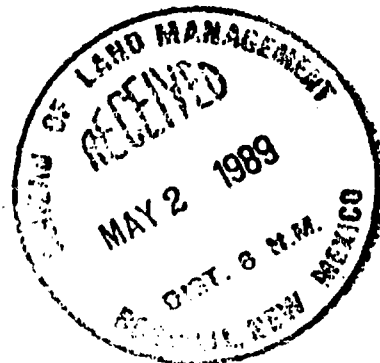
ROY L. MCKAY, PRESIDENT

MAILING ADDRESS: P.O. BOX 2014 ROSWELL, N.M. 88202 • TELEPHONE 505/623-4735

STREET ADDRESS: ONE MCKAY PLACE ROSWELL, N.M. 88201 • FAX NO. 505/624-2202



May 1, 1989



David Glass
Bureau of Land Management
P. O. Box 1397
Roswell, New Mexico 88201-1397

Re: West Fork Unit Agreement
Contract No. NMNM-72622
Chaves County, New Mexico

Dear Mr. Glass:

Enclosed please find two copies of the following information concerning the commercial evaluation of the existing wells within the West Fork Unit.

1. Inexco Federal #4 - Well Cost Report and Original Reserves Determination
2. Bonnie Fee #1 - Well Cost Report, Production Graph, Decline Calculations and Economic Reserve Evaluation
3. Antelope Federal #1 - Well Cost Report, Production Graph and Decline Calculations
4. Antelope Federal #2 - Well Cost Report, Production Graph and Decline Calculations
5. Antelope Federal #3 - Well Cost Report, Production Graph and Decline Calculations
6. Pronghorn Federal #1 - Well Cost Report, Production Graph and Decline Calculations
7. Jerry Don Federal #1 - Well Cost Report, Production Graph and Decline Calculations

Based on our engineering review, the Inexco Federal #4 well is the only existing well within the West Fork Unit that would qualify under the commercial determination guidelines of said unit. Please advise should you require any further information or data.

Yours very truly,

MCKAY OIL CORPORATION


Sharon R. Hamilton
Land Coordinator

Enclosures

LEASES

PRODUCTION

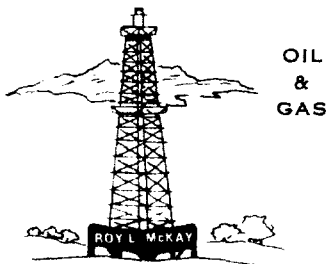
INVESTMENTS

McKay Oil Corporation

ROY L. MCKAY, PRESIDENT

MAILING ADDRESS: P.O. BOX 2014 ROSWELL, N.M. 88202 • TELEPHONE 505 / 623 - 4735

STREET ADDRESS: ONE MCKAY PLACE ROSWELL, N.M. 88201 • FAX NO. 505 / 624 - 2202



INEXCO FEDERAL #4

Well Cost
December 31, 1988

Intangible Drilling Cost	Lease & Well Equipment	Lease Operating Cost	Total Cost
\$212,987.44	\$27,844.12	\$30,615.18	\$271,446.74

Well Status: Flowing

Note: The above well costs were obtained from well accounting files and are unaudited.

ATTACHMENT NO. 1

MCKAY OIL CORPORATION
INEXCO FEDERAL #4

NW/4 SEC. 30, T5S, R22E, CHAVES CO., NEW MEXICO

ORIGINAL RESERVES DETERMINATION

Following is a summary of formation characteristics and findings. The methods used, and the findings, conform to area standards for similar wells having the type of reservoir found in the Inexco Federal #1.

1. Formation and Reservoir Parameters:

a. Log Derived

Zone Depths	3484-4018
Average Porosity, %	12.48
Net Pay, feet	54
Porosity-Feet	674
Average Permeability, mD	0.32
Millidarcy-Feet	17.28

b. Test Derived

Original BHP, psia	1356
Gas S.G.	0.594
Gas Compressibility	0.85

2. Volumetric Reserves, based on 160-acre drainage and 85% recovery factor: 2,647,679 MCF gas.
3. Estimated Total Reserves by hyperbolic decline, based on first 18 months production history: 310,000 MCF gas.
4. Reserves Life: 22 years, from beginning to economic limit.
5. Net Cash Flow: \$466,531.
6. Discounted Cash Flow at 10%: \$283,006.
7. Royalty: 12.5%.
8. Overhead and Operating: \$625 per month.
9. Compression and Related Charges: \$0.15 per MCF.
(Note: this is shown as item #81 on the Parameter List as a \$/MCF tax. There was no other place to accurately show this cost.)
10. Gas Price and Escalation: Initial gas price is \$2.04 per MCF, held constant for the first 3 years, then escalated at 8% per year. Operating Costs were escalated at 3% per year.

ATTACHMENT #1

LISTING OF SUB-ATTACHMENTS:

- 1-A: VOLUMETRICS, RECOVERABLE GAS RESERVES
- 1-B: HYPERBOLIC DECLINE CURVE, MCF/MONTH VERSUS TIME
- 1-C: PARAMETERS FOR DECLINE CURVE
- 1-D: ECONOMIC ANALYSIS TABULATION
- 1-E: PARAMETER LIST FOR ECONOMIC ANALYSIS
- 1-F: GRAPH: NET CASH FLOW, ANNUAL INCOME VERSUS TIME
- 1-G: GRAPH: CUMULATIVE NET CASH FLOW, CUMULATIVE INCOME
VERSUS TIME
- 1-H: GRAPH: DISCOUNTED CASH FLOW, ANNUAL DOLLARS VERSUS TIME
- 1-I: GRAPH: CUMULATIVE DISCOUNTED CASH FLOW, CUMULATIVE DOLLARS
VERSUS TIME

04-18-1989

MCKAY OIL CORPORATION
RECOVERABLE GAS RESERVES

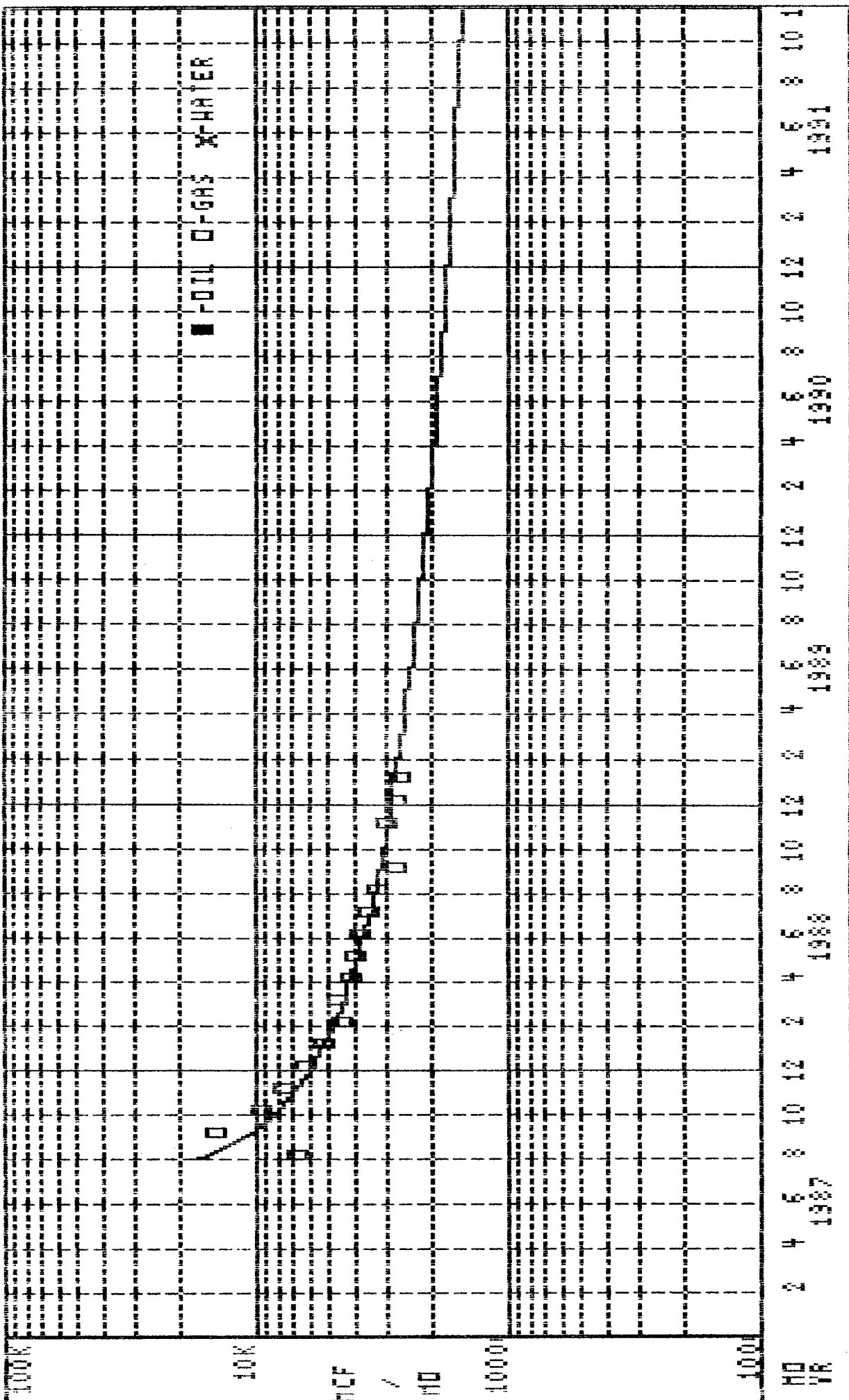
13:59:08

WELL ID.#: 4

WELL NAME: INEXCO FEDERAL

AVERAGE POROSITY:	12.5 %
AVERAGE WATER SATURATION:	35 %
FORMATION PRESSURE:	1356 PSIA
FORMATION TEMPERATURE:	100 F
BULK VOLUME OF RESERVOIR:	8640 AC-FT
RECOVERY FACTOR:	85 %
GAS COMPRESSIBILITY:	.85

ORIGINAL GAS IN PLACE =	3,114.917 MMCF	360.5 MCF/AF
RECOVERABLE GAS =	2,647.679 MMCF	306.4 MCF/AF



HCFAY OIL CORPORATION INEXCO FEDERAL #4

E SEC 30, T5S, R22E

PARAMETERS FOR DECLINE CURVE

INITIAL GAS RATE, MCF/MONTH:	16,743
HYPERBOLIC DECLINE RATE, %/YEAR	99
EXPONENTIAL DECLINE RATE, %/YEAR	10
DATE FOR EXPONENTIAL DECLINE	9/92
MONTHS ACTUAL PRODUCTION PLOTTED	18
PRODUCTION BEGAN	7/87

EVALUATION FOR 100% W.I.. 87.5% N.R.I.

NW/4 SEC.30. T5S, R22E. CHAVES CO.. N.M.

RESERVE CATEGORY:
PROVED DEVELOPED PRODUCING

INTEREST SUMMARY

INTEREST	INITIAL PCT	REV PT YEARS	SECOND PCT	REV PT YEARS	THIRD PCT
WI OIL	1.000000	0.00	0.000000	0.00	0.000000
NRI OIL	0.875000	0.00	0.000000	0.00	0.000000
WI GAS	1.000000	0.00	0.000000	0.00	0.000000
NRI GAS	0.875000	0.00	0.000000	0.00	0.000000
ROYALTY	0.125000	0.00	1.000000	0.00	1.000000

PERIOD BEGIN	TOTAL PROD WELLS	GROSS DAILY OIL BBL	GROSS YEARLY OIL BBL	CUM TO DATE OIL BBL	NET RI YEARLY OIL BBL	OIL SELLING PRICE \$/BBL	GROSS DAILY SLNGAS MCF	GROSS YEARLY SLNGAS MMCF	CUM TO DATE SLNGAS MCF	NET RI YEARLY SLNGAS MMCF	SLNGAS SELLING PRICE \$/MCF	GROSS DAILY NA GAS MCF	GROSS YEARLY NA GAS MMCF	CUM TO DATE NA GAS MMCF	NET RI YEARLY NA GAS MMCF	NA GAS SELLING PRICE \$/MCF
1987- 8	1	0	0	0	0	0.00	0	0	0	0.0	0.00	286	43	43	38.0	2.04
1988- 1	1	0	0	0	0	0.00	0	0	0	0.0	0.00	129	47	91	41.2	2.04
1989- 1	1	0	0	0	0	0.00	0	0	0	0.0	0.00	83	30	121	26.5	2.04
1990- 1	1	0	0	0	0	0.00	0	0	0	0.0	0.00	65	24	145	20.7	2.20
1991- 1	1	0	0	0	0	0.00	0	0	0	0.0	0.00	55	20	165	17.5	2.38
1992- 1	1	0	0	0	0	0.00	0	0	0	0.0	0.00	48	17	182	15.3	2.57
1993- 1	1	0	0	0	0	0.00	0	0	0	0.0	0.00	43	16	198	13.7	2.78
1994- 1	1	0	0	0	0	0.00	0	0	0	0.0	0.00	39	14	212	12.4	3.00
1995- 1	1	0	0	0	0	0.00	0	0	0	0.0	0.00	35	13	225	11.1	3.24
1996- 1	1	0	0	0	0	0.00	0	0	0	0.0	0.00	31	11	236	10.0	3.50
1997- 1	1	0	0	0	0	0.00	0	0	0	0.0	0.00	28	10	246	9.0	3.78
1998- 1	1	0	0	0	0	0.00	0	0	0	0.0	0.00	25	9	256	8.1	4.08
1999- 1	1	0	0	0	0	0.00	0	0	0	0.0	0.00	23	8	264	7.3	4.40
2000- 1	1	0	0	0	0	0.00	0	0	0	0.0	0.00	21	8	271	6.6	4.76
2001- 1	1	0	0	0	0	0.00	0	0	0	0.0	0.00	19	7	278	5.9	5.14
SUB TOT		0	0	0	0	0.00	0	0	0	0.0	0.00	68	278	278	243.4	3.20
REM TOT		0	0	0	0	0.00	0	0	0	0.0	0.00	6	32	32	27.8	5.93
TOTALS			0	0	0			0	0	0.0			310	310	271.1	

PERIOD BEGIN	NET OIL REVNUE \$	NET SLNGAS REVNUE \$	NET NA GAS REVNUE \$	TOTAL NET REVNUE \$	OTHER NET INCOME \$	NET OPER. EXPENSE \$	W-FALL PROFIT TAX \$	NET LOCAL TAXES \$	NET SEV. TAX \$	NET OPER. INCOME \$	***** *** CAPITAL BONUS \$	NET INTAN \$	***** *** TANG \$	TOTAL \$	NET CASH FLOW \$	DISC. CASH FLOW \$
1987- 8	0	0	77596	77596	0	3332	0	9150	2910	62204	0	0	0	0	62204	60927
1988- 1	0	0	84119	84119	0	8240	0	9919	3154	62805	0	0	0	0	62805	57326
1989- 1	0	0	54017	54017	0	8487	0	6370	2026	37134	0	0	0	0	37134	30682
1990- 1	0	0	45679	45679	0	8742	0	5138	1713	30086	0	0	0	0	30086	22502
1991- 1	0	0	41563	41563	0	9004	0	4465	1559	26535	0	0	0	0	26535	17965
1992- 1	0	0	39338	39338	0	9274	0	4042	1475	24547	0	0	0	0	24547	15044
1993- 1	0	0	38116	38116	0	9552	0	3752	1429	23382	0	0	0	0	23382	12971
1994- 1	0	0	37048	37048	0	9839	0	3499	1389	22321	0	0	0	0	22321	11209
1995- 1	0	0	36011	36011	0	10134	0	3267	1350	21259	0	0	0	0	21259	9664
1996- 1	0	0	35003	35003	0	10438	0	3056	1313	20196	0	0	0	0	20196	8311
1997- 1	0	0	34023	34023	0	10751	0	2862	1276	19134	0	0	0	0	19134	7127
1998- 1	0	0	33070	33070	0	11074	0	2684	1240	18072	0	0	0	0	18072	6093
1999- 1	0	0	32144	32144	0	11406	0	2522	1205	17011	0	0	0	0	17011	5192
2000- 1	0	0	31244	31244	0	11748	0	2372	1172	15952	0	0	0	0	15952	4407
2001- 1	0	0	30369	30369	0	12101	0	2235	1139	14895	0	0	0	0	14895	3725
SUB TOT	0	0	649339	649339	0	144123	0	65332	24350	415533	0	0	0	0	415533	273145
REM TOT	0	0	164103	164103	0	95503	0	11448	6154	50998	0	0	0	0	50998	9861
TOTALS	0	0	813441	813441	0	239626	0	76780	30504	466531	0	0	0	0	466531	283006

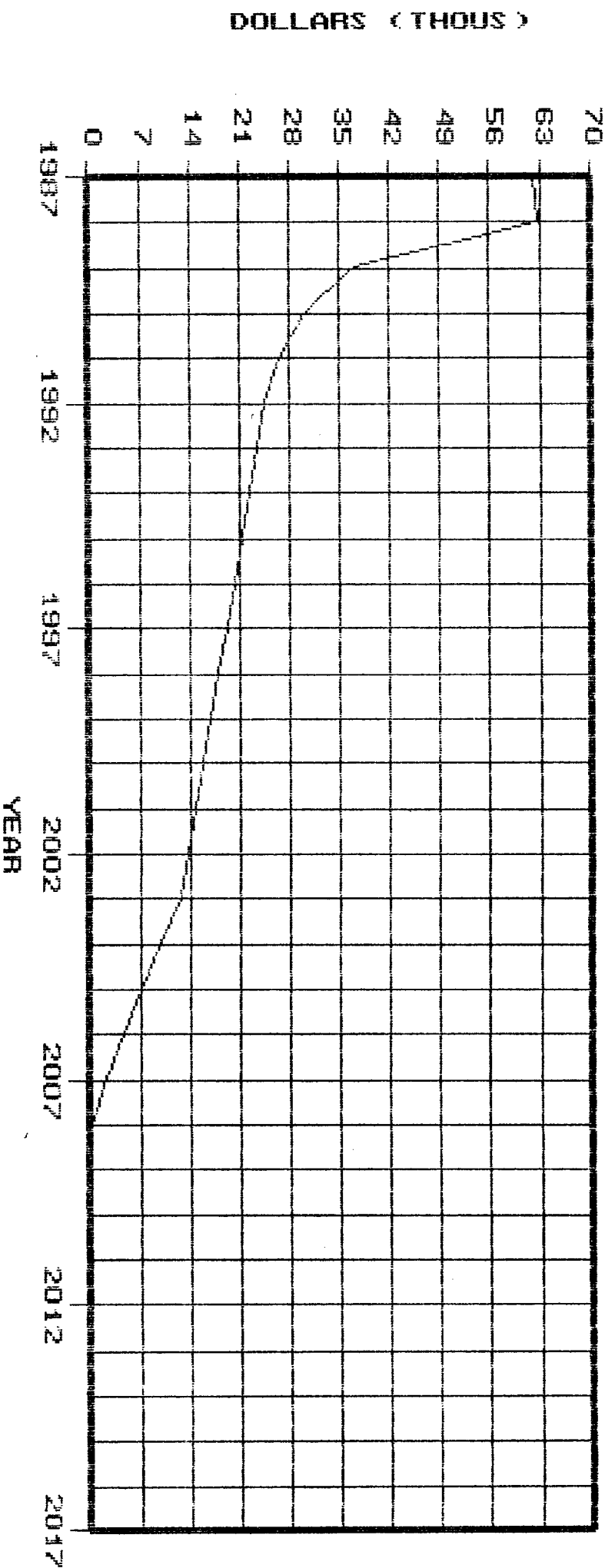
EVALUATION FOR 100% W.I., 87.5% N.R.I.

NW/4 SEC.30, T5S, R22E, CHAVES CO., N.M.

***** PARAMETER LIST *****

1-INITIAL YEAR	1987	27-OIL HYP EXP -1	0.00
2-INITIAL MONTH	8	28-OIL HYP EXP -2	0.00
3-DISCOUNT RATE (DEC.)	0.10	29-OIL HYP EXP -3	0.00
4-REINVESTMENT RATE (DEC.)	0.00	30-OIL HYP EXP -4	0.00
5-INIT OIL PRICE (\$/BBL)	0.00	31-INIT GAS PRICE (\$/MCF)	2.04
6-ESCALATION OIL (DEC.)	0.0000000	32-ESCALATION GAS (DEC.)	0.0800000
7-YR TO ESCAL OIL PRICE	0	33-YR TO ESCAL GAS PRICE	4
8-MAXIMUM OIL PRICE	30.00	34-MAXIMUM GAS PRICE	6.00
9-INIT OIL RATE (BBL/MO)	0	35-INIT GAS RATE (MCF/MO)	16743
10-CUM OIL PROD LIMT (B)	0	36-CUM GAS PROD LIMT (MMCF)	1000
11-GAS:OIL RATIO	0	37-GAS DECL TYPE -1	HYP
12-SLN GAS PRICE	0.00	38-GAS DECL RATE -1	0.9900000
13-ESCALATION SLN (DEC.)	0.0000000	39-GAS DECL TYPE -2	EXP
14-YR TO ESCAL SLN PRICE	0	40-GAS DECL RATE -2	0.1000000
15-MAXIMUM SLN PRICE	0.00	41-YR,MO CHG TYPE -2	9209
16-OIL DECL TYPE -1		42-GAS DECL TYPE -3	
17-OIL DECL RATE -1	0.0000000	43-GAS DECL RATE -3	0.0000000
18-OIL DECL TYPE -2		44-YR,MO CHG TYPE -3	0000
19-OIL DECL RATE -2	0.0000000	45-GAS DECL TYPE -4	
20-YR,MO CHG TYPE -2		46-GAS DECL RATE -4	0.0000000
21-OIL DECL TYPE -3		47-YR,MO CHG TYPE -4	0000
22-OIL DECL RATE -3	0.0000000	48-GAS HYP EXP -1	1.70
23-YR,MO CHG TYPE -3		49-GAS HYP EXP -2	0.00
24-OIL DECL TYPE -4		50-GAS HYP EXP -3	0.00
25-OIL DECL RATE -4	0.0000000	51-GAS HYP EXP -4	0.00
26-YR,MO CHG TYPE -4		52-WORKING INT -1	1.0000000000
53-WORKING INT -2	0.0000000000	73-WINDFALL BASE	0.00
54-(YR OR \$) WORK. INT -2	0	74-STRIPPER RATE (BOPD)	10.00
55-WORKING INT -3	0.0000000000	75-WINDFALL TAX	0.0000000
56-(YR OR \$) WORK. INT -3	0	76-LOCAL TAX -OIL (DEC.)	0.0000000
57-REVENUE INT. -1	0.8750000000	77-SEVERANCE TAX -OIL	0.0000000
58-REVENUE INT. -2	0.0000000000	78-TAX -OIL (\$/BBL)	0.00
59-(YR OR \$) REV. INT -2	0	79-LOCAL TAX -GAS (DEC.)	0.0443900
60-REVENUE INT. -3	0.0000000000	80-SEVERANCE TAX -GAS	0.0375000
61-(YR OR \$) REV. INT -3	0	81-TAX -GAS (\$/MCF)	0.15
62-INIT OP COST/YR (M\$)	8.00	82-DESIRED PURCHASE IRR	0.0000000
63-ESCAL OP COST (DEC.)	0.0300000	83-TANG FRAC OF PURCHA 0-1	0.0000000
64-YR TO START ESCAL	0	84-COMPANY TAX RATE (DEC.)	0.0000000
65-NEW OP COST/YR (M\$)	0.00		
66-YR OF NEW OP COST	0		
67-INTANG @ TIME 0 (DEC.)	0.0000000		
68-TANG @ TIME 0 (DEC.)	1.0000000		
69-INTANG COSTS (M\$)	0		
70-YR INTANG COSTS	0		
71-TANG COST (M\$)	0		
72-YR TANG COSTS	0		

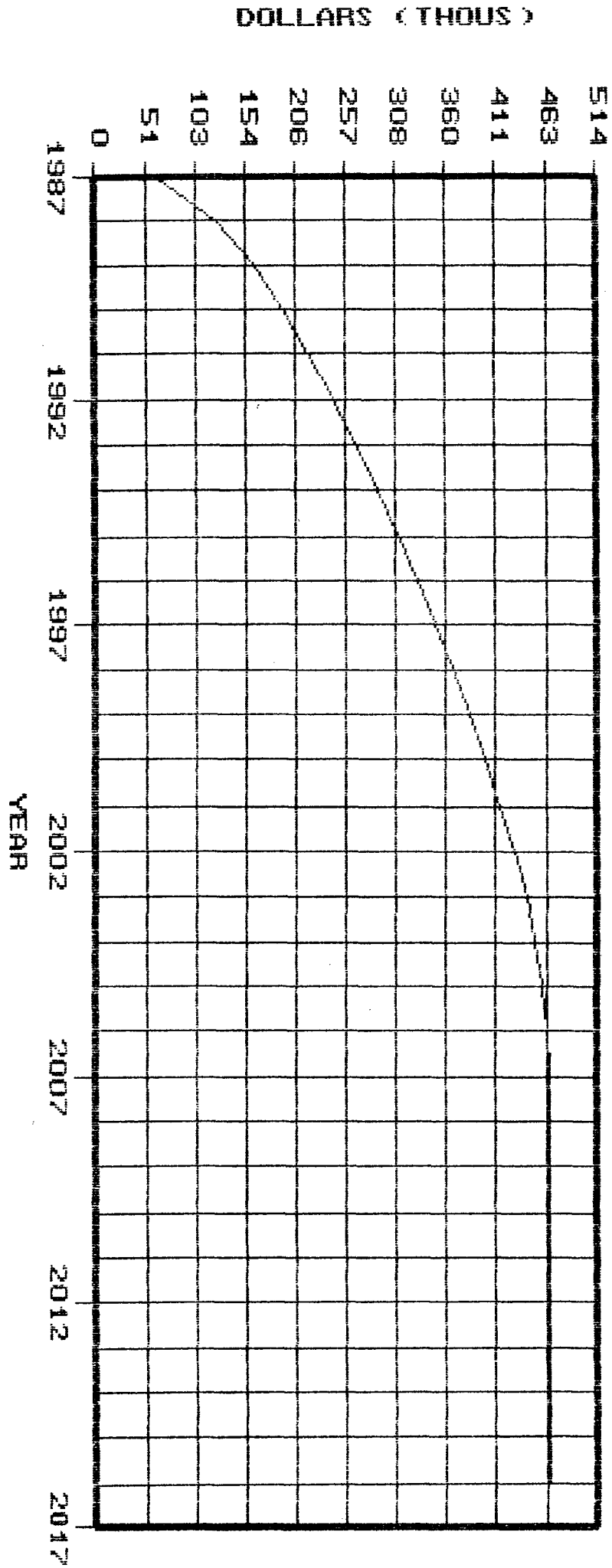
NET CASH FLOW



AS OF DATE= AUGUST 1, 1987

EVALUATION FOR 100% M.I., 87.5% M.R.I.
NM/4 SEC.30, TSS, R22E, CHAVES CO., N.M.

CUMULATIVE NET CASH FLOW

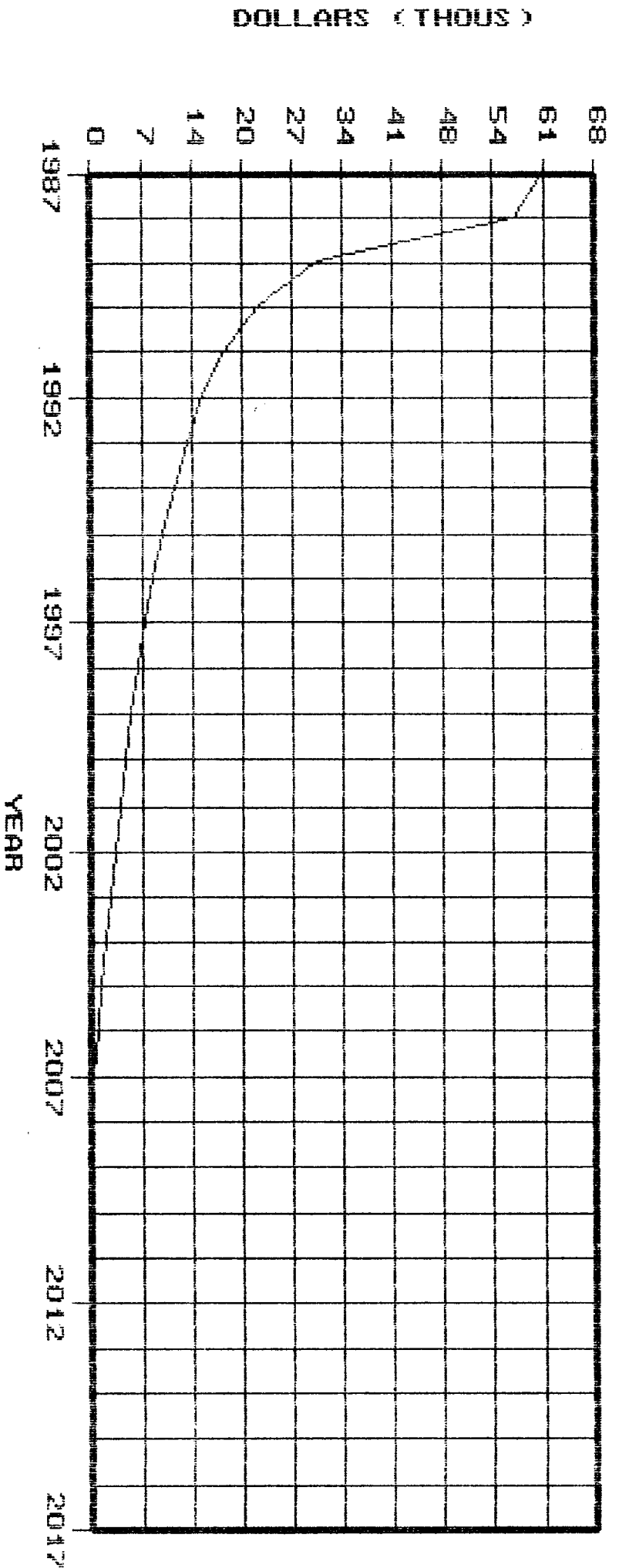


AS OF DATE = AUGUST 1, 1987

EVALUATION FOR 100% M.I., 87.5% N.R.I.

MM/4 SEC.30, T5S, R22E, CHAUES CO., N.M.

DISCOUNTED CASH FLOW

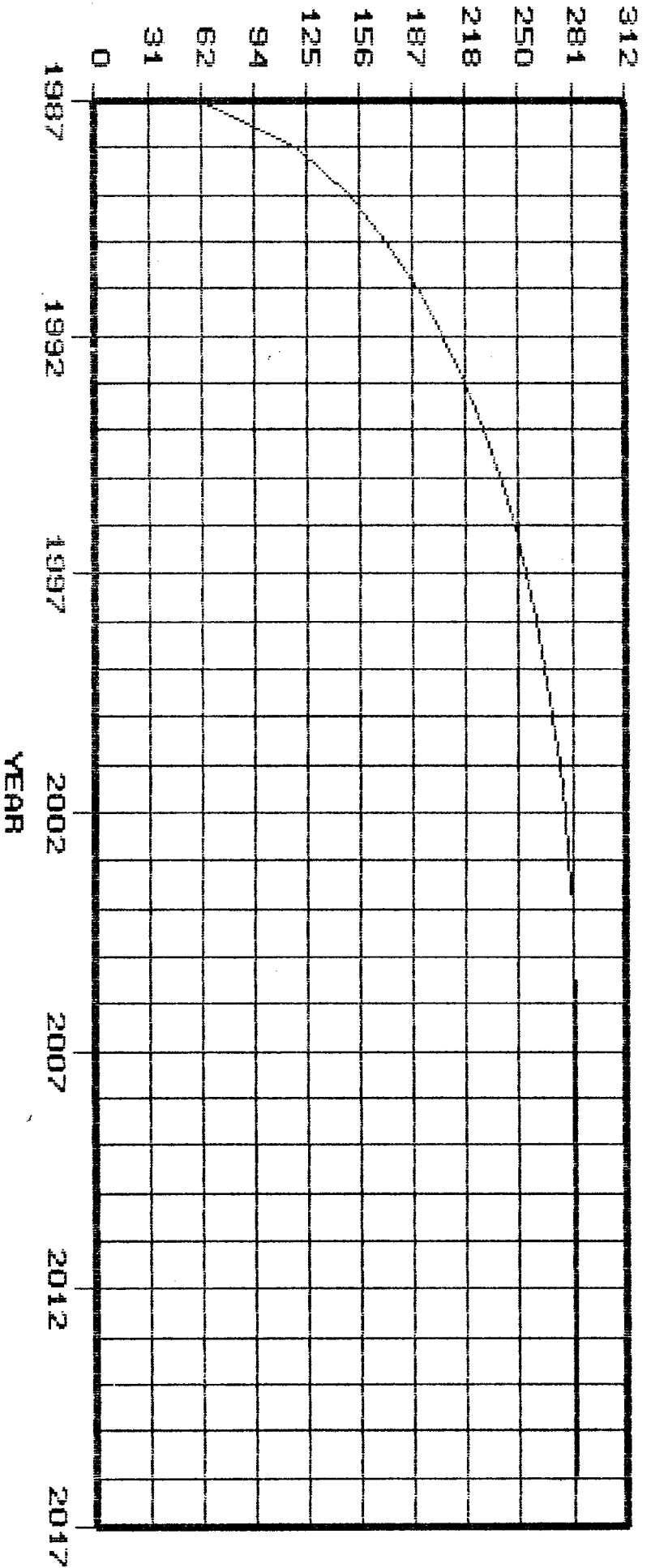


AS OF DATE = AUGUST 1, 1987

EVALUATION FOR 100% M.I., 87.5% M.R.I.

NM/4 SEC.30, T55, R22E, CHAVES CO., N.M.

CUM DISCOUNT CASH FLOW



AS OF DATE = AUGUST 1, 1987

EVALUATION FOR 100% M.I., 87.5% N.R.I.
 NM/4 SEC.30, TSS, R22E, CHAVES CO., N.M.



United States Department of the Interior



BUREAU OF LAND MANAGEMENT
ROSWELL DISTRICT OFFICE
P.O. BOX 1397
ROSWELL, NEW MEXICO 88201

NM-72622
3180 (065)

JUN 14 1989

McKay Oil Corporation
Attention: Ms. Sharon K. Hamilton
P.O. Box 2014
Roswell, New Mexico 88202

Re: Commercial Well Determination, your West Fork Unit well No. 1 - Proughorn
Federal NE4NE4 sec. 30, T. 4 S., R. 22 E., Chaves County, New Mexico,
Federal Lease NM-32335

Gentlemen:

We are in receipt of your letter of May 1, 1989 along with additional information that supports your recommendation that the subject well be determined noncommercial.

We agree with your recommendation that the subject well is noncommercial in the Abo Formation. Therefore, the well is determined to be noncommercial and will not receive a participating area.

Should you have additional questions concerning this determination, please call David Glass at (505) 622-5042.

Sincerely,

(ORIG. SCD.) JOE G. LARA

Joe G. Lara
Assistant District Manager,
Minerals

cc:

Commissioner of Public Lands, Santa Fe
MMS-Denver

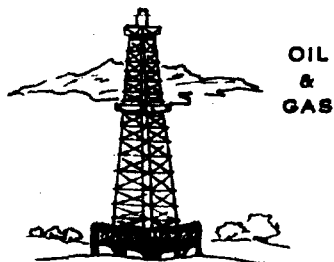
✓ NMOCD, Santa Fe
NM (943C)
NM (066)
NM (065, B. Lopez)
Lease File NM-32335

McKay Oil Corporation

ROY L. MCKAY, PRESIDENT

MAILING ADDRESS: P.O. BOX 2014 ROSWELL, N.M. 88202 • TELEPHONE 505/623-4735

STREET ADDRESS: ONE MCKAY PLACE ROSWELL, N.M. 88201 • FAX NO. 505/624-2202



PRONGHORN FEDERAL #1

Well Cost
December 31, 1988

<u>Intangible Drilling Cost</u>	<u>Lease & Well Equipment</u>	<u>Lease Operating Cost</u>	<u>Total Cost</u>
<u>\$246,308.15</u>	<u>\$14,851.61</u>	<u>\$32,850.89</u>	<u>\$294,010.65</u>

Well Status: Shut-In / May, 1988

Note: The above well costs were obtained from well accounting files and are unaudited.

FILE IS D:\DWIGHTS\ANTELOPE.DMP

LEASE IS PRONGHORN FEDERAL #1

MANUAL DECLINE CALCULATIONS - HYPERBOLIC

CURRENT POT.= 108 MCF/MO AT MONTH= 4 YEAR=1988
ANNUAL DECLINE RATE =532 % HYPERBOLIC EXPONENT = 0.800
CDP IS " A " = 10 % AT MONTH= 2 YEAR=1997
FUTURE CUM. PRODUCTION = -5055 MCF
CUM. PRODUCTION TO DATE= 14164 MCF
TOTAL CUM. PRODUCTION = 9109 MCF

FUTURE FORECASTING

FORECAST (YEAR MONTH)=1989, 2
DECLINE #1 YEAR MONTH DECLINE =1997, 2, 10 %
POTENTIAL = 82 MCF/MO YEAR=1989 MONTH= 2
FUTURE CUM. PRODUCTION = -5990 MCF
CUM. PRODUCTION TO DATE= 15100 MCF
TOTAL CUM. PRODUCTION = 9109 MCF

ECONOMIC LIMIT CALCULATIONS

OPERATING COSTS (\$/MO): 0 \$/MO PRICE OF OIL(\$/B) GAS(\$/M): 0.00 \$
ROYALTIES : 0.00 TOTAL TAXES : 0.00
ECONOMIC LIMIT (BBL/MO (MCF/MO) : 381 MCF/MO



United States Department of the Interior



BUREAU OF LAND MANAGEMENT
ROSWELL DISTRICT OFFICE
P.O. BOX 1397
ROSWELL, NEW MEXICO 88201

NM-72622
3180 (065)

RECEIVED JUN 14 1989

JUN 15 1989

OIL CONSERVATION DIV.
SANTA FE

McKay Oil Corporation
Attention: Ms. Sharon R. Hamilton
P.O. Box 2014
Roswell, New Mexico 88202

Re: Commercial Well Determination, your West Fork Unit well No. 1 - Bonnie
Fee, SW $\frac{1}{4}$ SE $\frac{1}{4}$ sec. 30, T. 5 S., R. 22 E., Chaves County, New Mexico, Fee
Lease

Gentlemen:

We are in receipt of your letter of May 1, 1989 along with additional
information that supports your recommendation that the subject well be
determined noncommercial.

We agree with your recommendation that the subject well is noncommercial in
the Abo Formation. Therefore, the well is determined to be noncommercial and
will not receive a participating area subject to concurrence by the New Mexico
Oil Conservation Division (NMOCDD), Santa Fe.

Should you have additional questions concerning this determination, please
call David Glass at (505) 622-9042.

Sincerely,

(ORIG. SGD.) JOE G. LARA

Joe G. Lara
Assistant District Manager,
Minerals

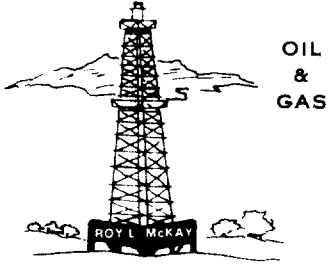
cc:
Commissioner of Public Lands, Santa Fe
MMS-Denver
✓NMOCDD, Santa Fe

McKay Oil Corporation

ROY L. MCKAY, PRESIDENT

MAILING ADDRESS: P.O. BOX 2014 ROSWELL, N.M. 88202 • TELEPHONE 505 / 623 - 4735

STREET ADDRESS: ONE MCKAY PLACE ROSWELL, N.M. 88201 • FAX NO. 505 / 624 - 2202



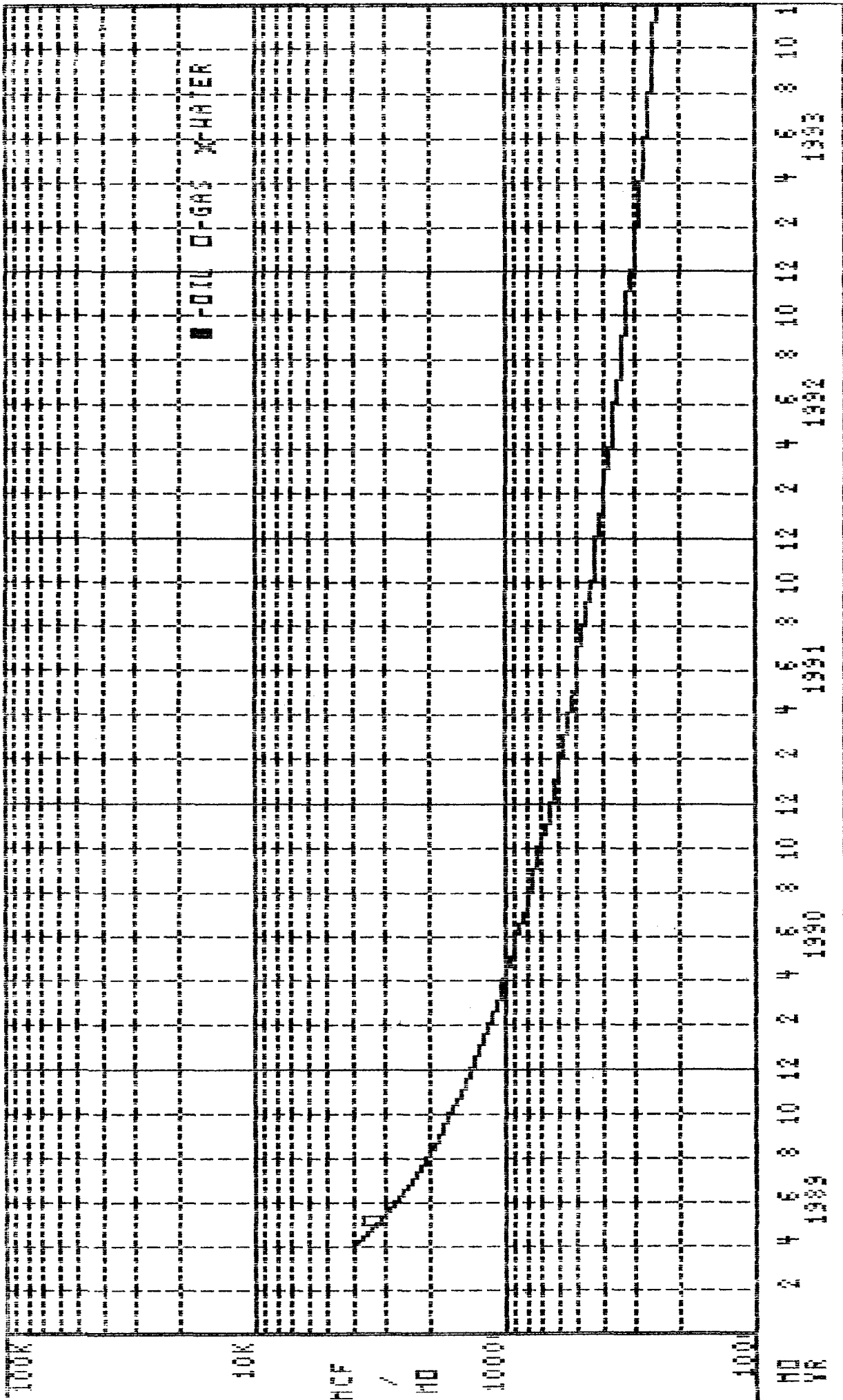
BONNIE FEE #1

Well Cost
December 31, 1988

<u>Intangible Drilling Cost</u>	<u>Lease & Well Equipment</u>	<u>Lease Operating Cost</u>	<u>Total Cost</u>
<u>\$160,194.35</u>	<u>\$13,659.90</u>	<u>\$22,486.65</u>	<u>\$196,340.90</u>

Well Status: Shut-In / May, 1988

Note: The above well costs were obtained from well accounting files and are unaudited.



SE/4 30, 155, R22E,

BONNIE #1

HCKAY OIL CORP.

FILE IS D:\REPORTS\BONNIE1.PRO
LEASE IS BONNIE #1
MANUAL DECLINE CALCULATIONS - HYPERBOLIC

CURRENT POT.= 3262 MCF/MO AT MONTH= 5 YEAR=1989
ANNUAL DECLINE RATE =273 % HYPERBOLIC EXPONENT = 0.900
CDP IS " A " = 10 % AT MONTH= 5 YEAR=1999
FUTURE CUM. PRODUCTION = 33374 MCF
CUM. PRODUCTION TO DATE= 3500 MCF
TOTAL CUM. PRODUCTION = 36874 MCF
FUTURE FORECASTING

FORECAST (YEAR MONTH)=1989, 5
DECLINE #1 YEAR MONTH DECLINE =1999, 5, 10 %
POTENTIAL = 3262 MCF/MO YEAR=1989 MONTH= 5
FUTURE CUM. PRODUCTION = 33374 MCF
CUM. PRODUCTION TO DATE= 3500 MCF
TOTAL CUM. PRODUCTION = 36874 MCF

ECONOMIC LIMIT CALCULATIONS

OPERATING COSTS (\$/MO): 0 \$/MO PRICE OF OIL(\$/B) GAS(\$/M): 0.00 \$
ROYALTIES : 0.00 TOTAL TAXES : 0.00
ECONOMIC LIMIT (BBL/MO (MCF/MO) : 381 MCF/MO

GENERAL COMMENTS:

THIS NEW WELL TESTED 118 mcfpd FOR ONE WEEK DURING APRIL, 1989,
WHICH IS THE BASIS FOR STARTING POINT ON THE GRAPH.
THE HYPERBOLIC CURVE PARAMETERS ARE BASED ON PERFORMANCE OF TWO
SIMILAR-QUALITY WELLS: FOUR MILE DRAW #4 AND MILLER #2.
THE WELL HAS SUFFERED FORMATION DAMAGE FROM A GILSONITIC MATERIAL
WHICH IS APPARENTLY FOUND IN THE "LOWER ABO" ONLY (PENN. AGE?).
ATTEMPTS TO REMOVE THIS DAMAGE HAVE BEEN ONLY PARTIALLY
SUCCESSFUL TO DATE.

BONNIE #1

INTEREST SUMMARY

RESERVE CATEGORY:
PROVED DEVELOPED PRODUCING

INTEREST	INITIAL PCT	REV PT YEARS	SECOND PCT	REV PT YEARS	THIRD PCT
WI OIL	1.000000	0.00	0.000000	0.00	0.000000
NRI OIL	0.875000	0.00	0.000000	0.00	0.000000
WI GAS	1.000000	0.00	0.000000	0.00	0.000000
NRI GAS	0.875000	0.00	0.000000	0.00	0.000000
ROYALTY	0.125000	0.00	1.000000	0.00	1.000000

PERIOD BEGIN	TOTAL PROD WELLS	GROSS DAILY OIL BBL	GROSS YEARLY OIL BBL	CUM TO DATE OIL BBL	NET RI YEARLY OIL BBL	OIL SELLING PRICE \$/BBL	GROSS DAILY SLNGAS MCF	GROSS YEARLY SLNGAS MMCF	CUM TO DATE SLNGAS MCF	NET RI YEARLY SLNGAS MMCF	SLNGAS SELLING PRICE \$/MCF	GROSS DAILY NA GAS MCF	GROSS YEARLY NA GAS MMCF	CUM TO DATE NA GAS MMCF	NET RI YEARLY NA GAS MMCF	NA GAS SELLING PRICE \$/MCF
1989- 5	1	0	0	0	0	0.00	0	0	0	0.0	0.00	65	16	16	13.8	1.65
1990- 1	1	0	0	0	0	0.00	0	0	0	0.0	0.00	29	10	26	9.2	1.78
1991- 1	1	0	0	0	0	0.00	0	0	0	0.0	0.00	17	6	32	5.3	1.92
1992- 1	0	0	0	0	0	0.00	0	0	0	0.0	0.00	0	0	0	0.0	0.00
1993- 1	0	0	0	0	0	0.00	0	0	0	0.0	0.00	0	0	0	0.0	0.00
1994- 1	0	0	0	0	0	0.00	0	0	0	0.0	0.00	0	0	0	0.0	0.00
1995- 1	0	0	0	0	0	0.00	0	0	0	0.0	0.00	0	0	0	0.0	0.00
1996- 1	0	0	0	0	0	0.00	0	0	0	0.0	0.00	0	0	0	0.0	0.00
1997- 1	0	0	0	0	0	0.00	0	0	0	0.0	0.00	0	0	0	0.0	0.00
1998- 1	0	0	0	0	0	0.00	0	0	0	0.0	0.00	0	0	0	0.0	0.00
1999- 1	0	0	0	0	0	0.00	0	0	0	0.0	0.00	0	0	0	0.0	0.00
2000- 1	0	0	0	0	0	0.00	0	0	0	0.0	0.00	0	0	0	0.0	0.00
2001- 1	0	0	0	0	0	0.00	0	0	0	0.0	0.00	0	0	0	0.0	0.00
2002- 1	0	0	0	0	0	0.00	0	0	0	0.0	0.00	0	0	0	0.0	0.00
2003- 1	0	0	0	0	0	0.00	0	0	0	0.0	0.00	0	0	0	0.0	0.00
SUB TOT		0	0	0	0	0.00	0	0	0	0.0	0.00	37	32	32	28.2	1.79
REM TOT		0	0	0	0	0.00	0	0	0	0.0	0.00	0	0	0	0.0	0.00
TOTALS			0	0	0			0	0	0.0			32	32	28.2	

PERIOD BEGIN	NET OIL REVNUE \$	NET SLNGAS REVNUE \$	NET NA GAS REVNUE \$	TOTAL NET REVNUE \$	OTHER NET INCOME \$	NET OPER. EXPENSE \$	W-FALL PROFIT TAX \$	NET LOCAL TAXES \$	NET SEV. TAX \$	NET OPER. INCOME \$	***** *** CAPITAL BONUS \$	NET INVESTMENTS INTAN \$	***** *** TANG \$	NET TOTAL \$	NET CASH FLOW \$	DISC. CASH FLOW \$
1989- 5	0	0	22689	22689	0	5326	0	3070	851	13442	0	0	0	0	13442	13003
1990- 1	0	0	16370	16370	0	8240	0	2105	614	5411	0	0	0	0	5411	4818
1991- 1	0	0	10223	10223	0	8487	0	1251	383	102	0	0	0	0	102	82
1992- 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1993- 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1994- 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1995- 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1996- 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1997- 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1998- 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1999- 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2000- 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2001- 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2002- 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2003- 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SUB TOT	0	0	49281	49281	0	22053	0	6425	1848	18955	0	0	0	0	18955	17903
REM TOT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTALS	0	0	49281	49281	0	22053	0	6425	1848	18955	0	0	0	0	18955	17903

***** PARAMETER LIST *****

1-INITIAL YEAR	1989	27-OIL HYP EXP -1	0.00
2-INITIAL MONTH	5	28-OIL HYP EXP -2	0.00
3-DISCOUNT RATE (DEC.)	0.10	29-OIL HYP EXP -3	0.00
4-REINVESTMENT RATE (DEC.)	0.00	30-OIL HYP EXP -4	0.00
5-INIT OIL PRICE (\$/BBL)	0.00	31-INIT GAS PRICE (\$/MCF)	1.65
6-ESCALATION OIL (DEC.)	0.0000000	32-ESCALATION GAS (DEC.)	0.0800000
7-YR TO ESCAL OIL PRICE	0	33-YR TO ESCAL GAS PRICE	0
8-MAXIMUM OIL PRICE	0.00	34-MAXIMUM GAS PRICE	6.00
9-INIT OIL RATE (BBL/MO)	0	35-INIT GAS RATE (MCF/MO)	3262
10-CUM OIL PROD LIMT (B)	0	36-CUM GAS PROD LIMT (MMCF)	500
11-GAS:OIL RATIO	0	37-GAS DECL TYPE -1	HYP
12-SLN GAS PRICE	0.00	38-GAS DECL RATE -1	2.7307780
13-ESCALATION SLN (DEC.)	0.0000000	39-GAS DECL TYPE -2	EXP
14-YR TO ESCAL SLN PRICE	0	40-GAS DECL RATE -2	0.1000000
15-MAXIMUM SLN PRICE	0.00	41-YR,MO CHG TYPE -2	9905
16-OIL DECL TYPE -1		42-GAS DECL TYPE -3	
17-OIL DECL RATE -1	0.0000000	43-GAS DECL RATE -3	0.0000000
18-OIL DECL TYPE -2		44-YR,MO CHG TYPE -3	0000
19-OIL DECL RATE -2	0.0000000	45-GAS DECL TYPE -4	
20-YR,MO CHG TYPE -2		46-GAS DECL RATE -4	0.0000000
21-OIL DECL TYPE -3		47-YR,MO CHG TYPE -4	0000
22-OIL DECL RATE -3	0.0000000	48-GAS HYP EXP -1	0.90
23-YR,MO CHG TYPE -3		49-GAS HYP EXP -2	0.00
24-OIL DECL TYPE -4		50-GAS HYP EXP -3	0.00
25-OIL DECL RATE -4	0.0000000	51-GAS HYP EXP -4	0.00
26-YR,MO CHG TYPE -4		52-WORKING INT -1	1.0000000000
53-WORKING INT -2	0.0000000000	73-WINDFALL BASE	0.00
54-(YR OR \$) WORK. INT -2	0	74-STRIPPER RATE (BOPD)	10.00
55-WORKING INT -3	0.0000000000	75-WINDFALL TAX	0.0000000
56-(YR OR \$) WORK. INT -3	0	76-LOCAL TAX -OIL (DEC.)	0.0000000
57-REVENUE INT. -1	0.8750000000	77-SEVERANCE TAX -OIL	0.0000000
58-REVENUE INT. -2	0.0000000000	78-TAX -OIL (\$/BBL)	0.00
59-(YR OR \$) REV. INT -2	0	79-LOCAL TAX -GAS (DEC.)	0.0443900
60-REVENUE INT. -3	0.0000000000	80-SEVERANCE TAX -GAS	0.0375000
61-(YR OR \$) REV. INT -3	0	81-TAX -GAS (\$/MCF)	0.15
62-INIT OP COST/YR (M\$)	8.00	82-DESIRED PURCHASE IRR	0.0000000
63-ESCAL OP COST (DEC.)	0.0300000	83-TANG FRAC OF PURCHA 0-1	0.0000000
64-YR TO START ESCAL	0	84-COMPANY TAX RATE (DEC.)	0.0000000
65-NEW OP COST/YR (M\$)	0.00		
66-YR OF NEW OP COST	0		
67-INTANG @ TIME 0 (DEC.)	0.0000000		
68-TANG @ TIME 0 (DEC.)	1.0000000		
69-INTANG COSTS (M\$)	0		
70-YR INTANG COSTS	0		
71-TANG COST (M\$)	0		
72-YR TANG COSTS	0		



United States Department of the Interior



BUREAU OF LAND MANAGEMENT
ROSWELL DISTRICT OFFICE
P.O. BOX 1397
ROSWELL, NEW MEXICO 88201

RECEIVED

NM-72622
3180 (065)

JUN 15 1989

OIL CONSERVATION DIV.
SANTA FE

JUN 14 1989

McKay Oil Corporation
Attention: Ms. Sharon R. Hamilton
P.O. Box 2014
Roswell, New Mexico 88202

Re: Commercial Well Determination, your West Fork Unit well No. 1 - Jerry Don
Federal NE $\frac{1}{4}$ NE $\frac{1}{4}$ sec. 24, T. 4 S., R. 21 E., Chaves County, New Mexico,
Federal Lease NM-32330

Gentlemen:

We are in receipt of your letter of May 1, 1989 along with additional information that supports your recommendation that the subject well be determined noncommercial.

We agree with your recommendation that the subject well is noncommercial in the Abo Formation. Therefore, the well is determined to be noncommercial and will not receive a participating area.

Should you have additional questions concerning this determination, please call David Glass at (505) 622-9042.

Sincerely,

(ORIG. SGD.) JOE G. LARA

Joe G. Lara
Assistant District Manager,
Minerals

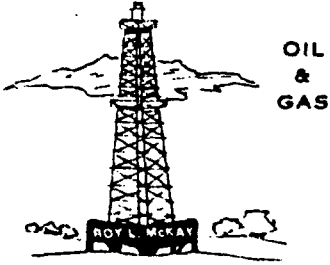
cc:
Commissioner of Public Lands, Santa Fe
MMS-Denver
✓NMOCD, Santa Fe
NM (943C)
NM (066)
NM (065, B. Lopez)
Lease File NM-32330

McKay Oil Corporation

ROY L. MCKAY, PRESIDENT

MAILING ADDRESS: P.O. BOX 2014 ROSWELL, N.M. 88202 • TELEPHONE 505/623-4735

STREET ADDRESS: ONE MCKAY PLACE ROSWELL, N.M. 88201 • FAX NO. 505/624-2202



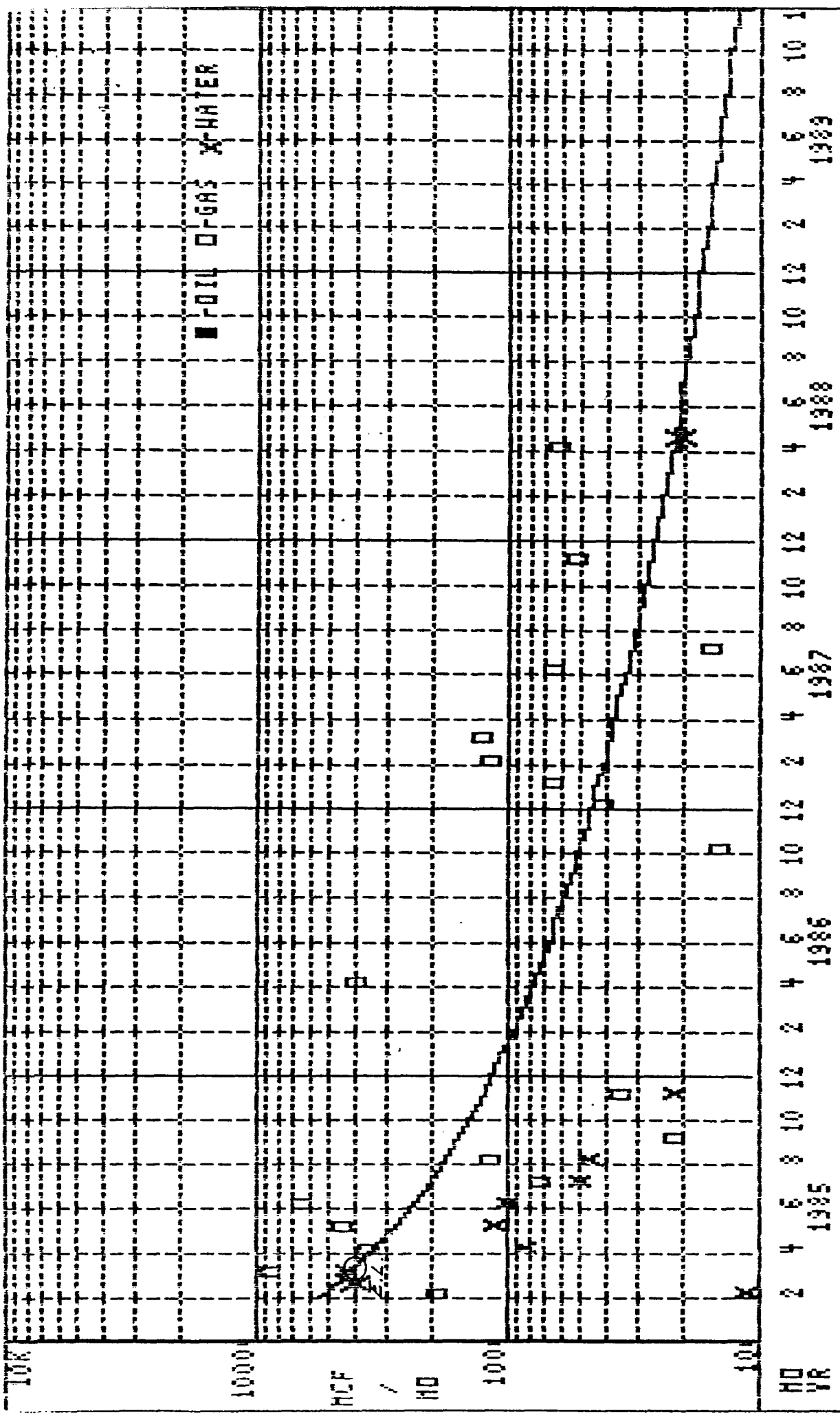
JERRY DON FEDERAL #1

Well Cost
December 31, 1988

<u>Intangible Drilling Cost</u>	<u>Lease & Well Equipment</u>	<u>Lease Operating Cost</u>	<u>Total Cost</u>
\$194,228.29	\$28,947.23	\$40,418.72	\$263,594.24

Well Status: Shut-In / May, 1988

Note: The above well costs were obtained from well accounting files and are unaudited.



HCKAY OIL CORP JERRY DON FEDERAL #1 24A 43 21E

FILE IS D:ANTELOPE.DMP

LEASE IS JERRY DON FEDERAL #1

AUTOMATIC DECLINE CALCULATIONS - HYPERBOLIC

CURRENT POT.= 22 MCF/MO AT MONTH= 4 YEAR=1988
ANNUAL DECLINE RATE =310 % HYPERBOLIC EXPONENT = 0.611
CDP IS " A " = 10 % AT MONTH= 3 YEAR=2000
FUTURE CUM. PRODUCTION = -3253 MCF
CUM. PRODUCTION TO DATE= 3856 MCF
TOTAL CUM. PRODUCTION = 603 MCF
FUTURE FORECASTING

FORECAST (YEAR MONTH)=1989, 2
DECLINE #1 YEAR MONTH DECLINE =2000, 3, 10 %
POTENTIAL = 16 MCF/MO YEAR=1989 MONTH= 2
FUTURE CUM. PRODUCTION = -3421 MCF
CUM. PRODUCTION TO DATE= 4024 MCF
TOTAL CUM. PRODUCTION = 603 MCF

ECONOMIC LIMIT CALCULATIONS

OPERATING COSTS (\$/MO): 0 \$/MO PRICE OF OIL(\$/B) GAS(\$/M): 0.00 \$
ROYALTIES : 0.00 TOTAL TAXES : 0.00
ECONOMIC LIMIT (BBL/MO (MCF/MO) : 400 MCF/MO



United States Department of the Interior



BUREAU OF LAND MANAGEMENT
ROSWELL DISTRICT OFFICE
P.O. BOX 1397
ROSWELL, NEW MEXICO 88201

NM-72622
3180 (065)

RECEIVED

JUN 15 1989

JUN 14 1989

McKay Oil Corporation
Attention: Ms. Sharon R. Hamilton
P.O. Box 2014
Roswell, New Mexico 88202

OIL CONSERVATION DIV.
SANTA FE

Re: Commercial Well Determination, your West Fork Unit well No. 1 - Antelope
Federal SW $\frac{1}{4}$ NW $\frac{1}{4}$ sec. 29, T. 4 S., R. 22 E., Chaves County, New Mexico,
Federal Lease NM-32335-A

Gentlemen:

We are in receipt of your letter of May 1, 1989 along with additional information that supports your recommendation that the subject well be determined noncommercial.

We agree with your recommendation that the subject well is noncommercial in the Abo Formation. Therefore, the well is determined to be noncommercial and will not receive a participating area.

Should you have additional questions concerning this determination, please call David Glass at (505) 622-9042.

Sincerely,

ORIG. SGB.) JOE G. LARA

Joe G. Lara
Assistant District Manager,
Minerals

cc:

Commissioner of Public Lands, Santa Fe

MMS-Denver

NMOC, Santa Fe

NM (943C)

NM (066)

NM (065, B. Lopez)

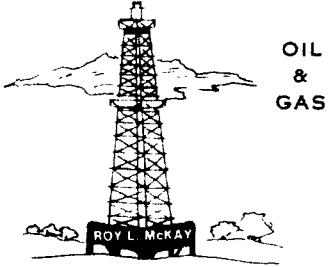
Lease File NM-32330

McKay Oil Corporation

ROY L. MCKAY, PRESIDENT

MAILING ADDRESS: P.O. BOX 2014 ROSWELL, N.M. 88202 • TELEPHONE 505 / 623 - 4735

STREET ADDRESS: ONE MCKAY PLACE ROSWELL, N.M. 88201 • FAX NO. 505 / 624 - 2202



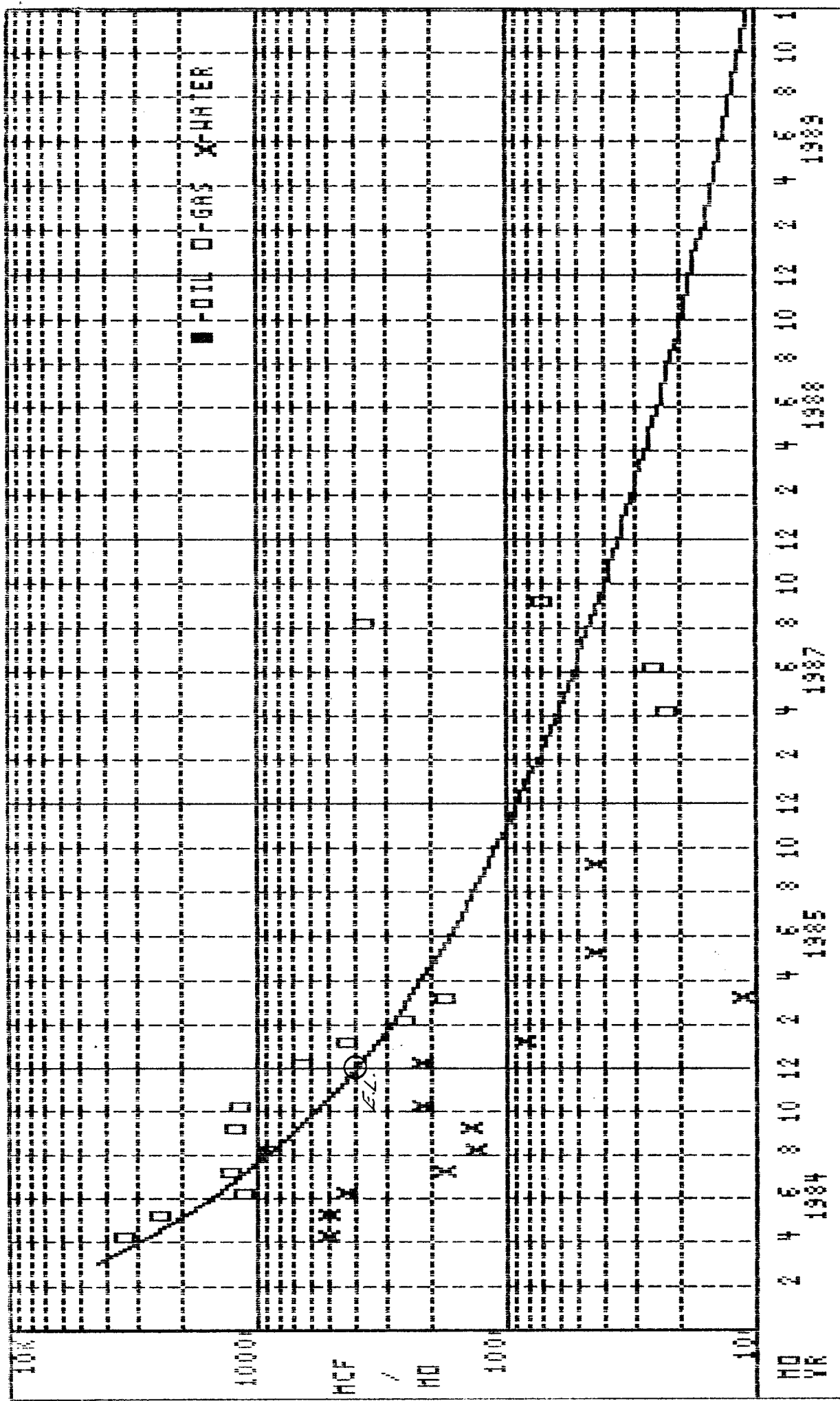
ANTELOPE FEDERAL #1

Well Cost
December 31, 1988

<u>Intangible Drilling Cost</u>	<u>Lease & Well Equipment</u>	<u>Lease Operating Cost</u>	<u>Total Cost</u>
\$266,561.73	\$22,117.60	\$54,739.95	\$343,419.28

Well Status: Shut-In / May, 1988

Note: The above well costs were obtained from well accounting files and are unaudited.



HCKAY OIL CORP ANTELOPE FED. #1 29E 45 22E

FILE IS D:ANTELOPE.DMP
LEASE IS ANTELOPE FED. #1
MANUAL DECLINE CALCULATIONS - HYPERBOLIC

CURRENT POT.= 43 MCF/MO AT MONTH= 9 YEAR=1987
ANNUAL DECLINE RATE =532 % HYPERBOLIC EXPONENT = 0.400
CDP IS " A " = 10 % AT MONTH= 4 YEAR=2008
FUTURE CUM. PRODUCTION = -2761 MCF
CUM. PRODUCTION TO DATE= 13993 MCF
TOTAL CUM. PRODUCTION = 11232 MCF

FUTURE FORECASTING

FORECAST (YEAR MONTH)=1989, 2
DECLINE #1 YEAR MONTH DECLINE =2008, 4, 10 %
POTENTIAL = 10 MCF/MO YEAR=1989 MONTH= 2
FUTURE CUM. PRODUCTION = -3367 MCF
CUM. PRODUCTION TO DATE= 14599 MCF
TOTAL CUM. PRODUCTION = 11232 MCF

ECONOMIC LIMIT CALCULATIONS

OPERATING COSTS (\$/MO):	625 \$/MO	PRICE OF OIL(\$/B)	GAS(\$/M):	2.04 \$
ROYALTIES	: 0.13	TOTAL TAXES	:	0.08
ECONOMIC LIMIT (BBL/MO (MCF/MO) :		381 MCF/MO		



United States Department of the Interior



BUREAU OF LAND MANAGEMENT
ROSWELL DISTRICT OFFICE
P.O. BOX 1397
ROSWELL, NEW MEXICO 88201

NM-72622
3180 (065)

RECEIVED

JUN 15 1989

JUN 14 1989

McKay Oil Corporation
Attention: Ms. Sharon R. Hamilton
P.O. Box 2014
Roswell, New Mexico 88202

OIL CONSERVATION DIV.
SANTA FE

Re: Commercial Well Determination, your West Fork Unit well No. 2 - Antelope
Federal NW1/4SE1/4 sec. 29, T. 4 S., R. 22 E., Chaves County, New Mexico,
Federal Lease NM-32335-A

Gentlemen:

We are in receipt of your letter of May 1, 1989 along with additional information that supports your recommendation that the subject well be determined noncommercial.

We agree with your recommendation that the subject well is noncommercial in the Abo Formation. Therefore, the well is determined to be noncommercial and will not receive a participating area.

Should you have additional questions concerning this determination, please call David Glass at (505) 612-9042.

Sincerely,

(SIGNED) JOE G. LARA

Joe G. Lara
Assistant District Manager,
Minerals

cc:

Commissioner of Public Lands, Santa Fe
MMS-Denver

✓ NMOC, Santa Fe

NM (943C)

NM (066)

NM (065, B. Lopez)

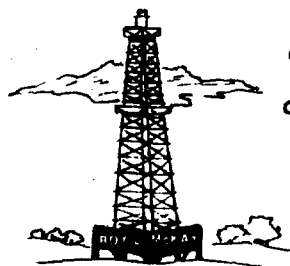
Lease File NM-32330

McKay Oil Corporation

ROY L. MCKAY, PRESIDENT

MAILING ADDRESS: P.O. BOX 2014 ROSWELL, N.M. 88202 • TELEPHONE 505/623-4735

STREET ADDRESS: ONE MCKAY PLACE ROSWELL, N.M. 88201 • FAX NO. 505/624-2202



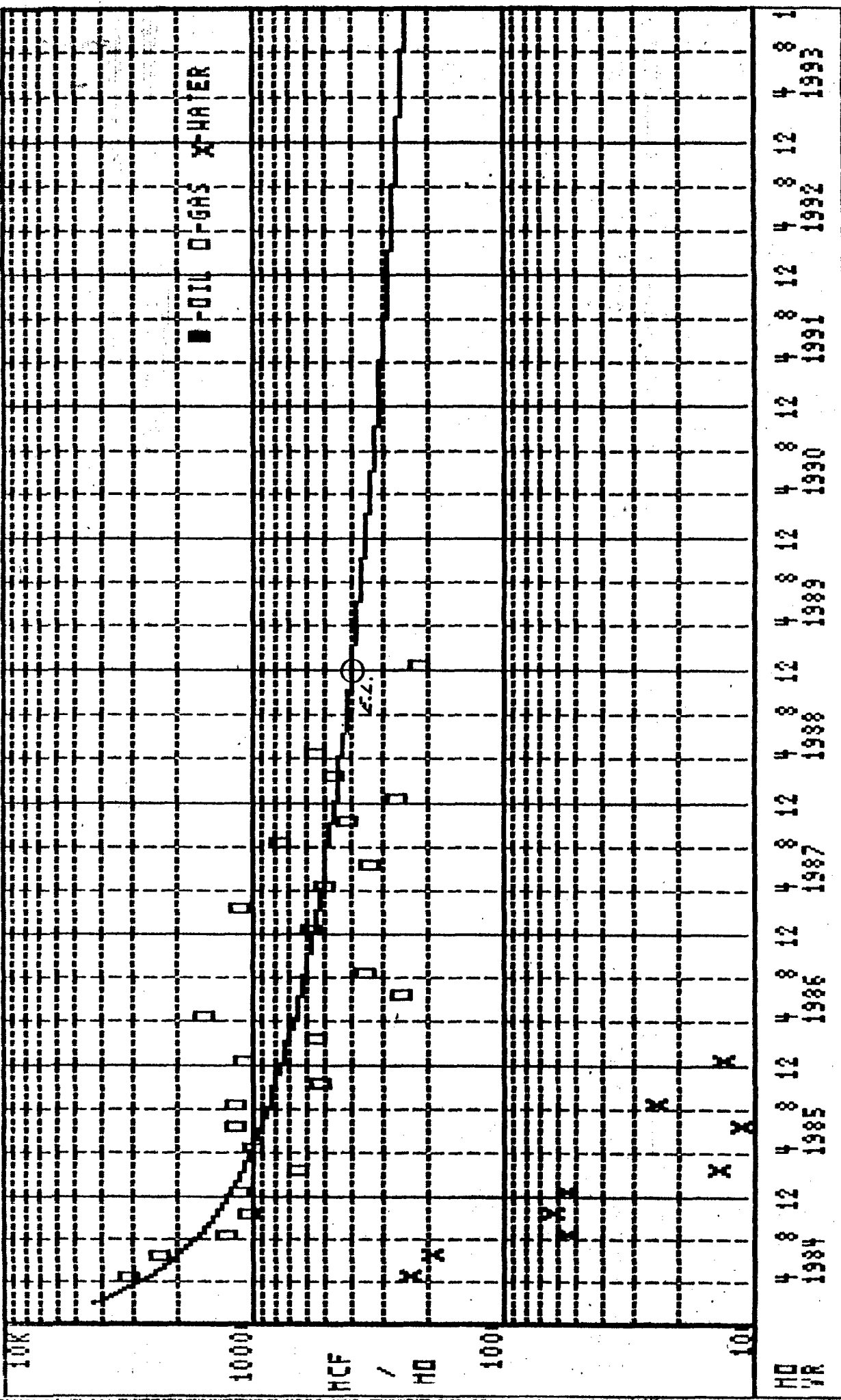
ANTELOPE FEDERAL #2

Well Cost
December 31, 1988

Intangible Drilling Cost	Lease & Well Equipment	Lease Operating Cost	Total Cost
\$168,440.43	\$44,594.65	\$51,836.06	\$264,871.14

Well Status: Shut-In / May, 1988

Note: The above well costs were obtained from well accounting files and are unaudited.



HCKAY OIL CORP ANTELOPE FED. #2 29J 4S 22E



United States Department of the Interior



BUREAU OF LAND MANAGEMENT
ROSWELL DISTRICT OFFICE
P.O. BOX 1397
ROSWELL, NEW MEXICO 88201

RECEIVED

NM-72622
3180 (065)

JUN 15 1989

OIL CONSERVATION DIV.
SANTA FE

JUN 14 1989

McKay Oil Corporation
Attention: Ms. Sharon R. Hamilton
P.O. Box 2014
Roswell, New Mexico 88202

Re: Commercial Well Determination, your West Fork Unit well No. 3 - Antelope
Federal SW¹/4 sec. 29, T. 4 S., R. 22 E., Chaves County, New Mexico,
Federal Lease NM-32335-A

Gentlemen:

We are in receipt of your letter of May 1, 1989 along with additional information that supports your recommendation that the subject well be determined noncommercial.

We agree with your recommendation that the subject well is noncommercial in the Abo Formation. Therefore, the well is determined to be noncommercial and will not receive a participating area.

Should you have additional questions concerning this determination, please call David Glass at (505) 622-9042.

Sincerely,

(ORIG. SGD.) JOE G. LARA

Joe G. Lara
Assistant District Manager,
Minerals

cc:

Commissioner of Public Lands, Santa Fe

MMS-Denver

✓ NMOC, Santa Fe

NM (943C)

NM (066)

NM (065, B. Lopez)

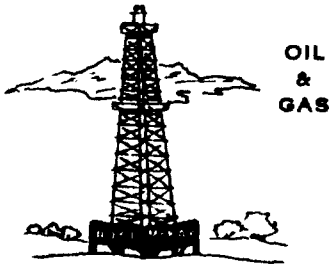
Lease File NM-32330

McKay Oil Corporation

ROY L. MCKAY, PRESIDENT

MAILING ADDRESS: P.O. BOX 2014 ROSWELL, N.M. 88202 • TELEPHONE 505/623-4735

STREET ADDRESS: ONE MCKAY PLACE ROSWELL, N.M. 88201 • FAX NO. 505/624-2202



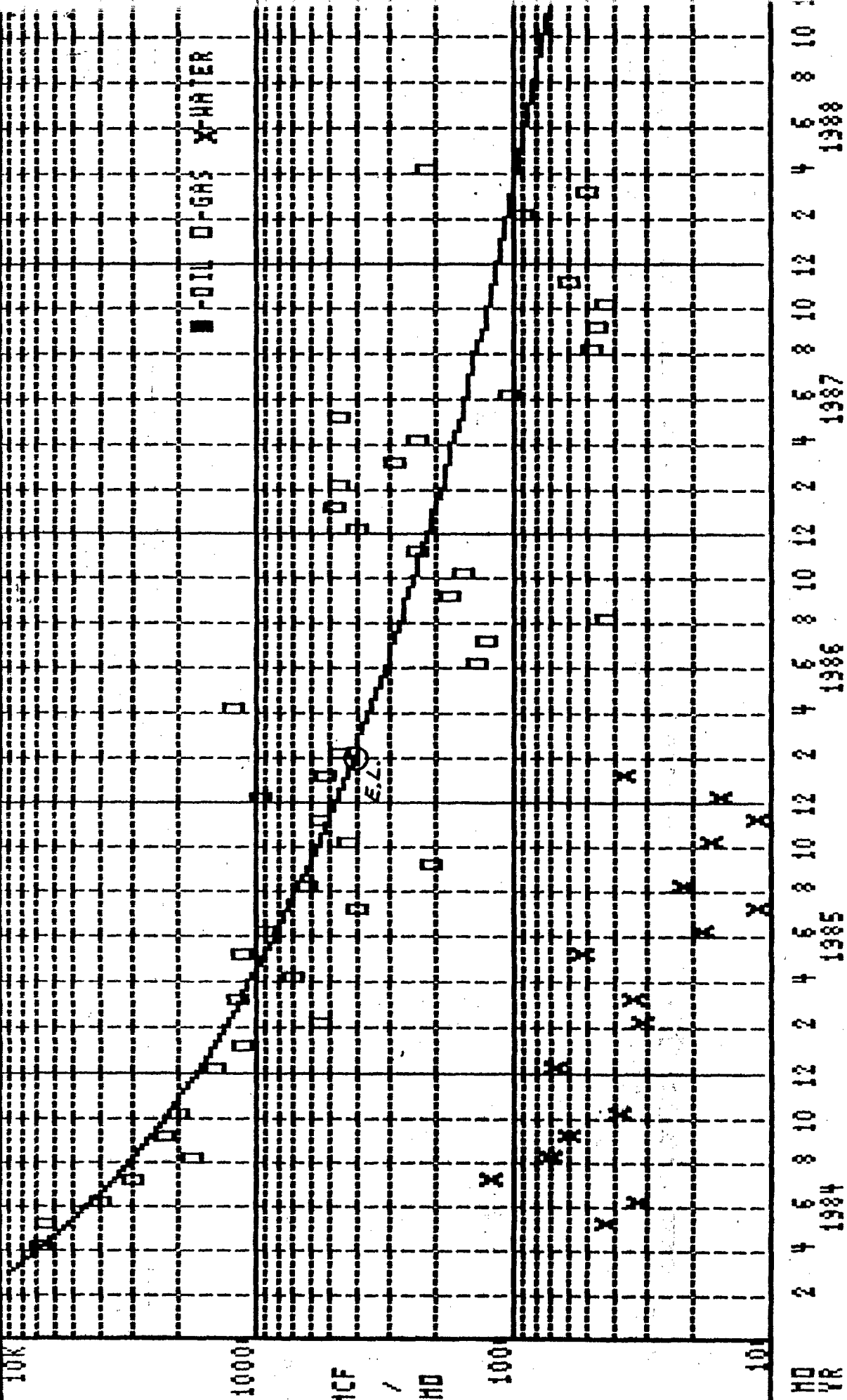
ANTELOPE FEDERAL #3

Well Cost
December 31, 1988

<u>Intangible Drilling Cost</u>	<u>Lease & Well Equipment</u>	<u>Lease Operating Cost</u>	<u>Total Cost</u>
\$282,178.94	\$58,836.14	\$57,349.53	\$398,364.61

Well Status: Shut-In / May, 1988

Note: The above well costs were obtained from well accounting files and are unaudited.



HCKAY OIL CORP ANTELOPE FED. #3 29H 4S 22E

FILE IS D:\DWIGHTS\ANTELOPE.DMP

LEASE IS ANTELOPE FED. #3

MANUAL DECLINE CALCULATIONS - HYPERBOLIC

CURRENT POT.= 97 MCF/MO AT MONTH= 4 YEAR=1988
ANNUAL DECLINE RATE =31.1 % HYPERBOLIC EXPONENT = 0.400
CDP IS " A " = 10 % AT MONTH= 3 YEAR=2008
FUTURE CUM. PRODUCTION = -4825 MCF
CUM. PRODUCTION TO DATE= 43989 MCF
TOTAL CUM. PRODUCTION = 39184 MCF
FUTURE FORECASTING

FORECAST (YEAR MONTH)=1989, 2
DECLINE #1 YEAR MONTH DECLINE =2008, 3, 10 %
POTENTIAL = 65 MCF/MO YEAR=1989 MONTH= 2
FUTURE CUM. PRODUCTION = -5622 MCF
CUM. PRODUCTION TO DATE= 44786 MCF
TOTAL CUM. PRODUCTION = 39184 MCF

ECONOMIC LIMIT CALCULATIONS

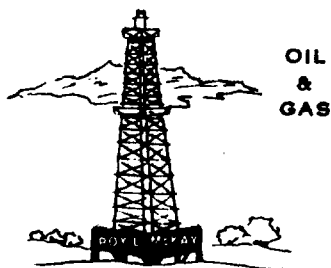
OPERATING COSTS (\$/MO): 0 \$/MO PRICE OF OIL(\$/B) GAS(\$/M): 0.00 \$
ROYALTIES : 0.00 TOTAL TAXES : 0.00
ECONOMIC LIMIT (BBL/MO (MCF/MO) : 381 MCF/MO

McKay Oil Corporation

ROY L. MCKAY, PRESIDENT

MAILING ADDRESS: P.O. BOX 2014 ROSWELL, N.M. 88202 • TELEPHONE 505/623-4735

STREET ADDRESS: ONE MCKAY PLACE ROSWELL, N.M. 88201 • FAX NO. 505/624-2202



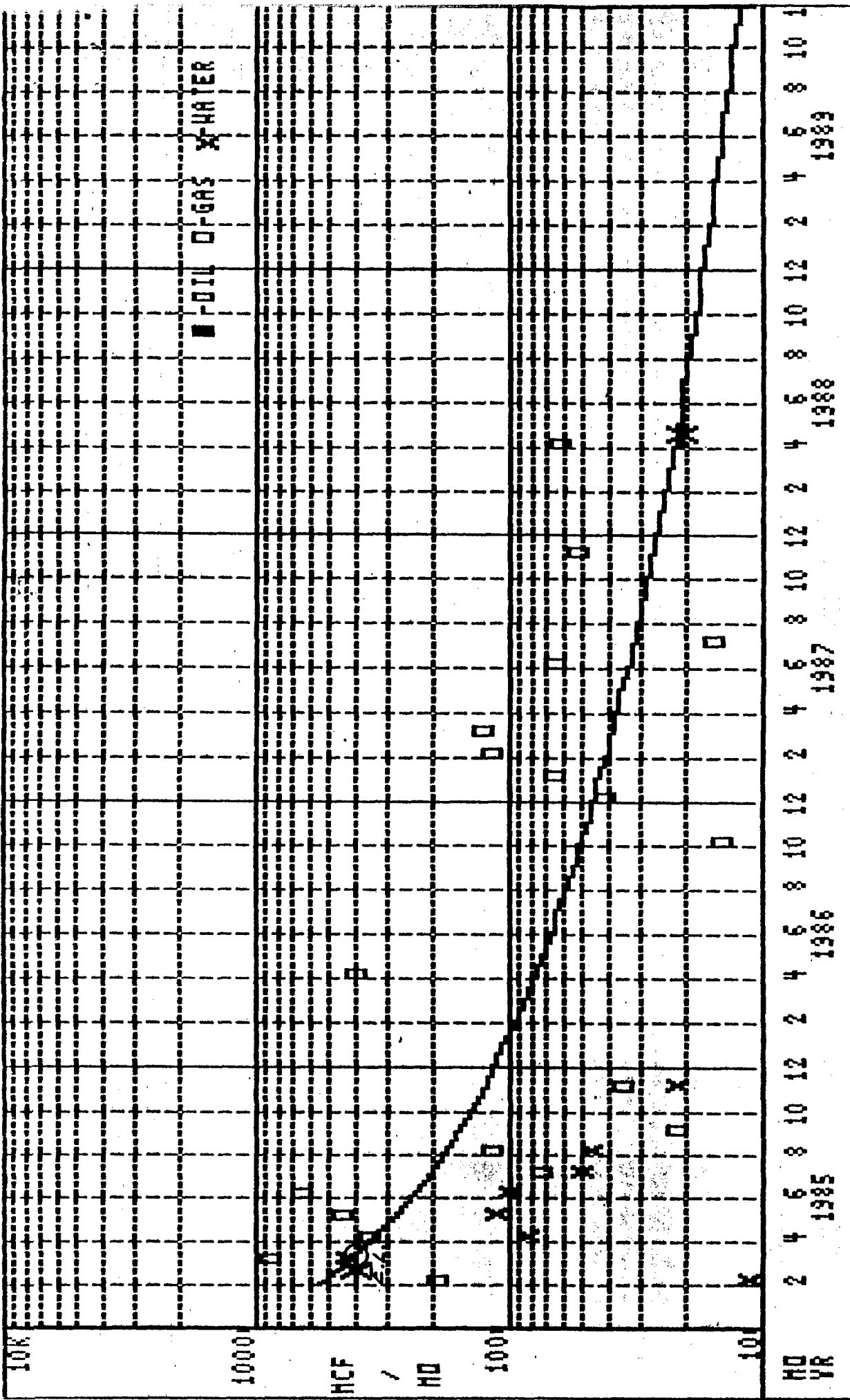
JERRY DON FEDERAL #1

Well Cost
December 31, 1988

<u>Intangible Drilling Cost</u>	<u>Lease & Well Equipment</u>	<u>Lease Operating Cost</u>	<u>Total Cost</u>
\$194,228.29	\$28,947.23	\$40,418.72	\$263,594.24

Well Status: Shut-In / May, 1988

Note: The above well costs were obtained from well accounting files and are unaudited.



JERRY DON FEDERAL #1

HCKAY OIL CORP

24A 45 21E

FILE IS D:ANTELOPE.DMP
LEASE IS JERRY DON FEDERAL #1
AUTOMATIC DECLINE CALCULATIONS - HYPERBOLIC

CURRENT POT.= 22 MCF/MO AT MONTH= 4 YEAR=1988
ANNUAL DECLINE RATE =310 % HYPERBOLIC EXPONENT = 0.611
CDP IS " A " = 10 % AT MONTH= 3 YEAR=2000
FUTURE CUM. PRODUCTION = -3253 MCF
CUM. PRODUCTION TO DATE= 3856 MCF
TOTAL CUM. PRODUCTION = 603 MCF

FUTURE FORECASTING

FORECAST (YEAR MONTH)=1989, 2
DECLINE #1 YEAR MONTH DECLINE =2000, 3, 10 %
POTENTIAL = 16 MCF/MO YEAR=1989 MONTH= 2
FUTURE CUM. PRODUCTION = -3421 MCF
CUM. PRODUCTION TO DATE= 4024 MCF
TOTAL CUM. PRODUCTION = 603 MCF

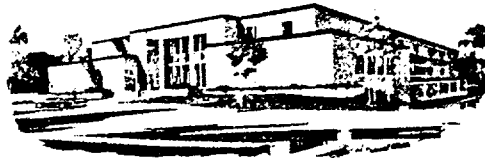
ECONOMIC LIMIT CALCULATIONS

OPERATING COSTS (\$/MO):	0 \$/MO	PRICE OF OIL(\$/B)	GAS(\$/M): 0.00 \$
ROYALTIES :	0.00	TOTAL TAXES :	0.00
ECONOMIC LIMIT (BBL/MO (MCF/MO) :		400 MCF/MO	

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

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

March 30, 1989

#9380

McKay Oil Corporation
P.O. Box 2014
Roswell, New Mexico 88202

ATTN: Sharon R. Hamilton

RE: 1989 Plan of Development
West Fork Unit
Chaves County, New Mexico

Gentlemen:

The Commissioner of Public Lands has this date approved the above captioned 1989 Plan of Development. Our approval is subject to like approval by all other appropriate agencies.

Enclosed is a copy for your files.

If we may be of further help, please do not hesitate to contact 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

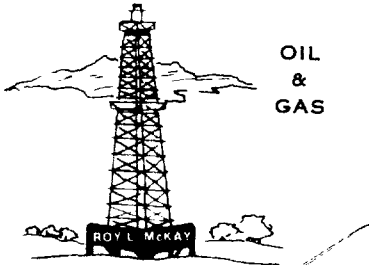
cc:OCD
BLM

McKay Oil Corporation

ROY L. MCKAY, PRESIDENT

MAILING ADDRESS: P.O. BOX 2014 ROSWELL, N.M. 88202 • TELEPHONE 505 / 623 - 4735

STREET ADDRESS: ONE MCKAY PLACE ROSWELL, N.M. 88201 • FAX NO. 505 / 624 - 2202



March 11, 1989

Armondo Lopez
Bureau of Land Management
P. O. Box 1397
Roswell, New Mexico 88201-1397

Re: West Fork Unit Agreement
Contract No. NMNM-72622
Chaves County, New Mexico

Dear Mr. Lopez:

Pursuant to our telephone conversation yesterday, this letter shall serve to verify that the West Fork Unit Well No. 2, located 990' FSL & 660' FWL, Section 7-5S-22E, will be considered the second well drilled as required under the terms of the captioned unit agreement. Although this location is not located a minimum of four miles from the initial well, it will meet unit requirements.

Initially, McKay Oil Corporation proposed our second unit well to be located in Section 19-5S-22E, but due to off setting production, this location was not acceptable. We then moved further north, and selected the second location from acreage committed to said unit. As we intend to continuously drill said unit acreage, your acceptance of this second location is appreciated.

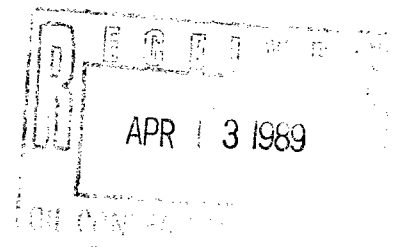
Yours very truly,

McKAY OIL CORPORATION

Sharon R. Hamilton
Land Coordinator

cc: Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87504-1148

Oil Conservation Division
Attn: Roy E. Johnson
P. O. Box 2088
Santa Fe, New Mexico 87504-2088





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

GARREY CARRUTHERS
GOVERNOR

April 4, 1989

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

McKay Oil Corporation
P. O. Box 2014
Roswell, New Mexico 88202

Attention: Sharon R. Hamilton

Re: Plan of Development
West Fork Unit
Chaves County, New Mexico

Gentlemen:

The above-referenced submittal has been approved by the New Mexico Oil Conservation Division effective this date. Such approval is contingent upon like approval by the New Mexico Commissioner of Public Lands and the Bureau of Land Management.

Sincerely,

A handwritten signature in dark ink, appearing to read "Roy E. Johnson", with a long horizontal flourish extending to the right.

ROY E. JOHNSON,
Senior Petroleum Geologist

REJ/dr

cc: Commissioner of Public Lands - Santa Fe
Bureau of Land Management - Albuquerque

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER

Commissioner of Public Lands

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

February 15, 1989

McKay Oil Corporation
Attn: Ms. Sharon R. Hamilton
P. O. Box 2014
Roswell, New Mexico 88201

Re: Application for Approval of Initial
Abo Participating Area, West Fork
Unit, Chaves County, New Mexico

Gentlemen:

This office is in receipt of your letter of February 10, 1989, together with your application for approval of the Initial Abo Participating Area for the West Fork Unit area, Chaves County, New Mexico.

Please be advised that the Commissioner of Public Lands has this date approved the above mentioned application.

The Initial Abo Participating Area is predicated upon the completion, in paying quantities, of the West Fork Unit Well No. 1 with an initial CAOF of 5.087 MMCF. The effective date is October 18, 1988 and is described as the NW $\frac{1}{4}$ of Section 32, Township 4 South, Range 22 East, N.M.P.M., containing 160.00 acres.

Our approval is subject to like approval by the Bureau of Land Management.

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

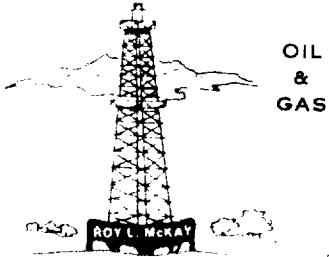
WRH/FOP/pm
encls.
cc: OCD
BLM
OGAD

McKay Oil Corporation

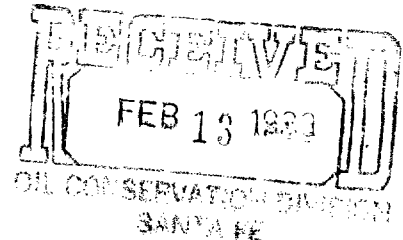
ROY L. MCKAY, PRESIDENT

MAILING ADDRESS: P.O. BOX 2014 ROSWELL, N.M. 88202 • TELEPHONE 505/623-4735

STREET ADDRESS: ONE MCKAY PLACE ROSWELL, N.M. 88201 • FAX NO. 505/624-2202



February 10, 1989



Joe G. Lara
Assistant District Manager, Minerals
Bureau of Land Management
P. O. Box 1397
Roswell, New Mexico 88201-1397

Re: Application For Approval
Of An Initial Participating Area
West Fork Unit
Chaves County, New Mexico

Gentlemen:

Enclosed please find three executed forms of the Application For Approval of an Initial Participating Area in the West Fork Unit. Also attached are three copies of the geological and engineering report with attachments.

McKay Oil Corporation respectfully requests your approval of this Application of an Initial Participating Area. Please advise should you require any further information.

Yours very truly,

MCKAY OIL CORPORATION

A handwritten signature in cursive script, appearing to read "Sharon R. Hamilton".

Sharon R. Hamilton
Land Coordinator

Enclosures

cc: Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87504-1148

Oil Conservation Division
New Mexico Department of Energy & Minerals
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

APPLICATION FOR APPROVAL OF AN INITIAL PARTICIPATING AREA

In Re: West Fork Unit Area
Chaves County, New Mexico

Application for approval
of initial participating
area for the Abo
formation.

Joe G. Lara
Assistant District Manager, Minerals
Bureau of Land Management
P. O. Box 1397
Roswell, New Mexico 88201-1397

McKay Oil Corporation, as unit operator for the West Fork unit agreement, pursuant to the provisions of Section 9 thereof, respectfully submits for your approval the selection of the following described lands to constitute the initial participating area for the Abo producing zone or formation, to wit:

TOWNSHIP 4 SOUTH, RANGE 22 EAST, N.M.P.M.

Section 32: NW/4

containing 160.00 acres, more or less

In support of this application, the following numbered items are attached hereto and made a part hereof:


- (1) An ownership map showing thereon the boundaries of the unit area and the proposed initial participating area.
- (2) A schedule showing the lands entitled to participation in the unitized substances produced from the Abo formation, with the percentage of participation of each lease or tract indicated thereon.

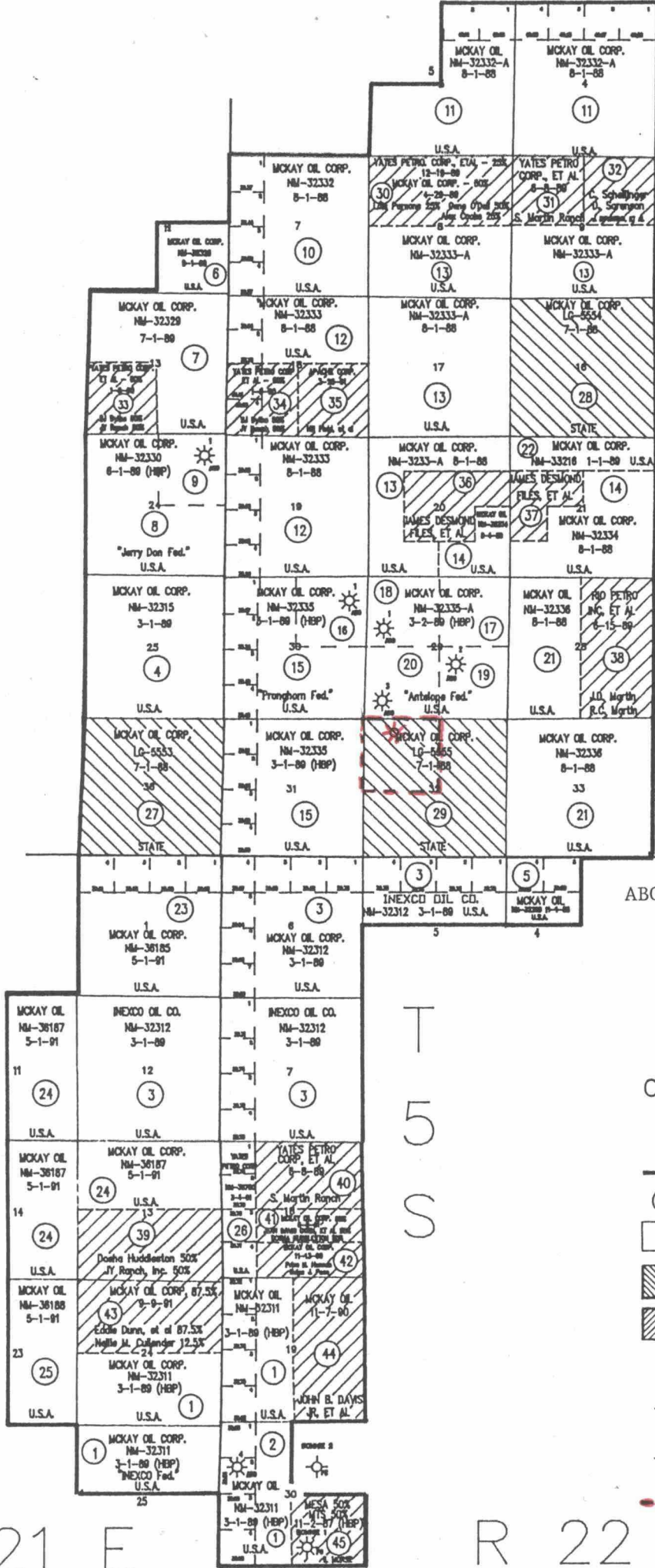
Applicant is submitting separately, in triplicate, a geological and engineering report with accompanying geologic maps supporting and justifying the proposed selection of lands for inclusion in the initial Abo formation participating area.

This proposed initial participating area is predicated upon the knowledge and information first obtained upon the completion in paying quantities under the terms of the unit agreement on October 18, 1988 of unit well no. one in the NE/4NW/4, Section 32, T-4-S, R-22-E, with an initial CAOF of 5.087 MIL from the Abo formation at a depth of 3041 to 3090 feet. The effective date of this initial area shall be October 18, 1988, pursuant to Section 9 of the unit agreement.

Applicant respectfully requests your approval of the hereinabove selection of lands to constitute the initial Abo formation participating area, to be effective October 18, 1988.

Dated this 23rd day of January, 1989.


Sharon R. Hamilton
Land Coordinator
MCKAY OIL CORPORATION



ABO FORMATION PARTICIPATING AREA

EXHIBIT "A"

WEST FORK UNIT AREA
CHAVES COUNTY, NEW MEXICO

- UNIT OUTLINE
- TRACT NUMBER
- FEDERAL LANDS
15,497.31 ACRES, 74.60% OF UNIT AREA
- STATE OF NEW MEXICO LANDS
1,920.00 ACRES, 9.24% OF UNIT AREA
- FEE (Patented) LANDS
3,357.71 ACRES, 16.16% OF UNIT AREA
- TOTAL: 20775.02 ACRES, 100% OF UNIT AREA
- EXISTING ABO GAS WELLS COMPLETED AT DEPTHS ABOVE THAT PRESCRIBED FOR THE 2 INITIAL TEST WELLS
- PRECAMBRIAN TESTS
- Participating Area for the Abo Formation

EXHIBIT "C"
Initial Abo Formation Participating Area
West Fork Unit Agreement
Chaves County, New Mexico

Tract No.	Lease no. or type of land	Description	Participating acres	Percent of participation	Working Interest Owner
29	LG-5555	T4S-R22E Sec. 34: NW/4	160.00	70.3125% 23.4375% 6.2500%	McKay Oil Corporation McKay Children's Trust LOG Partners
Total State lands			160.00	100%	
TOTAL			160.00	100%	

GEOLOGICAL AND ENGINEERING REPORT
West Fork Unit Well #1
Chaves County, New Mexico

WELL SUMMARY

Well Location: 660' FNL & 1980' FWL Section 32-4S-22E
Elevation: 4440' GL
Spud Date: 6-30-88 Completion Date: 10-18-88
Total Depth: 4,578' Producing Formation: Abo
Top of Pay: 3,041' Top of Abo: 3,004'
CAOF: 5.087 MIL
Pool Designation: North Pecos Slope - Abo Gas Pool

Formation Tops:

Abo	3,004' (+1446)
Lower Abo	3,724' (+726)
Penn.	4,172' (+278)
Gr. Wash	4,408' (+42)
PreCambrian	4,519' (-69)

Evaluation of logs run on lower zones did not warrant completion attempt at this time. The Abo formation was perforated and treated from 3,041' to 3,096'.

First Production: 12-20-88

Request that initial participating area be designated as a standard 160.00 acre proration unit pursuant to the rules of the Oil Conservation Division.

ATTACHMENTS:

1. Volumetric Reserves, based on 160-acre drainage
2. Structure map
3. Isopach

ATTACHMENT #1

VOLUMETRIC RESERVES

Based on 160-acre Drainage

N/W SEC. 32, T4S, R22E
CHAVES CO., N.M.

10-25-1988

MCKAY OIL CORPORATION
RECOVERABLE GAS RESERVES

09:28:32

WELL ID.#: 1

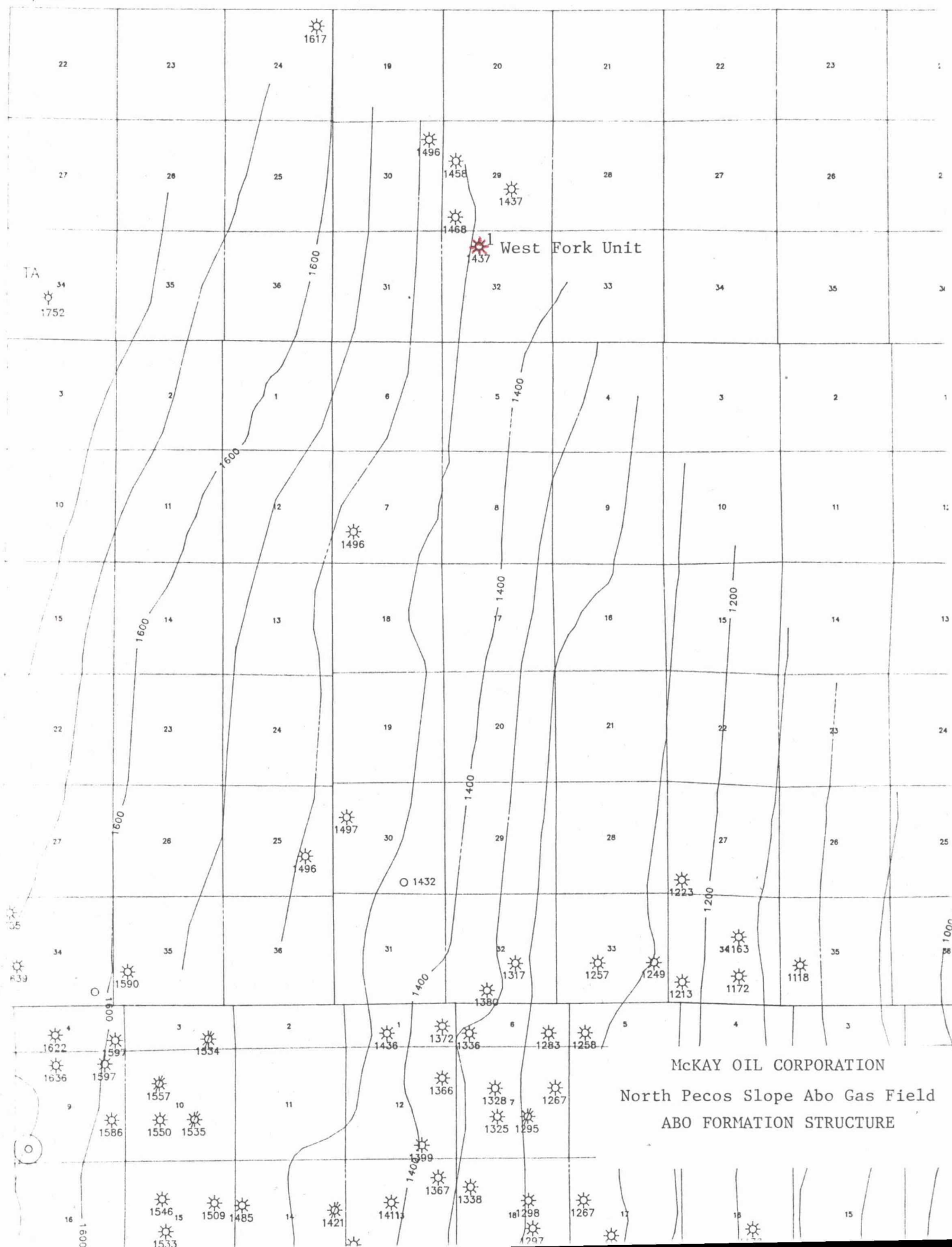
WELL NAME: WEST FORK UNIT

AVERAGE POROSITY:	16.5 %
AVERAGE WATER SATURATION:	35 %
FORMATION PRESSURE:	1000 PSIA
FORMATION TEMPERATURE:	90 F
BULK VOLUME OF RESERVOIR:	5280 AC-FT
RECOVERY FACTOR:	85 %
GAS COMPRESSIBILITY:	0.91

ORIGINAL GAS IN PLACE =	1,769.044 MMCF	335.0 MCF/AF
RECOVERABLE GAS =	1,503.688 MMCF	284.8 MCF/AF

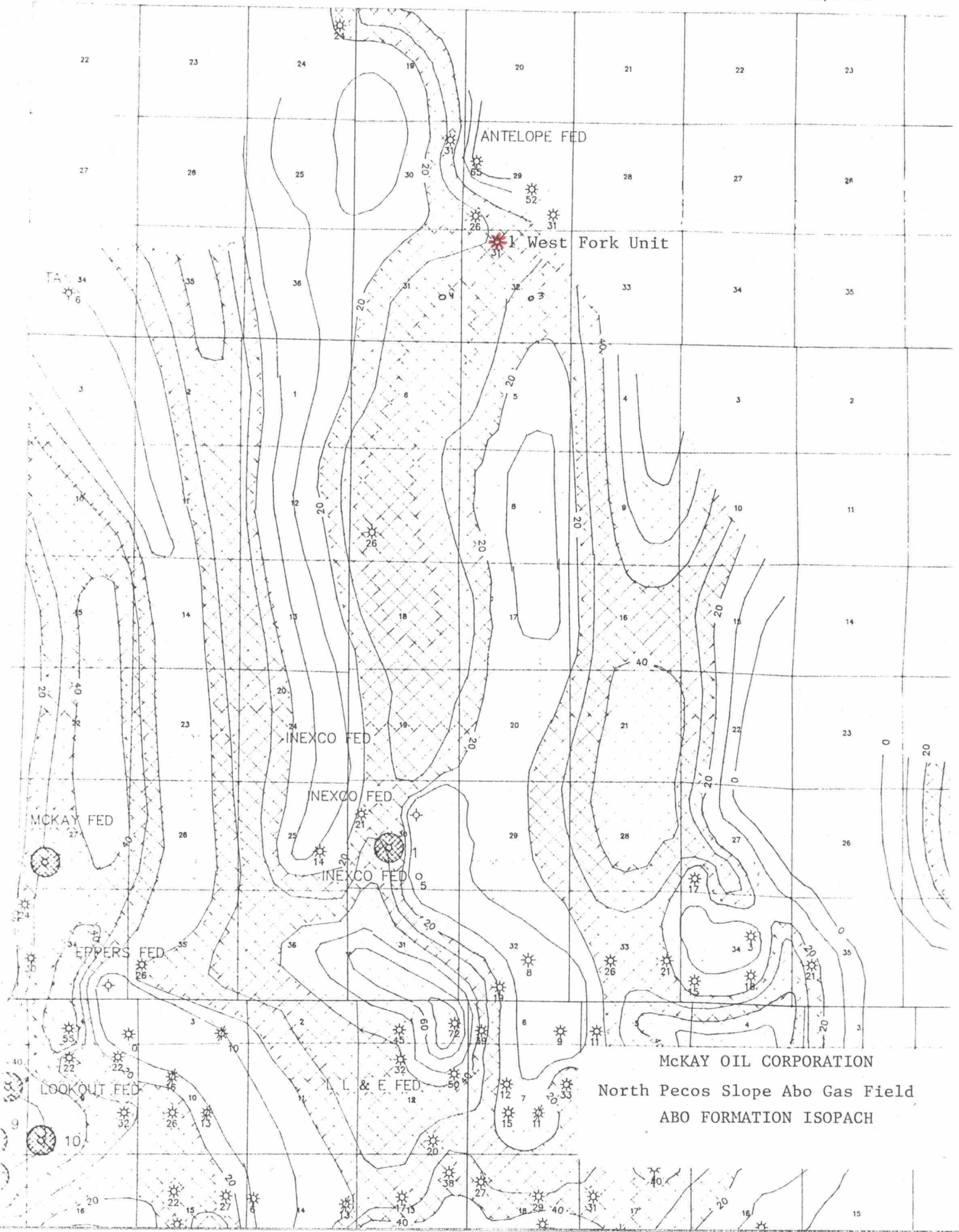
T4S/R21E

T4S/R22E



T4S, R21E

T4S/R22E

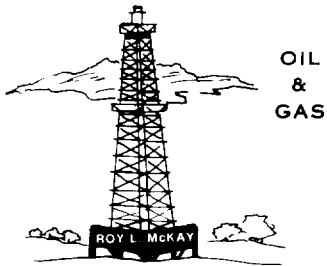


McKay Oil Corporation

ROY L. MCKAY, PRESIDENT

MAILING ADDRESS: P.O. BOX 2014 ROSWELL, N.M. 88202 • TELEPHONE 505/623-4785

STREET ADDRESS: ONE MCKAY PLACE ROSWELL, N.M. 88201 • FAX NO. 505/624-2202



March 15, 1989

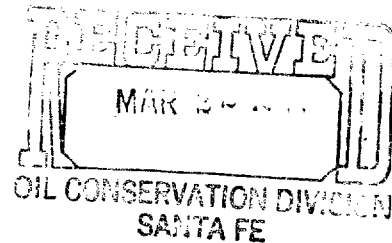
*D- Unit letter
Thx R*

letter - 4-5-87

Joe G. Lara
Assistant District Manager, Minerals
Bureau of Land Management
P. O. Box 1397
Roswell, New Mexico 88201-1397

Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87504-1148

Oil Conservation Division
New Mexico Department of Energy & Minerals
P. O. Box 2088
Santa Fe, New Mexico 87504-2088



Re: Plan of Development
West Fork Unit
Chaves County, New Mexico

Gentlemen:

McKay Oil Corporation, as Unit Operator of the West Fork Unit Agreement dated May 1, 1988, pursuant to the provisions of Section 10 thereof, respectfully submits for your approval this Plan of Development describing all anticipated unit operations for the next twelve months.

SUMMARY OF 1988 OPERATIONS:

The required unit wells have been drilled as follows:

1. West Fork Unit Well #1, located 660' FNL & 1980' FWL, NW/4 Section 32-4S-22E. Total Depth Drilled: 4,578'.
Spud Date: 6-30-88 Completion Date: 10-18-88
Current Status: Producing First Production: 12-20-88
Producing Interval: 3,041' - 3,090' Abo Formation
Top of Abo Formation: 3,004'.
2. West Fork Unit Well #2, located 990' FSL & 660' FWL, SW/4 Section 7-5S-22E. Total Depth Drilled: 4,343'.
Spud Date: 7-30-88 Completion Date: N/A
Current Status: Shut-in, preparing to test upper zones.

The West Fork Unit received Commercial Well Determination based on the reserve calculations from the West Fork Unit Well #1 in October, 1988. McKay Oil Corporation is currently producing said well utilizing the Transwestern Pipeline system for transportation purposes. The West Fork Unit Well #2 has been completed in the lower zones with test results reflecting uneconomic production. The completion attempt of the upper zones will be commenced within the next 2 to 3 months, subject to pipeline availability. The well is presently shut-in.

PLAN OF DEVELOPMENT - 1989

McKay Oil Corporation has filed Applications to Drill two subsequent unit wells as follows:

West Fork Unit Well #3
1980' FSL & 1980' FEL Section 32-4S-22E

West Fork Unit Well #4
2480' FSL & 360' FEL Section 31-4S-22E

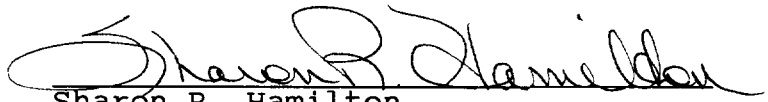
We anticipate drilling activity to begin within the next 60 to 90 days. It is our intention to drill an estimated six to ten wells within the unit boundaries during the next twelve months.

Attached hereto please find the following Exhibits.

Exhibit "A" - Ownership plat of West Fork Unit
Exhibit "B" - Field map of West Fork Unit
Exhibit "C" - Performance graph of West Fork Unit #1 well
Exhibit "D" - Geological and Engineering Report

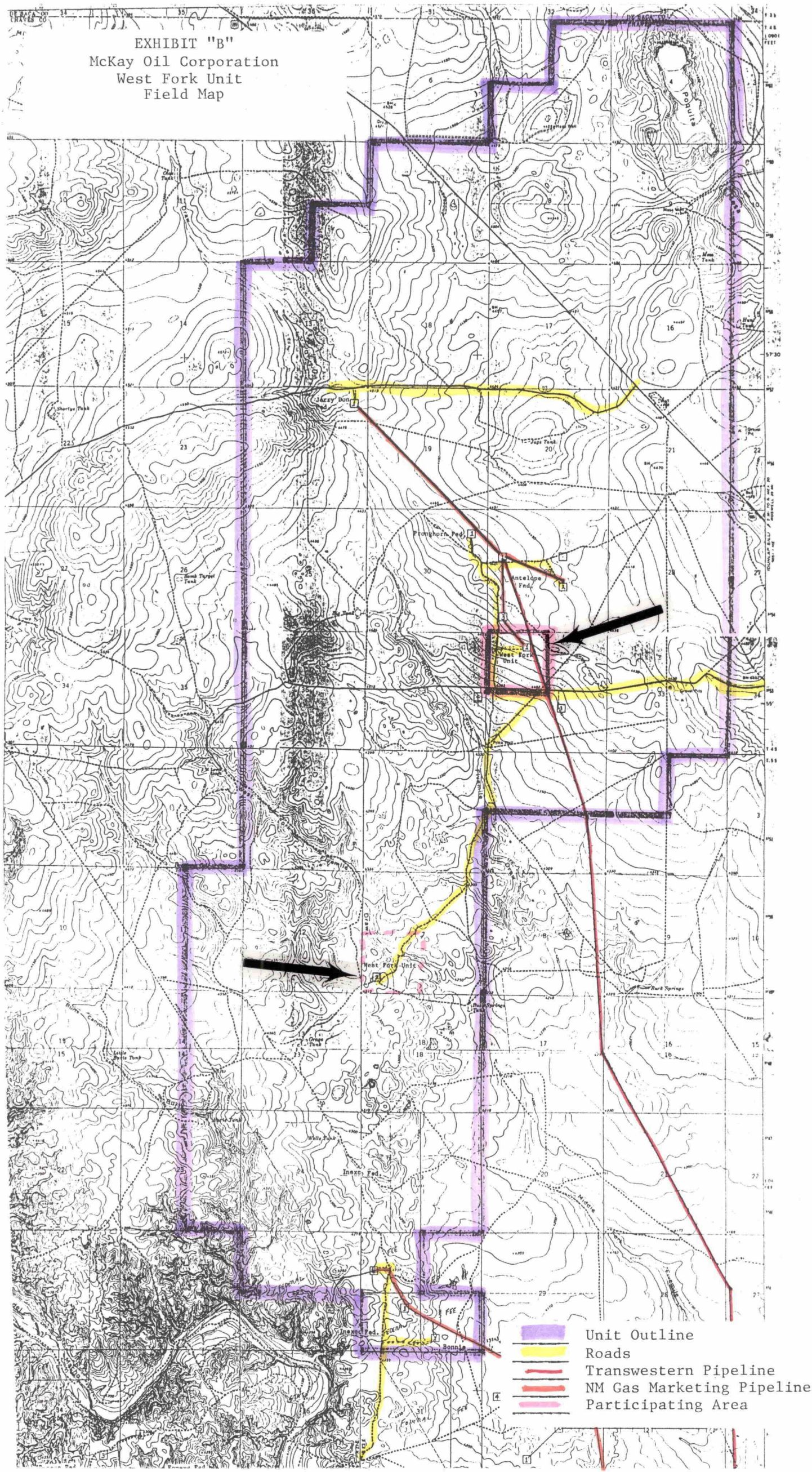
Structural and geologic interpretations are submitted under a separate report, with a request for confidentiality.

McKay Oil Corporation respectfully requests your approval of this Plan of Development and Summary of Operations for the West Fork Unit.


Sharon R. Hamilton
Land Coordinator
McKAY OIL CORPORATION

/st
Enclosures

EXHIBIT "B"
McKay Oil Corporation
West Fork Unit
Field Map



- Unit Outline
- Roads
- Transwestern Pipeline
- NM Gas Marketing Pipeline
- Participating Area

17. Σ is a σ -algebra of subsets of Ω . If $\{A_n\}_{n \in \mathbb{N}}$ is a sequence of sets in Σ , then $\bigcup_{n \in \mathbb{N}} A_n$ and $\bigcap_{n \in \mathbb{N}} A_n$ are also in Σ .

1989

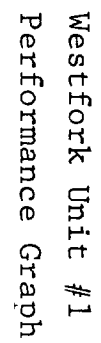


EXHIBIT "D"

GEOLOGICAL AND ENGINEERING REPORT
WEST FORK UNIT
Chaves County, New Mexico

WELL SUMMARY

Well Name: West Fork Unit Well #1
Well Location: 660' FNL & 1980' FWL Section 32-4S-22E
Elevation: 4440' GL
Spud Date: 6-30-88 Completion Date: 10-18-88
Total Depth: 4,578' Producing Formation: Abo
Top of Pay: 3,041' Top of Abo: 3,004'
CAOF: 5.087 MIL
Pool Designation: North Pecos Slope - Abo Gas Pool

Formation Tops:

Abo	3,004' (+1446)
Lower Abo	3,724' (+726)
Penn.	4,172' (+278)
Gr. Wash	4,408' (+42)
PreCambrian	4,519' (-69)

Evaluation of logs run on lower zones did not warrant completion attempt at this time. The Abo formation was perforated and treated from 3,041' to 3,096'.

First Production: 12-20-88

Initial Participating Area: NW/4 Section 32-4S-22E
160.00 acre proration unit

Well Name: West Fork Unit Well #2
Well Location: 990' FSL & 660' FWL Section 7-5S-22E
Elevation: 4282' GL
Spud Date: 7-30-88 Completion Date: N/A
Total Depth: 4,343' Producing Formation: N/A
Top of Pay: N/A Top of Abo: 2,792'
CAOF: N/A
Pool Designation: N/A

Formation Tops:

Abo	2,792' (+1501)
Lower Abo	3,534' (+759)
Penn.	3,974' (+319)
Gr. Wash	4,213' (+80)
PreCambrian	4,282' (+11)

Completion will involve extensive testing of separate zones, especially in the "Lower Abo". There will be four separate "Procedures", summarized below:

- (1) "Granite Wash" Two zones between 4255 and 4291 will be treated and tested separately.

Zones 4255' - 4268' and 4285' - 4291' have been perforated, acidized and tested. Both zones tested water with a very slight show of gas, and were abandoned.

- (2) "Lower Abo" Four zones will be perforated at one time, but will be broken down with acid and tested separately to determine production potential.

The four "Lower Abo" zones listed below have been perforated, acidized, and tested.

- (A) 3841', 3843', 3845'
- (B) 4040' - 4046'
- (C) 4112' - 4115.5'
- (D) 4181' - 4184'

Both the A and D zones tested water with a show of gas, and were abandoned. The B and C zones both tested with a good show of gas and little or no water. After frac, further testing indicated production to be uneconomic in B and C zones.

- (3) "Middle Abo" This is the single "3C" zone at 3060', which may be water-productive. It is necessary to treat, frac and test the zone separately.
- (4) "Upper Abo" The three uppermost zones, from 2832' to 2989', will be acidized separately but will be fraced together.

The "Middle" and "Upper Abo" will be completed at a later date.

First Production: N/A

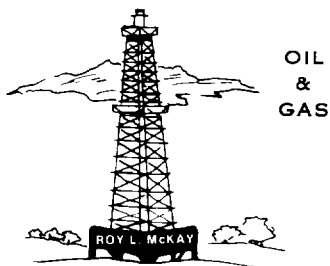
Initial Participating Area: N/A

McKay Oil Corporation

ROY L. MCKAY, PRESIDENT

MAILING ADDRESS: P.O. BOX 2014 ROSWELL, N.M. 88202 • TELEPHONE 505 / 623 - 4735

STREET ADDRESS: ONE MCKAY PLACE ROSWELL, N.M. 88201 • FAX NO. 505 / 624 - 2202



March 15, 1989

Joe G. Lara
Assistant District Manager, Minerals
Bureau of Land Management
P. O. Box 1397
Roswell, New Mexico 88201-1397

Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87504-1148

Oil Conservation Division
New Mexico Department of Energy & Minerals
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: West Fork Unit
Chaves County, New Mexico

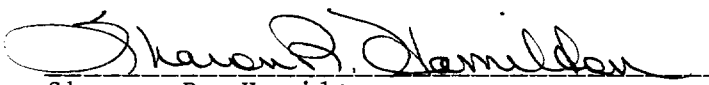
Gentlemen:

Attached please find the updated structural and geologic interpretations for the West Fork Unit, submitted with the 1989 Plan of Development. Attachments listed as:

Abo Formation Isopach
Abo Formation Structure

We respectfully request that this information be classified as "Confidential".

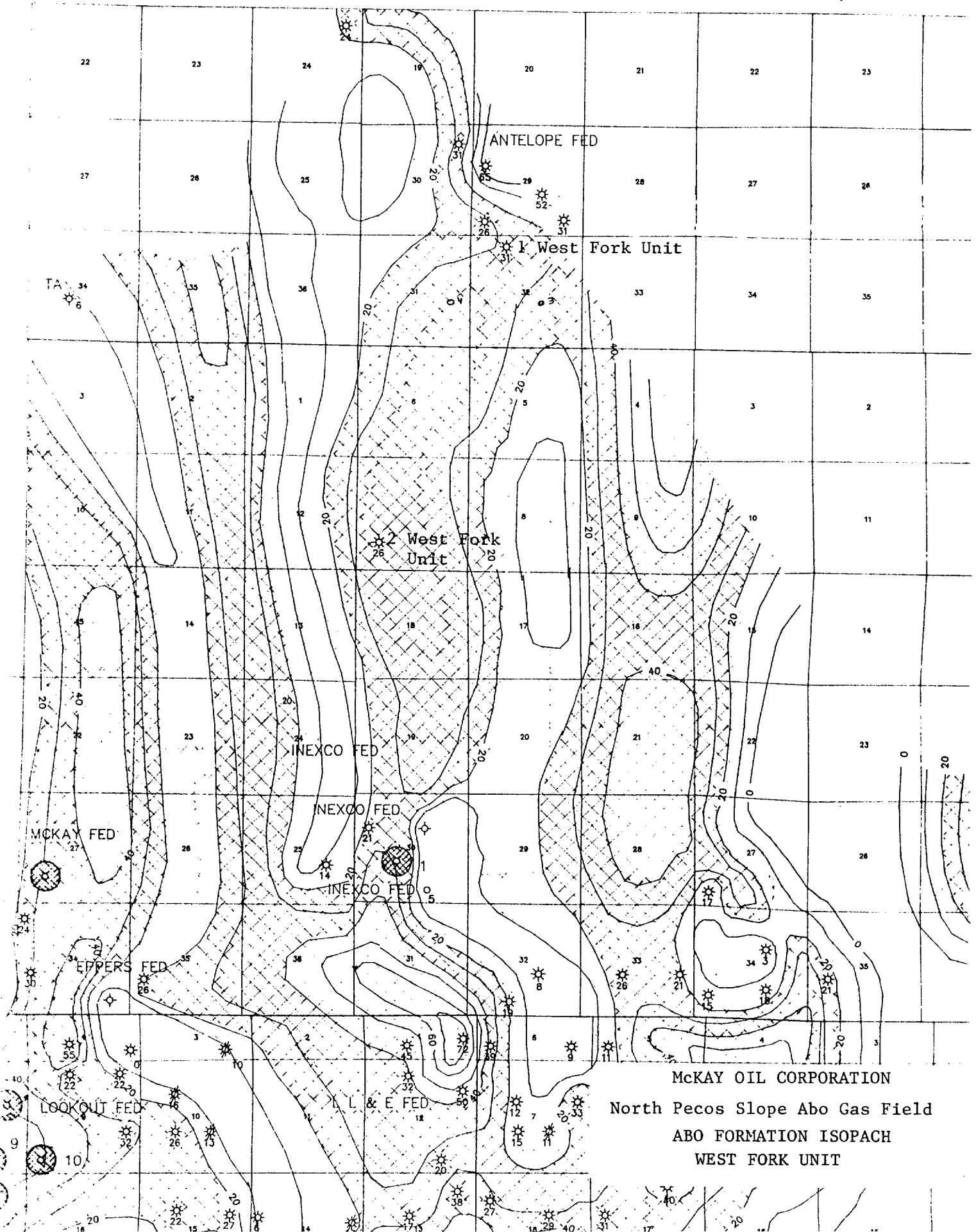
Respectfully submitted,


Sharon R. Hamilton
Land Coordinator
McKay Oil Corporation

/st
Enclosures

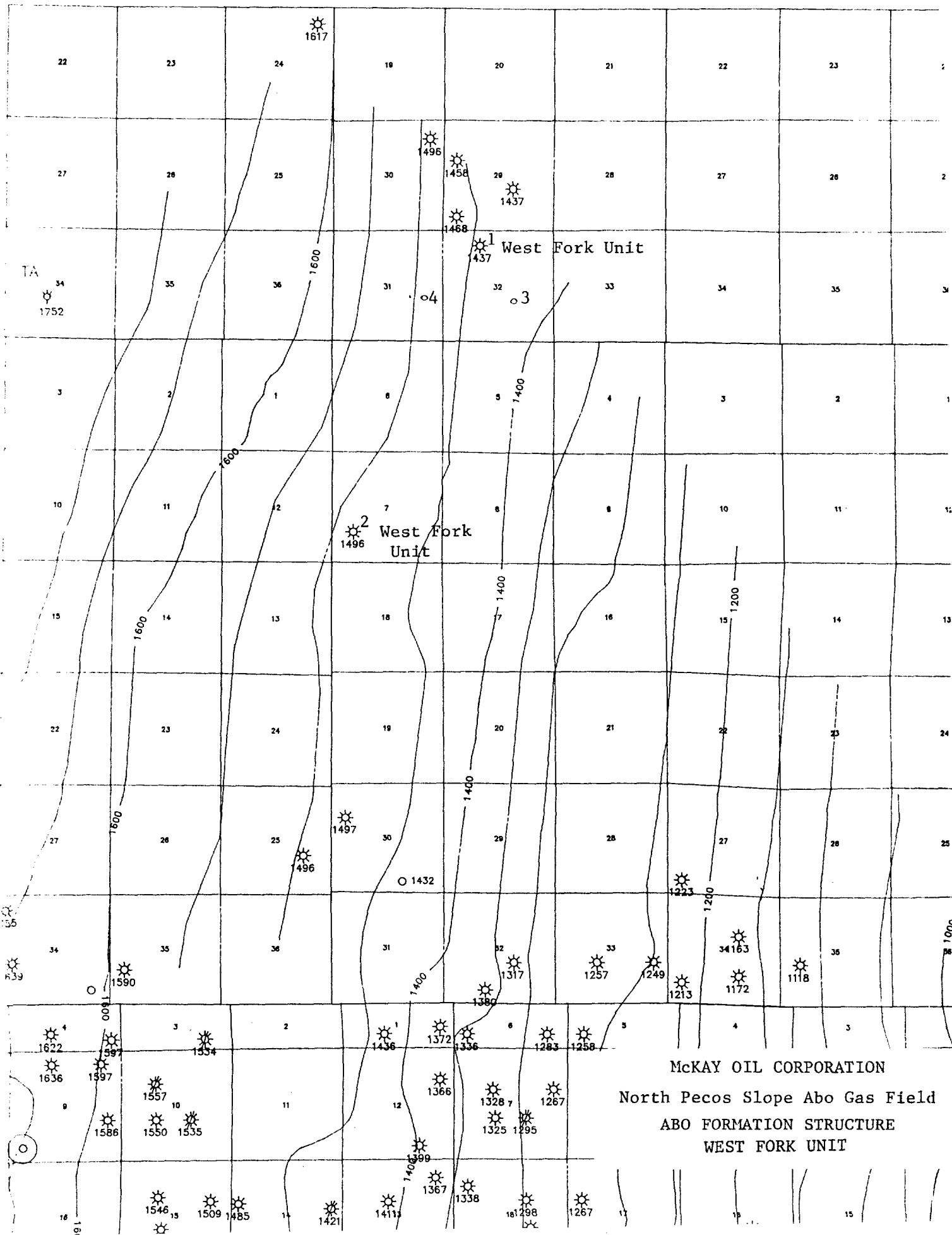
T4S/R21E

T4S/R22E



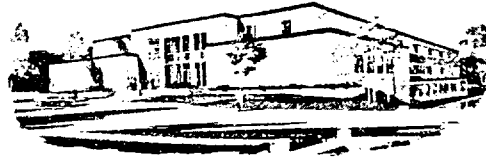
T4S/R21E

T4S/R22E



9380

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER

Commissioner of Public Lands

SLO REF. NO. OG-797

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

June 1, 1988

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

Re: Proposed West Fork Unit, Chaves
County, New Mexico

Dear Mr. Richardson:

This office has reviewed the unexecuted copy of unit agreement which you have submitted on behalf of McKay Oil Corporation, for the proposed West Fork 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 and the Bureau of Land Management.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
ROSWELL DISTRICT OFFICE
P.O. BOX 1397
ROSWELL, NEW MEXICO 88201



Proposed West Fork
3180 (065)

MAY 18 1988

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

Gentlemen:

Your application of May 13, 1988, filed with the BLM on behalf of McKay Oil Corporation, requests designation of the West Fork Unit area, embracing 20,775.02 acres, more or less, Chaves County, New Mexico, as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act as amended for exploratory unitization.

Pursuant to unit plan regulations 43 CFR 3180, the land requested as outlined on your plat marked "McKay Oil Corporation, West Fork Unit, Chaves County, New Mexico," is hereby designated as a logical unit area for all formations.

The unit agreement submitted for the area designated should provide for a well to test the Precambrian formation, or to a depth of 4,500 feet. Your proposed use of the Form of Agreement for Unproved Areas will be accepted with the modifications requested in your application.

If conditions are such that further modification of said standard form is deemed necessary, two copies of the proposed modification with appropriate justification must be submitted to this office for preliminary approval.

In the absence of any other type of land requiring special provisions or objections not now apparent, a duly executed agreement identical with said form, modified as outlined above, will be approved if submitted in approvable status within a reasonable period of time. However, notice is hereby given that the right is reserved to deny approval of any executed agreements submitted which, in our opinion does not have the full commitment of sufficient lands to afford effective control of operations in the unit area.

When the executed agreement is transmitted to the BLM for approval, include the latest status of all acreage. In preparation of Exhibits "A" and "B", the format followed in the Exhibits already submitted for preliminary concurrence, is correct.

Inasmuch as this unit agreement involves State land, we are sending a copy of this letter to the Commissioner of Public Lands. Please contact the State of New Mexico before soliciting joinders regardless of prior contacts or clearances from the State.

Should you have any questions regarding preparation or submittal of unit agreement for final approval, please contact Margie V. Delgado, Applications Examiner, Roswell District Office at 622-9042.

Sincerely,

(ORIG. SGD.) JOE G. LARA

Joe G. Lara,
ADM, Minerals

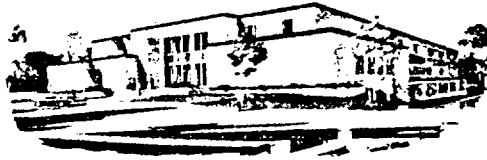
cc:

Commissioner of Public Lands, Santa Fe
✓ NMOCD, Santa Fe
NM (065, B.Lopez)

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

October 27, 1988

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

McKay Oil Corporation
Attn: Ms. Sharon Hamilton
P. O. Box 2014
Roswell, New Mexico 88201

Re: West Fork Unit Well # 1 Commercial
Determination
Chaves County, New Mexico

Gentlemen:

This office is in receipt of your letter of October 26, 1988, wherein, as Unit operator of the West Fork unit area you have determined that the West Fork Unit Well No. 1 is a commercial producer.

Based upon the data submitted, the Commissioner of Public Lands concurs with your determination that the West Fork Unit Well No. 1 is a commercial well and should be produced on a unit basis. Our concurrence is contingent upon agreement by the Bureau of Land Management.

As per article 9 of your agreement, please submit a plan of development for the next twelve months period.

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/FOP/pm
encls.
cc: OCD
BLM
OGAD

9380



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
ROSWELL DISTRICT OFFICE
P.O. BOX 1397
ROSWELL, NEW MEXICO 88201



West Fork Unit (NMM-72622)
3180 (065)

JUN 30 1988

Randolph M. Richardson
P. O. Box 2423
Roswell, NM 88201

Gentlemen:

One approved copy of the West Fork Unit, Chaves County, New Mexico, filed on behalf of McKay Oil Corporation is enclosed. Such agreement has been assigned No. NMM-72622 and is effective June 29, 1988.

Sincerely,

ORIG. SIGNED RICHARD W. MELTON

FOR Joe G. Lara
Assistant District Manager,
Minerals

1 Enclosure

cc:

Commissioner of Public Lands, Santa Fe
NMOCD, Santa Fe

CERTIFICATION--DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior, the act approved February 25, 1920, 41 Stat. 437, as amended, 30 U.S.C., secs. 181, et seq., and delegated to the District Manager, Bureau of Land Management, I do hereby:

- A. Approve the attached agreement for the development and operation of the West Fork unit area, State of New Mexico.
- B. Certify and determine that the unit plan of development and operation contemplated in the attached agreement is necessary and advisable in the public interest for the purpose of more properly conserving the natural resources.
- C. Certify and determine that the drilling, producing, rental, minimum royalty, and royalty requirements of all Federal leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of this agreement.

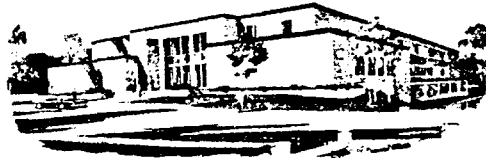
ORIG. SIGNED RICHARD W. MELTON

ADM, Minerals
Acting Bureau of Land Management

JUN 30 1988
Date

NMNM-72622
Contract No.

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER

Commissioner of Public Lands

June 29, 1988

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

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

Re: Approval of West Fork Unit,
Chaves County, New Mexico

Dear Mr. Richardson:

Please be advised that the Commissioner of Public Lands has this date granted final approval to the West Fork Unit Agreement, Chaves County, New Mexico. Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

Enclosed are Five (5) Certificates of Approval.

Your filing fee in the amount of \$1,110.00 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. Prado*
FLOYD O. PRADO, Director
Oil and Gas Division
(505) 827-5744

WRH/FOP/pm
encls.

cc: OCD-Santa Fe, New Mexico
BLM-Roswell, New Mexico

RANDOLPH M. RICHARDSON

OIL AND GAS LAND AND UNIT CONSULTANT

FEDERAL - STATE - FEE

P. O. BOX 2423

ROSWELL, NEW MEXICO 88201



ATTORNEY AT LAW
NEW MEXICO - TEXAS

July 11, 1988

OFFICE 505 622-8801
HOME 505 622-7985

M. S.
In re: West Fork Unit
Chaves County, New Mexico
OCD Case No. 9380
Order No. R-8681

Ms. Florene Davidson
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

Dear Ms. Davidson:

Pursuant to the captioned OCD Order, I am enclosing complete copy of the West Fork Unit Agreement containing signatures, Consent and Ratifications, approval by the Commissioner of Public Lands and Approval by the Bureau of Land Management.

Did not include a copy of your OCD Order as the original is assumed to be in your files.

Please advise if you need anything additional at this time.

Yours very truly,


R.M. Richardson

RMR:sy
enc.

cc: McKay Oil Corporation



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell District Office

P.O. Box 1397

Roswell, New Mexico 88201-1397

0612
TAKE
PRIDE IN
AMERICA

IN REPLY
REFER TO:

West Fork Unit (NMNM-72622)
3180 (065)

Randolph M. Richardson
P. O. Box 2423
Roswell, NM 88201

JUN 30 1988

Gentlemen:

One approved copy of the West Fork Unit, Chaves County, New Mexico, filed on behalf of McKay Oil Corporation is enclosed. Such agreement has been assigned No. NMNM-72622 and is effective June 29, 1988.

Sincerely,

Richard W. Melton


for Joe G. Lara
Assistant District Manager,
Minerals

1 Enclosure

CERTIFICATION--DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior, the act approved February 25, 1920, 41 Stat. 437, as amended, 30 U.S.C., secs. 181, et seq., and delegated to the District Manager, Bureau of Land Management, I do hereby:

- A. Approve the attached agreement for the development and operation of the West Fork unit area, State of New Mexico.
- B. Certify and determine that the unit plan of development and operation contemplated in the attached agreement is necessary and advisable in the public interest for the purpose of more properly conserving the natural resources.
- C. Certify and determine that the drilling, producing, rental, minimum royalty, and royalty requirements of all Federal leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of this agreement.


ADM, Minerals
Bureau of Land Management

6-30-88
Date

NMM-72622
Contract No.

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

June 29, 1988

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

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

Re: Approval of West Fork Unit,
Chaves County, New Mexico

Dear Mr. Richardson:

Please be advised that the Commissioner of Public Lands has this date granted final approval to the West Fork Unit Agreement, Chaves County, New Mexico. Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

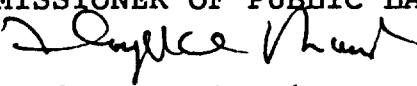
Enclosed are Five (5) Certificates of Approval.

Your filing fee in the amount of \$1,110.00 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, Director
Oil and Gas Division
(505) 827-5744

WRH/FOP/pm
encls.

cc: OCD-Santa Fe, New Mexico
BLM-Roswell, New Mexico



NEW MEXICO STATE LAND OFFICE

CERTIFICATE OF APPROVAL

COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

WEST FORK UNIT AREA


CHAVES COUNTY, NEW MEXICO

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, the attached Agreement for the development and operation of acreage which is described within the attached Agreement, dated May 1, 1988, which said Agreement has been executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the state, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, do hereby consent to and approve the said Agreement, however, such consent and approval being limited and restricted to such lands within the Unit Area, which are effectively committed to the Unit Agreement as of this date, and, further, that leases insofar as the lands covered thereby committed to this Unit Agreement shall be and the same are hereby amended to conform with the terms of such Unit Agreement, and said leases shall remain in full force and effect in accordance with the terms and conditions of said Agreement. This approval is subject to all of the provisions and requirements of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 29th day of June, 19 88.


COMMISSIONER OF PUBLIC LANDS
of the State of New Mexico

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE
WEST FORK UNIT AREA
COUNTY OF CHAVES
STATE OF NEW MEXICO

NO. _____

THIS AGREEMENT, entered into as of the 1st day of May, 19 88, by and between the parties subscribing, ratifying, or consenting hereto, and herein referred to as the "parties hereto",

WITNESSETH:

WHEREAS, the parties hereto are the owners of working, royalty, or other oil and gas interests in the Unit Area subject to this agreement; and

WHEREAS, the Mineral Leasing Act of February 25, 1920, 41 Stat. 437, as amended 30 U.S.C. Sec. 181 et seq., authorizes Federal lessees and their representatives to unite with each other, or jointly or separately with others, in collectively adopting and operating under a unit plan of development or operation of any oil and gas pool, field, or like area, or any part thereof for the purpose of more properly conserving the natural resources thereof whenever determined and certified by the Secretary of the Interior to be necessary or advisable in the public interest; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 19-10-45, 46, 47 N.M. Statutes 1978 Annotated) to consent to or approve this agreement on behalf of the State of New Mexico, insofar as it covers and includes lands and mineral interest of the State of New Mexico; and

WHEREAS, the Oil Conservation Division of the New Mexico Energy and Minerals Department, hereinafter referred to as "Division", is authorized by an act of the Legislature (Chapter 70 and 71, New Mexico Statutes 1978 Annotated) to approve this agreement and the conservation provisions hereof; and

WHEREAS, the parties hereto hold sufficient interests in the West Fork
_____ Unit Area covering the land hereinafter described to give reasonably effective control of operations therein; and

WHEREAS, it is the purpose of the parties hereto to conserve natural resources, prevent waste, and secure other benefits obtainable through development and operation of the area subject to this agreement under the terms, conditions, and limitations herein set forth;

NOW, THEREFORE, in consideration of the premises and the promises herein contained, the parties hereto commit to this agreement their respective interests in the below-defined Unit Area, and agree severally among themselves as follows:

1. ENABLING ACT AND REGULATIONS. The Mineral Leasing Act of February 25, 1920, as amended, supra, and all valid pertinent regulations including operating and unit plan regulations, heretofore issued thereunder or valid, pertinent and reasonable regulations hereafter issued thereunder are accepted and made a part of this agreement as to Federal lands, provided such regulations are not inconsistent with the terms of this agreement; and as to non-Federal lands, the oil and gas operating regulations in effect as of the effective date hereof governing drilling and producing operations, not inconsistent with the terms hereof or the laws of the State in which the non-Federal land is located, are hereby accepted and made a part of this agreement.

2. UNIT AREA. The following described land is hereby designated and recognized as constituting the Unit Area:

T-4-S, R-21-E, NMPM

Sec. 12: SE $\frac{1}{4}$

Secs. 13, 24, 25, 36: All

T-4-S, R-22-E, NMPM

Sec. 4: All

Sec. 5: E $\frac{1}{2}$, SW $\frac{1}{4}$

Secs. 7, 8, 9, 16, 17, 18, 19,
20, 21, 28, 29, 30, 31,
32, 33: All

T-5-S, R-21-E, NMPM

Sec. 11: E $\frac{1}{2}$

Sec. 14: E $\frac{1}{2}$

Sec. 23: E $\frac{1}{2}$

Secs. 1, 12, 13, 24: All

Sec. 25: N $\frac{1}{2}$

T-5-S, R-22-E, NMPM

Sec. 4: NW $\frac{1}{4}$

Sec. 5: N $\frac{1}{2}$

Secs. 6, 7, 18, 19: All

Sec. 30: W $\frac{1}{2}$, SE $\frac{1}{4}$

Containing 20,775.02 Acres, more or less.

Exhibit "A" shows, in addition to the boundary of the Unit Area, the boundaries and identity of tracts and leases in said area to the extent known to the Unit Operator. Exhibit "B" attached hereto is a schedule showing to the extent known to the Unit Operator, the acreage, percentage, and kind of ownership of oil and gas interests in all lands in the Unit Area. However, nothing herein or in Exhibits "A" and "B" shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown in the Exhibits "A" and "B" as owned by such party. Exhibits "A" and "B" shall be revised by the Unit Operator whenever changes in the Unit Area or in the ownership interests in the individual tracts render such revision necessary, or when requested by the Authorized Officer, hereinafter referred to as "AO", or when requested by the Commissioner of Public Lands of the State of New Mexico, hereinafter referred to as "Land Commissioner", and not less than four copies of the revised Exhibits shall be filed with the proper Bureau of Land Management office and one (1) copy thereof shall be filed with the Land

Commissioner, and one (1) copy with the New Mexico Oil Conservation Division of the Energy and Minerals Department, hereinafter referred to as "Division".

The above-described Unit Area shall when practicable be expanded to include therein any additional lands or shall be contracted to exclude lands whenever such expansion or contraction is deemed to be necessary or advisable to conform with the purposes of this agreement. Such expansion or contraction shall be effected in the following manner:

(a) Unit Operator, on its own motion (after preliminary concurrence by the AO), or on demand of the AO, or the Land Commissioner (after preliminary concurrence by the AO and the Land Commissioner) shall prepare a notice of proposed expansion or contraction describing the contemplated changes in the boundaries of the Unit Area, the reasons therefore, any plans for additional drilling, and the proposed effective date of the expansion or contraction, preferably the first day of a month subsequent to the date of notice.

(b) Said notice shall be delivered to the proper Bureau of Land Management office, the Land Commissioner and the Division, and copies thereof mailed to the last known address of each working interest owner, lessee and lessor whose interests are affected, advising that 30 days will be allowed for submission to the Unit Operator of any objections.

(c) Upon expiration of the 30-day period provided in the preceding item (b) hereof, Unit Operator shall file with the AO, the Land Commissioner and the Division, evidence of mailing of the notice of expansion or contraction and a copy of any objections thereto which have been filed with Unit Operator, together with an application in triplicate, for approval of such expansion or contraction and with appropriate joinders.

(d) After due consideration of all pertinent information, the expansion or contraction shall, upon approval by the AO, the Land Commissioner and the Division, become effective as of the date prescribed in the notice thereof or such other appropriate date.

(e) Notwithstanding any prior elimination under the "Drilling to Discovery" section, all legal subdivisions of lands (i.e., 40 acres by Government survey or its nearest lot or tract equivalent; in instances of irregular surveys, unusually large lots or tracts shall be considered in multiples of 40 acres or the nearest aliquot equivalent thereof), no parts of which are in or entitled to be in a participating area on or before the fifth anniversary of the effective date of the first initial participating area established under this unit agreement, shall be eliminated automatically from this agreement, effective as of said fifth anniversary, and such lands shall no longer be a part of the Unit Area and shall no longer be subject to this agreement, unless diligent drilling operations are in progress on unitized lands not entitled to participation on said fifth anniversary, in which event all such lands shall remain subject hereto for so long as such drilling operations are continued diligently, with not more than 90 days time elapsing between the completion of one such well and the commencement of the next such well. All legal subdivisions of lands not entitled to be in a participating area within 10 years after the effective date of the first initial participating area approved under this agreement shall be automatically eliminated from this agreement as of said tenth anniversary. The Unit Operator shall, within 90 days after the effective date of any elimination hereunder, describe the area so eliminated to the satisfaction of the AO and Land Commissioner and promptly notify all parties in interest. All lands reasonably proved productive

of unitized substances in paying quantities by diligent drilling operations after the aforesaid five-year period shall become participating in the same manner as during said first five-year period. However, when such diligent drilling operations cease, all non-participating lands not then entitled to be in a participating area shall be automatically eliminated effective as of the 91st day thereafter.

Any expansion of the Unit Area pursuant to this section which embraces lands theretofore eliminated pursuant to this subsection 2(e) shall not be considered automatic commitment or recommitment of such lands. If conditions warrant extension of the 10-year period specified in this subsection, a single extension of not to exceed two years may be accomplished by consent of the owners of 90% of the working interests in the current non-participating unitized lands and the owners of 60% of the basic royalty interests (exclusive of the basic royalty interests of the United States) in non-participating unitized lands with approval of the AO and the Land Commissioner provided such extension application is submitted not later than 60 days prior to the expiration of said 10-year period.

3. UNITIZED LAND AND UNITIZED SUBSTANCES. All land now or hereafter committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement". All oil and gas in any and all formations of the unitized land are unitized under the terms of this agreement and herein are called "unitized substances".

4. UNIT OPERATOR. McKay Oil Corporation is hereby designated as Unit Operator and by signature hereto as Unit Operator agrees and consents to accept the duties and obligations of Unit Operator for the discovery, development, and production of unitized substances as herein provided. Whenever references is made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as an owner of interest in unitized substances, and the term "working interest owner" when used herein shall include or refer to Unit Operator as the owner of a working interest only when such an interest is owned by it.

5. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit Operator shall have the right to resign at any time prior to the establishment of a participating area or areas hereunder, but such resignation shall not become effective so as to release Unit Operator from the duties and obligations of Unit Operator and terminate Unit Operator's rights as such for a period of six months after notice of intention to resign has been served by Unit Operator on all working interest owners and the AO and the Land Commissioner and the Division, and until all wells then drilled hereunder are placed in a satisfactory condition for suspension or abandonment, whichever is required by the AO as to Federal lands and the Division as to State and Fee lands, unless a new Unit Operator shall have been selected and approved and shall have taken over and assumed the duties and obligations of Unit Operator prior to the expiration of said period.

Unit Operator shall have the right to resign in like manner and subject to like limitations as above provided at any time after a participating area established hereunder is in existence, but in all instances of resignation or removal, until a successor Unit Operator is selected and approved as hereinafter provided, the working interest owners shall be jointly responsible for performance of the duties of Unit Operator, and shall not later than 30 days before such resignation or removal becomes effective appoint a common agent to represent them in any action to be taken hereunder.

The resignation of Unit Operator shall not release Unit Operator from any liability for any default by it hereunder occurring prior to the effective date of its resignation.

The Unit Operator may, upon default or failure in the performance of its duties or obligations hereunder, be subject to removal by the same percentage vote of the owners of working interests as herein provided for the selection of a new Unit Operator. Such removal shall be effective upon notice thereof to the AO and the Land Commissioner.

The resignation or removal of Unit Operator under this agreement shall not terminate its right, title, or interest as the owner of a working interest or other interest in unitized substances, but upon the resignation or removal of Unit Operator becoming effective, such Unit Operator shall deliver possession of all wells, equipment, materials, and appurtenances used in conducting the unit operations to the new duly qualified successor Unit Operator or to the common agent, if no such new Unit Operator is selected to be used for the purpose of conducting unit operations hereunder. Nothing herein shall be construed as authorizing removal of any material, equipment, or appurtenances needed for the preservation of any wells.

6. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator shall tender his or its resignation as Unit Operator or shall be removed as hereinabove provided, or a change of Unit Operator is negotiated by the working interest owners, the owners of the working interests according to their respective acreage interests in all unitized land shall, pursuant to the Approval of the Parties requirements of the unit operating agreement, select a successor Unit Operator. Such selection shall not become effective until:

(a) A Unit Operator so selected shall accept in writing the duties and responsibilities of Unit Operator, and

(b) the selection shall have been approved by the AO and approved by the Land Commissioner.

If no successor Unit Operator is selected and qualified as herein provided, the AO and the Land Commissioner, at their election may declare this unit agreement terminated.

7. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT. If the Unit Operator is not the sole owner of working interests, costs and expenses incurred by Unit Operator in conducting unit operations hereunder shall be paid and apportioned among and borne by the owners of working interests, all in accordance with the agreement or agreements entered into by and between the Unit Operator and the owners of working interests, whether one or more, separately or collectively. Any agreement or agreements entered into between the working interest owners and the Unit Operator as provided in this section, whether one or more, are herein referred to as the "unit operating agreement". Such unit operating agreement shall also provide the manner in which the working interest owners shall be entitled to receive their respective proportionate and allocated share of the benefits accruing hereto in conformity with their underlying operating agreements, leases, or other independent contracts, and such other rights and obligations as between Unit Operator and the working interest owners as may be agreed upon by Unit Operator and the working interest owners; however, no such unit operating agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the Unit Operator of any right or obligation established under this unit agreement, and in case of any inconsistency or conflict between this agreement and the unit operating agreement, this agreement shall govern. Two copies of any unit operating agreement executed pursuant to this section shall be filed in the proper Bureau of Land Management office and one true copy with the Land Commissioner and one true copy with the Division prior to approval of the unit agreement.

8. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR. Except as otherwise specifically provided herein, the exclusive right, privilege, and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, sorting, allocating, and distributing the unitized substances are hereby delegated to and shall be exercised by the Unit Operator as herein provided. Acceptable evidence of title to said rights shall be deposited with Unit Operator and, together with this agreement, shall constitute and define the rights, privileges, and obligations of Unit Operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this agreement the Unit Operator, in its capacity as Unit Operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

9. DRILLING TO DISCOVERY. Within six months after the effective date hereof, the Unit Operator shall commence to drill an adequate test well at a location approved by the AO, if on Federal land, or by the Land Commissioner, if on State land, and by the Division if on Fee land, unless on such effective date a well is being drilled in conformity with the terms hereof, and thereafter continue such drilling diligently until the Precambrian basement has been penetrated and all beds of younger age have been tested or until at a lesser depth unitized substances shall be discovered which can be produced in paying quantities (to-wit: quantities sufficient to repay the costs of drilling, completing, and producing operations, with a reasonable profit) or the Unit Operator shall at any time establish to the satisfaction of the AO if on Federal land, or the Land Commissioner if on State land, or the Division if located on Fee land, that further drilling of said well would be unwarranted or impracticable, provided, however, that Unit Operator shall not in any event be required to drill said well to a depth in excess of 4,500 feet. Until the discovery of unitized substances capable of being produced in paying quantities, the Unit Operator shall continue drilling one well at a time, allowing not more than six months between the completion of one well and the commencement of drilling operations for the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of the AO if it be on Federal land, or of the Land Commissioner if on State land, or the Division if on Fee land, or until it is reasonably proved that the unitized land is incapable of producing unitized substances in paying quantities in the formations drilled hereunder. Nothing in this section shall be deemed to limit the right of the Unit Operator to resign as provided in Section 5 hereof, or as requiring Unit Operator to commence or continue any drilling during the period pending such resignation becoming effective in order to comply with the requirements of this section.

The AO and Land Commissioner may modify any of the drilling requirements of this section by granting reasonable extensions of time when, in their opinion, such action is warranted.

Notwithstanding anything in this unit agreement to the contrary, except Section 25, UNAVOIDABLE DELAY, two wells shall be drilled with not more than 6 months time elapsing between the completion of the first well and commencement of drilling operations for the second well, regardless of whether a discovery has been made in any well drilled under this provision.

Both the initial well and the second well must be drilled in compliance with the above specified formation or depth requirements in order to meet the dictates of this section; and the second well must be located a minimum of four miles from the initial well in order to be accepted by the AO as the second unit test well, within the meaning of this section.

Nevertheless, in the event of the discovery of unitized substances in paying

quantities by any well, this unit agreement shall not terminate for failure to complete the two well program, but the unit area shall be contracted automatically, effective the first day of the month following the default, to eliminate by subdivisions (as defined in Section 2 (e) hereof) all lands not then entitled to be in a participating area.

Upon failure to commence any well as provided for in this section within the time allowed, prior to the establishment of a participating area, including any extension of time granted by the AO and the Land Commissioner, this Agreement will automatically terminate. Upon failure to continue drilling diligently any well commenced hereunder the AO and the Land Commissioner may, after 15 days notice to the Unit Operator, declare this unit agreement terminated. The parties to this agreement may not initiate a request to voluntarily terminate this agreement during the first six months of its term unless at least one obligation well has been drilled in accordance with the provisions of this section.

Determination as to whether a well completed within the West Fork Unit Area prior to the effective date of this Agreement is capable of producing unitized substances in paying quantities shall be deferred until an initial participating area is established as a result of the completion of a well for production in paying quantities in accordance with Section 9 hereof.

10. PLAN OF FURTHER DEVELOPMENT AND OPERATION. Within six months after completion of a well capable of producing unitized substances in paying quantities, the Unit Operator shall submit for the approval of the AO, the Land Commissioner and Division, an acceptable plan of development and operation for the unitized land which, when approved by the AO, the Land Commissioner and Division, shall constitute the further drilling and development obligations of the Unit Operator under this agreement for the period specified therein. Thereafter, from time to time before the expiration of any existing plan, the Unit Operator shall submit for the approval of the AO, the Land Commissioner and Division a plan for an additional specified period for the development and operation of the unitized land. Subsequent plans should normally be filed on a calendar year basis not later than March 1 each year. Any proposed modification or addition to the existing plan should be filed as a supplement to the plan.

Any plan submitted pursuant to this section shall provide for the timely exploration of the unitized area, and for the diligent drilling necessary for determination of the area or areas capable of producing unitized substances in paying quantities in each and every productive formation. This plan shall be as complete and adequate as the AO, the Land Commissioner and Division may determine to be necessary for timely development and proper conservation of the oil and gas resources of the unitized area and shall:

(a) specify the number and locations of any wells to be drilled and the proposed order and time for such drilling; and

(b) Provide a summary of operations and production for the previous year.

Plans shall be modified or supplemented when necessary to meet changed conditions or to protect the interests of all parties to this agreement. Reasonable diligence shall be exercised in complying with the obligations of the

approved plan of development and operation. The AO and the Land Commissioner are authorized to grant a reasonable extension of the six month period herein prescribed for submission of an initial plan of development and operation where such action is justified because of unusual conditions or circumstances.

After completion of a well capable of producing unitized substances in paying quantities, no further wells, except such as may be necessary to afford protection against operations not under this agreement and such as may be specifically approved by the AO, the Land Commissioner and Division, shall be drilled except in accordance with an approved plan of development and operation.

11. PARTICIPATION AFTER DISCOVERY. Upon completion of a well capable of producing unitized substances in paying quantities, or as soon thereafter as required by the AO, the Land Commissioner or the Division, the Unit Operator shall submit for approval by the AO, the Land Commissioner and Division, a schedule, based on subdivisions of the public-land survey or aliquot parts thereof, of all land then regarded as reasonably proved to be productive of unitized substances in paying quantities. These lands shall constitute a participating area on approval of the AO, the Land Commissioner and Division, effective as of the date of completion of such well or the effective date of this unit agreement, whichever is later. The acreages of both Federal and non-Federal lands shall be based upon appropriate computations from the courses and distances shown on the last approved public-land survey as of the effective date of each initial participating area. The schedule shall also set forth the percentage of unitized substances to be allocated, as provided in Section 12 to each committed tract in the participating area so established, and shall govern the allocation of production commencing with the effective date of the participating area. A different participating area shall be established for each separate pool or deposit of unitized substances or for any group thereof which is produced as a single pool or zone, and any two or more participating areas so established may be combined into one, on approval of the AO, the Land Commissioner, and the Division. When production from two or more participating areas is subsequently found to be from a common pool or deposit, the participating areas shall be combined into one, effective as of such appropriate date as may be approved or prescribed by the AO, the Land Commissioner and Division. The participating area or areas so established shall be revised from time to time, subject to the approval of the AO, the Land Commissioner and Division to include additional lands then regarded as reasonably proved to be productive of unitized substances in paying quantities or which are necessary for unit operations, or to exclude lands then regarded as reasonably proved not to be productive of unitized substances in paying quantities, and the schedule of allocation percentages shall be revised accordingly. The effective date of any revision shall be the first of the month in which the knowledge or information is obtained on which such revision is predicated; provided, however, that a more appropriate effective date may be used if justified by the Unit Operator and approved by the AO, the Land Commissioner and Division. No land shall be excluded from a participating area on account of depletion of its unitized substances, except that any participating area established under the provisions of this unit agreement shall terminate automatically whenever all completions in the formation on which the participating area is based are abandoned.

It is the intent of this section that a participating area shall represent the area productive of unitized substances known or reasonably proved to be

productive of unitized substances in paying quantities or which are necessary for unit operations; but, regardless of any revision of the participating area, nothing herein contained shall be construed as requiring any retroactive adjustment for production obtained prior to the effective date of the revision of the participating area.

In the absence of agreement at any time between the Unit Operator and the AO, the Land Commissioner and Division, as to the proper definition or redefinition of a participating area, or until a participating area has, or areas have, been established, the portion of all payments affected thereby shall, except royalty due the United States, be impounded in a manner mutually acceptable to the owners of committed working interests and the AO and the Land Commissioner. Royalties due the United States and the State of New Mexico shall be determined by the AO for Federal lands and the Land Commissioner for the State Lands and the amount thereof shall be deposited, as directed by the AO and the Land Commissioner until a participating area is finally approved and then adjusted in accordance with a determination of the sum due as Federal royalty on the basis of such approved participating area.

Whenever it is determined, subject to the approval of the AO, the Land Commissioner and Division, that a well drilled under this agreement is not capable of production of unitized substances in paying quantities and inclusion in a participating area of the land on which it is situated in a participating area is unwarranted, production from such well shall, for the purposes of settlement among all parties other than working interest owners, be allocated to the land on which the well is located, unless such land is already within the participating area established for the pool or deposit from which such production is obtained. Settlement for working interest benefits from such a non-paying unit well shall be made as provided in the unit operating agreement.

12. ALLOCATION OF PRODUCTION. All unitized substances produced from each participating area established under this agreement, except any part thereof used in conformity with good operating practices within the unitized area for drilling, operating, and other production or development purposes, for repressuring or recycling in accordance with a plan of development and operations which has been approved by the AO, Land Commissioner and Division, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of unitized land of the participating area established for such production. For the purpose of determining any benefits accruing under this agreement, each such tract of unitized land shall have allocated to it such percentage of said production as the number of acres of such tract included in said participating area bears to the total acres of unitized land in said participating area, except that allocation of production hereunder for purposes other than for settlement of the royalty, overriding royalty, or payment out of production obligations of the respective working interest owners, shall be on the basis prescribed in the unit operating agreement whether in conformity with the basis of allocation herein set forth or otherwise. It is hereby agreed that production of unitized substances from a participating area shall be allocated as provided herein regardless of whether any wells are drilled on any particular part or tract of the participating area. If any gas produced from one participating area is used for repressuring or recycling purposes in another participating area, the first gas withdrawn from the latter participating area for sale during the life of this agreement, shall be considered to be the gas so

transferred, until an amount equal to that transferred shall be so produced for sale and such gas shall be allocated to the participating area from which initially produced as such area was defined at the time that such transferred gas was finally produced and sold.

13. DEVELOPMENT OR OPERATION OF NON-PARTICIPATING LAND OR FORMATIONS. Any party hereto owning or controlling the working interest in any unitized land having thereon a regular well location may with the approval of the AO, and the Land Commissioner, and the Division at such party's sole risk, cost, and expense, drill a well to test any formation provided the well is outside any participating area established for that formation, unless within 90 days of receipt of notice from said party of his intention to drill the well, the Unit Operator elects and commences to drill the well in a like manner as other wells are drilled by the Unit Operator under this agreement.

If any well drilled under this section by a working interest owner results in production of unitized substances in paying quantities such that the land upon which it is situated may properly be included in a participating area, such participating area shall be established or enlarged as provided in this agreement and the well shall thereafter be operated by the Unit Operator in accordance with the terms of this agreement and the unit operating agreement.

If any well drilled under this section by a working interest owner that obtains production in quantities insufficient to justify the inclusion of the land upon which such well is situated in a participating area, such well may be operated and produced by the party drilling the same, subject to the conservation requirements of this agreement. The royalties in amount or value of production from any such well shall be paid as specified in the underlying lease and agreements affected.

14. ROYALTY SETTLEMENT. The United States and any State and any royalty owner who is entitled to take in kind a share of the substances now unitized hereunder shall hereafter be entitled to the right to take in kind its share of the unitized substances, and Unit Operator, or the working interest owner in case of the operation of a well by a working interest owner as herein provided for in special cases, shall make deliveries of such royalty share taken in kind in conformity with the applicable contracts, laws, and regulations. Settlement for royalty interest not taken in kind shall be made by working interest owners responsible therefor under existing contracts, laws and regulations, or by the Unit Operator on or before the last day of each month for unitized substances produced during the preceding calendar month; provided, however, that nothing in this section shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any royalties due under their leases.

If gas obtained from lands not subject to this agreement is introduced into any participating area hereunder, for use in repressuring, stimulation of production, or increasing ultimate recovery, in conformity with a plan of development and operation approved by the AO and the Land Commissioner and the Division, a like amount of gas, after settlement as herein provided for any gas transferred from any other participating area and with appropriate deduction for loss from any cause, may be withdrawn from the formation into which the gas is introduced, royalty free as to dry gas, but not as to any products which may be extracted therefrom; provided that such withdrawal shall be at such time as may

be provided in the approved plan of development and operation or as may otherwise be consented to by the AO and the Land Commissioner and the Division as conforming to good petroleum engineering practice; and provided further, that such right of withdrawal shall terminate on the termination of this unit agreement.

Royalty due the United States shall be computed as provided in 30 CFR Part 221 and paid in value or delivered in kind as to all unitized substances on the basis of the amounts thereof allocated to unitized Federal land as provided in Section 12 at the rates specified in the respective Federal leases, or at such other lower rate or rates as may be authorized by law or regulation and approved by the AO; provided, that for leases on which the royalty rate depends on the daily average production per well, said average production shall be determined in accordance with the operating regulations as though each participating area were a single consolidated lease.

Royalty due on account of State lands shall be computed and paid on the basis of all unitized substances allocated to such lands.

15. RENTAL SETTLEMENT. Rental or minimum royalties due on leases committed hereto shall be paid by appropriate working interest owners under existing contracts, laws, and regulations, provided that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any rental or minimum royalty due under their leases. Rental or minimum royalty for lands of the United States subject to this agreement shall be paid at the rate specified in the respective leases from the United States unless such rental or minimum royalty is waived, suspended, or reduced by law or by approval of the Secretary or his duly authorized representative.

Rentals on State of New Mexico lands subject to this agreement shall be paid at the rate specified in the respective leases.

With respect to any lease on non-Federal land containing provisions which would terminate such lease unless drilling operations are commenced upon the land covered thereby within the time therein specified or rentals are paid for the privilege of deferring such drilling operations, the rentals required thereby shall, notwithstanding any other provision of this agreement, be deemed to accrue and become payable during the term thereof as extended by this agreement and until the required drilling operations are commenced upon the land covered thereby, or until some portion of such land is included within a participating area.

16. CONSERVATION. Operations hereunder and production of unitized substances shall be conducted to provide for the most economical and efficient recovery of said substances without waste, as defined by or pursuant to State or Federal law or regulation.

17. DRAINAGE. The Unit Operator shall take such measures as the AO and Land Commissioner deems appropriate and adequate to prevent drainage of unitized substances from unitized land by wells on land not subject to this agreement, which shall include the drilling of protective wells and which may include the

payment of a fair and reasonable compensatory royalty, as determined by the AO, as to Federal leases and the Land Commissioner, as to State leases.

18. LEASES AND CONTRACTS CONFORMED AND EXTENDED. The terms, conditions, and provisions of all leases, subleases, and other contracts relating to exploration, drilling, development, or operation for oil or gas on lands committed to this agreement are hereby expressly modified and amended to the extent necessary to make the same conform to the provisions hereof, but otherwise to remain in full force and effect; and the parties hereto hereby consent that the Secretary, as to Federal leases and the Land Commissioner, as to State leases, shall and each by his approval hereof, or by the approval hereof by his duly authorized representative, does hereby establish, alter, change, or revoke the drilling, producing, rental, minimum royalty, and royalty requirements of Federal leases committed hereto and the regulations in respect thereto to conform said requirements to the provisions of this agreement, and, without limiting the generality of the foregoing, all leases, subleases, and contracts are particularly modified in accordance with the following:

(a) The development and operation of lands subject to this agreement under the terms hereof shall be deemed full performance of all obligations for development and operation with respect to each and every separately owned tract subject to this agreement, regardless of whether there is any development of any particular tract of this Unit Area.

(b) Drilling and producing operations performed hereunder upon any tract of unitized lands will be accepted and deemed to be performed upon and for the benefit of each and every tract of unitized land, and no lease shall be deemed to expire by reason of failure to drill or produce wells situated on the land therein embraced.

(c) Suspension of drilling or producing operations on all unitized lands pursuant to direction or consent of the AO and the Land Commissioner, or his duly authorized representative, shall be deemed to constitute such suspension pursuant to such direction or consent as to each and every tract of unitized land. A suspension of drilling or producing operations limited to specified lands shall be applicable only to such lands.

(d) Each lease, sublease or contract relating to the exploration, drilling, development, or operation for oil or gas of lands other than those of the United States and State of New Mexico committed to this agreement which, by its terms might expire prior to the termination of this agreement, is hereby extended beyond any such terms so provided therein so that it shall be continued in full force and effect for and during the term of this agreement.

(e) Any Federal lease committed hereto shall continue in force beyond the term so provided therein or by law as to the land committed so long as such lease remains subject hereto, provided that production of unitized substances in paying quantities is established under this unit agreement prior to the expiration date of the term of such lease, or in the event actual drilling operations are commenced on unitized land, in accordance with provisions of this agreement, prior to the end of the primary term of such lease and are being diligently prosecuted at that time, such lease shall be extended for two years, and so long

thereafter as oil or gas is produced in paying quantities in accordance with the provisions of the Mineral Leasing Act, as amended.

(f) Each sublease or contract relating to the operation and development of unitized substances from lands of the United States committed to this agreement, which by its terms would expire prior to the time at which the underlying lease, as extended by the immediately preceding paragraph, will expire, is hereby extended beyond any such term so provided therein so that it shall be continued in full force and effect for and during the term of the underlying lease as such term is herein extended.

(g) The segregation of any Federal lease committed to this agreement is governed by the following provision in the fourth paragraph of Sec. 17(j) of the Mineral Leasing act, as amended by the Act of September 2, 1960 (74 Stat. 781-784) (30 U.S.C. 226 (j)): "Any (Federal) lease heretofore or hereafter committed to any such (unit) plan embracing lands that are in part within and in part outside of the area covered by any such plan shall be segregated into separate leases as to the lands committed and the lands not committed as of the effective date of unitization: Provided, however, that any such lease as to the non-unitized portion shall continue in force and effect for the term thereof but for not less than two years from the date of such segregation and so long thereafter as oil or gas is produced in paying quantities."

(h) In the event the Initial Test Well is commenced prior to the expiration date of the shortest term State Lease within the Unit Area, any lease embracing lands of the State of New Mexico which is made subject to this agreement, shall continue in force beyond the term provided therein as to the lands committed hereto until the termination hereof.

(i) Any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto, shall be segregated as to the portion committed and the portion not committed, and the terms of such lease shall apply separately to such segregated portions commencing as the effective date hereof; contrary any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall continue in full force and effect beyond the term provided therein as to all lands embraced in such lease, if oil or gas is discovered and is capable of being produced in paying quantities from some part of the lands embraced in such lease at the expiration of the secondary term of such lease; or if, at the expiration of the secondary term, the lessee or the Unit Operator is then engaged in bona fide drilling or reworking operations on some part of the lands embraced in such lease, the same as to all lands embraced therein, shall remain in full force and effect so long as such operations are being diligently prosecuted, and if they result in the production of oil or gas; said lease shall continue in full force and effect as to all the lands embraced therein, so long thereafter as oil or gas in paying quantities is being produced from any portion of said lands.

19. COVENANTS RUN WITH LAND. The covenants herein shall be construed to be covenants running with the land with respect to the interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer or conveyance of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee, or other successor in interest. No

assignment or transfer of any working interest, royalty, or other interest subject hereto shall be binding upon Unit Operator until the first day of the calendar month after Unit Operator is furnished with the original, photostatic, or certified copy of the instrument of transfer.

20. EFFECTIVE DATE AND TERM. This agreement shall become effective upon approval by the AO and the Land Commissioner or their duly authorized representative and shall automatically terminate five (5) years from said effective date unless:

(a) Upon application by the Unit Operator such date of expiration is extended by the AO and the Land Commissioner, or

(b) it is reasonably determined prior to the expiration of the fixed term or any extension thereof that the unitized land is incapable of production of unitized substance in paying quantities in the formations tested hereunder, and after notice of intention to terminate this agreement on such ground is given by the Unit Operator to all parties in interest at their last known addresses, this agreement is terminated with approval of the AO and the Land Commissioner, or

(c) a valuable discovery of unitized substances in paying quantities has been made or accepted on unitized land during said initial term or any extension thereof, in which event this agreement shall remain in effect for such term and so long thereafter as unitized substances can be produced as to Federal lands and are being produced as to State lands in quantities sufficient to pay for the cost of producing same from wells on unitized land within any participating area established hereunder. Should production cease and diligent drilling or reworking operations to restore production or new production are not in progress within 60 days and production is not restored or should new production not be obtained in paying quantities on committed lands within this Unit Area, this agreement will automatically terminate effective the last day of the month in which the last unitized production occurred, or

(d) it is voluntarily terminated as provided in this agreement. Except as noted herein this agreement may be terminated at any time prior to the discovery of unitized substances which can be produced in paying quantities by not less than 75 per centum, on an acreage basis, of the working interest owners signatory hereto, with the approval of the AO and the Land Commissioner. The Unit Operator shall give notice of any such approval to all parties hereto. Voluntary termination may not occur during the first six (6) months of this agreement unless at least one obligation well shall have been drilled in conformance with Section 9.

21. RATE OF PROSPECTING, DEVELOPMENT, AND PRODUCTION. The AO is hereby vested with authority to alter or modify from time to time, in his discretion, the quantity and rate of production under this agreement when such quantity and rate are not fixed pursuant to Federal or State law, or do not conform to any State-wide voluntary conservation or allocation program which is established, recognized, and generally adhered to by the majority of operators in such State. The above authority is hereby limited to alteration or modification which are in the public interest. The public interest to be served and the purpose thereof, must be stated in the order of alteration or modification. Without regard to the foregoing, the AO is also hereby vested with authority to alter or modify

from time to time, in his discretion, the rate of prospecting and development and the quantity and rate of production under this agreement when such alteration or modification is in the interest of attaining the conservation objectives stated in this agreement and is not in violation of any applicable Federal or State law; provided, further, that no such alteration or modification shall be effective as to any land of the State of New Mexico, as to the rate of prospecting and developing in the absence of the specific written approval thereof by the Commissioner and also to any lands of the State of New Mexico or privately owned lands subject to this agreement as to the quantity and rate of production in the absence of specific written approval thereof by the Division.

Powers in this section vested in the AO shall only be exercised after notice to Unit Operator and opportunity for hearing to be held not less than 15 days from notice.

22. APPEARANCES. Unit Operator shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interests affected hereby before the Department of the Interior and the Commissioner of Public Lands and Division, and to appeal from orders issued under the regulations of said Department or Land Commissioner and Division or to apply for relief from any of said regulations, or in any proceedings relative to operations before the Department or the Land Commissioner and the Division or any other legally constituted authority; provided, however, that any other interested party shall also have the right at its own expense to be heard in any such proceeding.

23. NOTICES. All notices, demands, or statements required hereunder to be given or rendered to the parties hereto shall be in writing and shall be personally delivered to the party or parties, or sent by postpaid registered or certified mail, to the last known address of the party or parties.

24. NO WAIVER OF CERTAIN RIGHTS. Nothing contained in this agreement shall be construed as a waiver by any party hereto of the right to assert any legal or constitutional right or defense as to the validity or invalidity of any law of the State where the unitized lands are located, or of the United States, or regulations issued thereunder in any way affecting such party, or as a waiver by any such party of any right beyond his or its authority to waive.

25. UNAVOIDABLE DELAY. All obligations under this agreement requiring the Unit Operator to commence or continue drilling, or to operate on, or produce unitized substances from any of the lands covered by this agreement, shall be suspended while the Unit Operator, despite the exercise of due care and diligence, is prevented from complying with such obligations, in whole or in part, by strikes, acts of God, Federal, State, or municipal law or agencies, unavoidable accidents, uncontrollable delays in transportation, inability to obtain necessary materials or equipment in the open market, or other matters beyond the reasonable control of the Unit Operator whether similar to matters herein enumerated or not.

26. NONDISCRIMINATION. In connection with the performance of work under this agreement, the Unit Operator agrees to comply with all the provisions of Section 202 (1) to (7) inclusive of Executive Order 11246 (30 F. R. 12319), as amended, which are hereby incorporated by reference in this agreement.

27. LOSS OF TITLE. In the event title to any tract of unitized land shall fail and the true owner cannot be induced to join in this unit agreement, such tract shall be automatically regarded as not committed hereto, and there shall be such readjustment of future costs and benefits as may be required on account of the loss of such title. In the event of a dispute as to title to any royalty, working interest, or other interests subject thereto, payment or delivery on account thereof may be withheld without liability for interest until the dispute is finally settled; provided, that, as to Federal and State lands or leases, no payments of funds due the United States or the State of New Mexico should be withheld, but such funds shall be deposited as directed by the AO and such funds of the State of New Mexico shall be deposited as directed by the Land Commissioner, to be held as unearned money pending final settlement of the title dispute, and then applied as earned or returned in accordance with such final settlement.

Unit Operator as such is relieved from any responsibility for any defect or failure of any title hereunder.

28. NON-JOINDER AND SUBSEQUENT JOINDER. If the owner of any substantial interest in a tract within the Unit Area fails or refuses to subscribe or consent to this agreement, the owner of the working interest in that tract may withdraw the tract from this agreement by written notice delivered to the proper Bureau of Land Management office, the Land Commissioner, the Division and the Unit Operator prior to the approval of this agreement by the AO and Commissioner. Any oil or gas interests in lands within the Unit Area not committed hereto prior to final approval may thereafter be committed hereto by the owner or owners thereof subscribing or consenting to this agreement, and, if the interest is a working interest, by the owner of such interest also subscribing to the unit operating agreement. After operations are commenced hereunder, the right of subsequent joinder, as provided in this section, by a working interest owner is subject to such requirements or approval(s), if any, pertaining to such joinder, as may be provided for in the unit operating agreement. After final approval hereof, joinder by a non-working interest owner must be consented to in writing by the working interest owner committed hereto and responsible for the payment of any benefits that may accrue hereunder in behalf of such non-working interest. A non-working interest may not be committed to this unit agreement unless the corresponding working interest is committed hereto. Joinder to the unit agreement by a working interest owner, at any time, must be accompanied by appropriate joinder to the unit operating agreement, in order for the interest to be regarded as committed to this unit agreement. Except as may otherwise herein be provided, subsequent joinders to this agreement shall be effective as of the date of the filing with the AO, the Land Commissioner and the Division of duly executed counterparts of all or any papers necessary to establish effective commitment of any interest and/or tract to this agreement.

29. COUNTERPARTS. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument in writing specifically referring hereto and shall be binding upon all those parties who have executed such a counterpart, ratification, or consent hereto with the same force and effect as if all such parties had signed the same document and regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands within the above-described Unit Area.

30. SURRENDER. Nothing in this agreement shall prohibit the exercise by any working interest owner of the right to surrender any interest vested in such party by any lease, sublease, or operating agreement as to all or any part of the lands covered thereby, provided that each party who will or might acquire such working interest by such surrender or by forfeiture as hereafter set forth, is bound by the terms of this agreement.

If as a result of any such surrender, the working interest rights as to such lands become vested in any party other than the fee owner of the unitized substances, said party may forfeit such rights and further benefits from operation hereunder as to said land to the party next in the chain of title who shall be and become the owner of such working interest.

If as the result of any such surrender or forfeiture, working interest rights become vested in the fee owner of the unitized substances, such owner may:

(a) Accept those working interest rights subject to this agreement and the unit operating agreement; or

(b) Lease the portion of such land as is included in a participating area established hereunder subject to this agreement and the unit operating agreement; or

(c) Provide for the independent operation of any party of such land that is not then included within a participating area established hereunder.

If the fee owner of the unitized substances does not accept the working interest rights subject to this agreement and the unit operating agreement or lease such lands as above provided within six months after the surrendered or forfeited working interest rights become vested in the fee owner, the benefits and obligations of operations accruing to such lands under this agreement and the unit operating agreement shall be shared by the remaining owners of unitized working interests in accordance with their respective working interest ownerships, and such owners of working interests shall compensate the fee owner of unitized substances in such lands by paying sums equal to the rentals, minimum royalties, and royalties applicable to such lands under the lease in effect when the lands were unitized.

An appropriate accounting and settlement shall be made for all benefits accruing to or payments and expenditures made or incurred on behalf of such surrendered or forfeited working interest subsequent to the date of surrender or forfeiture, and payment of any moneys found to be owing by such an accounting shall be made as between the parties within thirty (30) days.

The exercise of any right vested in a working interest owner to reassign such working interest to the party from whom obtained shall be subject to the same conditions as set forth in this section in regard to the exercise of a right to surrender.

31. TAXES. The working interest owners shall render and pay for their account and the account of the royalty owners all valid taxes on or measured by the unitized substances in and under or that may be produced, gathered and sold

from the land covered by this agreement after its effective date, or upon the proceeds derived therefrom. The working interest owners of each tract shall and may charge the proper proportion of said taxes to royalty owners having interests in said tract, and may currently retain and deduct a sufficient amount of the unitized substances or derivative products, or net proceeds thereof, from the allocated share of each royalty owner to secure reimbursement for the taxes so paid. No such taxes shall be charged to the United States or the State of New Mexico or to any lessor who has a contract with his lessee which requires the lessee to pay such taxes.

32. NO PARTNERSHIP. It is expressly agreed that the relation of the parties hereto is that of independent contractors and nothing contained in this agreement, expressed or implied, nor any operations conducted hereunder, shall create or be deemed to have created a partnership or association between the parties hereto or any of them.

33. SURFACE AND ENVIRONMENTAL PROTECTION STIPULATIONS. Nothing in this agreement shall modify or change either the special Federal lease stipulations relating to surface management or such special Federal lease stipulations relating to surface and environmental protection, attached to and made a part of, Oil and Gas Leases covering lands within the Unit Area.

UNIT OPERATOR AND
WORKING INTEREST OWNER

McKAY OIL CORPORATION

P.O. Box 2014

Roswell, New M

88202-2014

DATE OF EXECUTION:

6-20-88

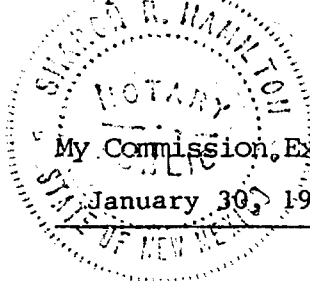
By: [Signature]

Roy I

dent

STATE OF NEW MEXICO)
: SS.
COUNTY OF CHAVES)

The foregoing instrument was acknowledged by me this 20th day of June, 1988, by Roy L. Hamilton, President of McKay Oil Corporation, on behalf of said corporation.



Tracts 1-2-3-4-5-6-7-8-9-10-11-12-13-14-15-16-17-18-19-20-21-22-23-24-25-27-28-29-30-41-43-44-45

Public

CONSENT AND RATIFICATION
WEST FORK UNIT AGREEMENT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the West Fork Unit Area embracing lands situated in Chaves County, New Mexico, which said Agreement is dated the 1st day of May, 1988, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interest to the West Fork Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

INEXCO OIL COMPANY

By:

John A. Williams
John A. Williams
Vice President

INDIVIDUAL

1-2-3-4

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this ____ day of _____, 1988, by _____.

My Commission Expires: _____

Notary Public

CORPORATE

STATE OF Texas)
COUNTY OF Harris) ss.

The foregoing instrument was acknowledged before me this 20th day of June, 1988, by John A. Williams who is Vice President of Inexco Oil Company, a Delaware corporation, for and on behalf of said corporation.

My Commission Expires: 11/5/88

Rebecca K. Jones
Notary Public

REBECCA K. JONES
Notary Public, State of Texas
My Commission Expires November 5, 1988
Bonded by Lovett Agency, Lawyers Surety Corp.



CONSENT AND RATIFICATION
WEST FORK UNIT AGREEMENT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the West Fork Unit Area embracing lands situated in Chaves County, New Mexico, which said Agreement is dated the 1st day of May, 1988, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interest to the West Fork Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

The McKay Children's Trust

By: Doyle L. Howerton
Doyle L. Howerton, Trustee

INDIVIDUAL

Tracts 1-2-3-4-5-6-7-8-9-10-11-12-
13-14-15-16-17-18-19-20-21-
22-23-24-25-27-28-29-30-41-
42-43-44-45

STATE OF New Mexico)
 : ss.
COUNTY OF Chaves)

The foregoing instrument was acknowledged before me this 13th day of June, 1988, by Doyle L. Howerton, Trustee of The McKay Children's Trust, on behalf of said Trust.

My Commission Expires: 1-30-92

Sharon D. Hamilton
Notary Public

CORPORATE

STATE OF _____)
 : ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 1988, by _____ who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

My Commission Expires: _____

Notary Public

CONSENT AND RATIFICATION
WEST FORK UNIT AGREEMENT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the West Fork Unit Area embracing lands situated in Chaves County, New Mexico, which said Agreement is dated the 1st day of May, 1988, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interest to the West Fork Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

TENTRACK USA LIMITED

~~BY:~~

INDIVIDUAL

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this ____ day of _____,
1988, by _____.

My Commission Expires: _____ Notary Public

CORPORATE

STATE OF Calif.)
COUNTY OF San Diego) SS.

The foregoing instrument was acknowledged before me this 23 day of June, 1988, by Douglas E. Hosmer who is General Partner of Seatrack USA Ltd., a partnership corporation, for and on behalf of said corporation. partnership;

My Commission Expires: 10/12/91

Notary Public



CONSENT AND RATIFICATION
WEST FORK UNIT AGREEMENT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the West Fork Unit Area embracing lands situated in Chaves County, New Mexico, which said Agreement is dated the 1st day of May, 1988, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interest to the West Fork Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Ventana Limited Partnership

Roland F. Hoch
J. Robert Johnston
Theodore M. Welp

INDIVIDUAL

Tract #2

STATE OF Arizona)
COUNTY OF Pima) ss.

The foregoing instrument was acknowledged before me this 9th day of June, 1988, by Roland F. Hoch, J. Robert Johnston and Theodore M. Welp.

My Commission Expires: My Commission Expires May 7, 1989

Judy A. Pinedo NKA Judy A. Balgo
Notary Public

CORPORATE

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this ____ day of _____, 1988, by _____ who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

My Commission Expires: _____

Notary Public

CONSENT AND RATIFICATION
WEST FORK UNIT AGREEMENT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the West Fork Unit Area embracing lands situated in Chaves County, New Mexico, which said Agreement is dated the 1st day of May, 1988, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interest to the West Fork Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

LOG Partners

Edward D. P. Lunt
Larry Lunt
Robert P. Lunt

Tracts #5-6-7-8-10-11-12-13-14-15-
17-21-22-23-24-25-27-28-29

INDIVIDUAL

STATE OF NEW MEXICO)
) ss.
COUNTY OF CHAVES)

The foregoing instrument was acknowledged before me this 15th day of June, 1988 by Edward D. P. Lunt, Larry Lunt and Robert P. Lunt of LOG Partners, a Utah General Partnership, on behalf of said partnership.

My Commission Expires:

1-30-92

Sharon R. Hamilton
Notary Public

The foregoing instrument was acknowledged before me this ____ day of _____, 1988, by _____ who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

My Commission Expires: _____

Notary Public

CONSENT AND RATIFICATION
WEST FORK UNIT AGREEMENT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the West Fork Unit Area embracing lands situated in Chaves County, New Mexico, which said Agreement is dated the 1st day of May, 1988, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interest to the West Fork Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

J. G. Roberts

INDIVIDUAL

Tract #19

STATE OF New Mex)
COUNTY OF Chaves) ss.

The foregoing instrument was acknowledged before me this 4th day of June, 1988, by J. G. Roberts for Roberts/Johnson Energy Part.

My Commission Expires: 1-30-92

Sharon A. Hamblen
Notary Public

CORPORATE

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this ____ day of _____, 1988, by _____ who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

My Commission Expires: _____

Notary Public

CONSENT AND RATIFICATION
WEST FORK UNIT AGREEMENT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the West Fork Unit Area embracing lands situated in Chaves County, New Mexico, which said Agreement is dated the 1st day of May, 1988, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interest to the West Fork Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

George H. Kelley
George H. Kelley

Lois L. Kelley
Lois L. Kelley

INDIVIDUAL

Tract #19

STATE OF California)
 : ss.
COUNTY OF San Diego)

The foregoing instrument was acknowledged before me this 6th day of June, 1988, by George H. Kelley and Lois L. Kelley.

My Commission Expires: April 3, 1990

Christine M. Soborski
Notary Public Christine M. Soborski

CORPORATE

STATE OF _____)
 : ss.
COUNTY OF _____)



The foregoing instrument was acknowledged before me this ____ day of _____, 1988, by _____ who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

My Commission Expires: _____

Notary Public

CONSENT AND RATIFICATION
UNIT OPERATING AGREEMENT
FOR THE WEST FORK UNIT AREA
CHAVES COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledges receipt of a copy of the Unit Operating Agreement in connection with the Unit Agreement for the development and operation of the West Fork Unit Area embracing lands situated in Chaves County, New Mexico, which said Agreement is dated the 1st day of May, 1988, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold interests being committed to said Unit Agreement do hereby consent to said Unit Operating Agreement and ratify all the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Operating Agreement or a counterpart thereof.

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

Valent Energy Corporation,
Daphne G. Adams, President

INDIVIDUAL

Tracts 19420

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1988, by _____.

My Commission Expires: _____

Notary Public

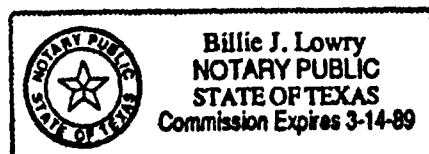
CORPORATE

STATE OF Texas)
COUNTY OF Kaufman) ss.

The foregoing instrument was acknowledged before me this 21 day of June, 1988, by Daphne G. Adams, President of Valent Energy Corporation, a Texas corporation, on behalf of said corporation.

My Commission Expires: 3-14-88

Billie J. Lowry
Notary Public



CONSENT AND RATIFICATION
WEST FORK UNIT AGREEMENT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the West Fork Unit Area embracing lands situated in Chaves County, New Mexico, which said Agreement is dated the 1st day of May, 1988, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interest to the West Fork Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

William C. Lonquist, Jr.
SS #453-30-5621

INDIVIDUAL

STATE OF TEXAS)
COUNTY OF HARRIS)
SS. 454-92-5686

Tracts 5-6-7-8-9-10-11-12-13-
14-15-16-17-18-19-20-21-
22-23-24-25-27-28-29
ORR

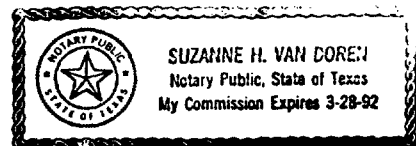
The foregoing instrument was acknowledged before me this 20 day of June, 1988, by William C. Lonquist, Jr.

My Commission Expires: 3/28/92

Suzanne H. Van Doren
Notary Public

CORPORATE

STATE OF _____)
COUNTY OF _____)
SS.



The foregoing instrument was acknowledged before me this ____ day of _____, 1988, by _____ who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

My Commission Expires: _____

Notary Public

CONSENT AND RATIFICATION
WEST FORK UNIT AGREEMENT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the West Fork Unit Area embracing lands situated in Chaves County, New Mexico, which said Agreement is dated the 1st day of May, 1988, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interest to the West Fork Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Millis H. Oakes

Millis H. Oakes
Ss #570-30-2339

INDIVIDUAL

STATE OF TEXAS)
COUNTY OF HARRIS) : ss. 454-92-5686

Tracts 5-6-7-8-9-10-11-12-13-
14-15-16-17-18-19-20-21-
22-23-24-25-27-28-29
ORR

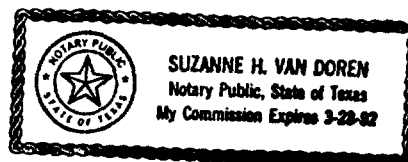
The foregoing instrument was acknowledged before me this 30 day of June, 1988, by Millis H. Oakes

My Commission Expires: 3/28/92

Suzanne H. Van Doren
Notary Public

CORPORATE

STATE OF _____)
COUNTY OF _____) : ss.



The foregoing instrument was acknowledged before me this _____ day of _____, 1988, by _____ who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

My Commission Expires: _____

Notary Public

CONSENT AND RATIFICATION
WEST FORK UNIT AGREEMENT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the West Fork Unit Area embracing lands situated in Chaves County, New Mexico, which said Agreement is dated the 1st day of May, 1988, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interest to the West Fork Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Milton R. Fry
Milton R. Fry
SS #205-44-8467

INDIVIDUAL

Tracts 5-6-7-8-9-10-11-12-13-
14-15-16-17-18-19-20-21-
22-23-24-25-27-28-29
ORR

STATE OF TEXAS)
COUNTY OF HARRIS) : SS. 454-92-5686

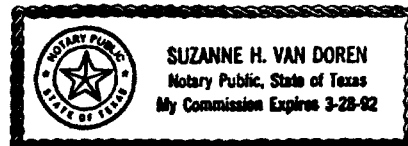
The foregoing instrument was acknowledged before me this 20 day of June, 1988, by Milton R. Fry

My Commission Expires: 3/28/92

Suzanne H. Van Doren
Notary Public

CORPORATE

STATE OF _____)
COUNTY OF _____) : SS.



The foregoing instrument was acknowledged before me this ____ day of _____, 1988, by _____ who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

My Commission Expires: _____

Notary Public

CONSENT AND RATIFICATION
WEST FORK UNIT AGREEMENT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the West Fork Unit Area embracing lands situated in Chaves County, New Mexico, which said Agreement is dated the 1st day of May, 1988, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interest to the West Fork Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Gayle A. Dalton
Gayle A. Dalton
SS #523-54-3062

INDIVIDUAL

Tracts 5-6-7-8-9-10-11-12-13-
14-15-16-17-18-19-20-21-
22-23-24-25-27-28-29

ORR

STATE OF TEXAS)
COUNTY OF HARRIS) : SS. 454-92-5686

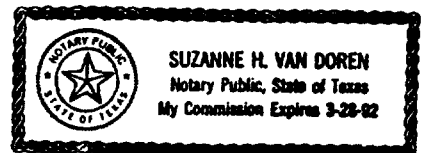
The foregoing instrument was acknowledged before me this 20 day of June, 1988, by Gayle A. Dalton

My Commission Expires: 3/28/92

Suzanne H. Van Doren
Notary Public

CORPORATE

STATE OF _____)
COUNTY OF _____) : SS.



The foregoing instrument was acknowledged before me this ____ day of _____, 1988, by _____ who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

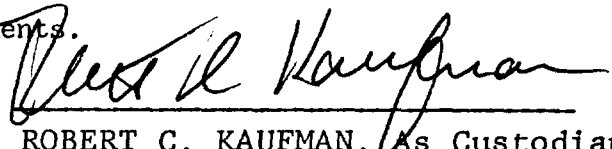
My Commission Expires: _____

Notary Public

CONSENT AND RATIFICATION
WEST FORK UNIT AGREEMENT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the West Fork Unit Area embracing lands situated in Chaves County, New Mexico, which said Agreement is dated the 1st day of May, 1988, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interest to the West Fork Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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



ROBERT C. KAUFMAN, As Custodian
for Matthew Reid Kaufman, under
the "Colorado Uniform Transfers
to Minors Act"

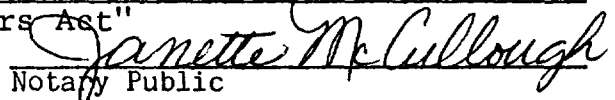
INDIVIDUAL

ORR Tracts 23-24-25

STATE OF COLORADO)
CITY AND : ss.
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 20th day of June, 1988, by ROBERT C. KAUFMAN, As Custodian for Matthew Reid Kaufman, under the "Colorado Uniform Transfers to Minors Act"

My Commission Expires: 2/7/89


Notary Public

CORPORATE

STATE OF _____)
COUNTY OF _____ : ss.

The foregoing instrument was acknowledged before me this ____ day of _____, 1988, by _____ who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

My Commission Expires: _____

Notary Public

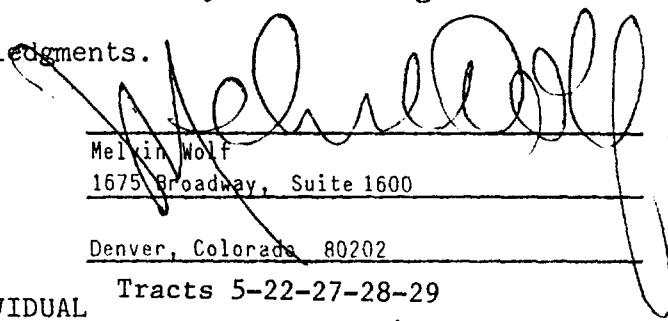
NM-36188
NM-36185
NM-36187

(Wendy Wolf Kaufman)

CONSENT AND RATIFICATION
WEST FORK UNIT AGREEMENT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the West Fork Unit Area embracing lands situated in Chaves County, New Mexico, which said Agreement is dated the 1st day of May, 1988, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interest to the West Fork Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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


Melvin Wolf
1675 Broadway, Suite 1600
Denver, Colorado 80202

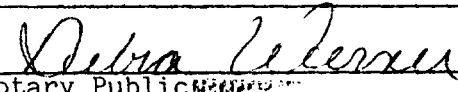
INDIVIDUAL

Tracts 5-22-27-28-29
ORR

STATE OF Colorado)
 : ss.
COUNTY OF Denver)

The foregoing instrument was acknowledged before me this 14 day of June, 1988, by Melvin Wolf

My Commission Expires: June 14, 1989


Notary Public

CORPORATE

Debra Werner
Notary Public, State of Colorado
Suite 1600 Broadway, Denver, Colorado 80202
1988-1989

STATE OF _____)
 : ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 1988, by _____ who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

My Commission Expires: _____

Notary Public

CONSENT AND RATIFICATION
WEST FORK UNIT AGREEMENT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the West Fork Unit Area embracing lands situated in Chaves County, New Mexico, which said Agreement is dated the 1st day of May, 1988, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interest to the West Fork Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Gary C. Mitchell

Tracts 5-6-7-8-9-10-11-12-13-14-15-
16-17-18-19-20-21-22-27-28-29

INDIVIDUAL

STATE OF Colorado)
City of Denver) ss.
COUNTY OF Denver)

ORR

The foregoing instrument was acknowledged before me this 7th day of June, 1988, by Gary C. Mitchell.

My Commission Expires: 8-22-88

Holly K. Young
Notary Public
410-17th Street #830
Denver, CO 80202

CORPORATE

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this ____ day of _____, 1988, by _____ who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

My Commission Expires: _____

Notary Public

CONSENT AND RATIFICATION
WEST FORK UNIT AGREEMENT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the West Fork Unit Area embracing lands situated in Chaves County, New Mexico, which said Agreement is dated the 1st day of May, 1988, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interest to the West Fork Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Ernest P. Otto

Tracts 5-6-7-8-9-10-11-12-13-14-15-
16-17-18-19-20-21-22-27-28-29
INDIVIDUAL ORR

STATE OF COLORADO)
 : ss.
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 7th day of JUNE, 1988, by ERNEST P. OTTO

My Commission Expires: 10-31-90 Damon P. Watson
Notary Public

CORPORATE

STATE OF _____)
 : ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 1988, by _____ who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

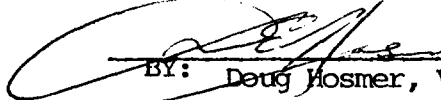
My Commission Expires: _____ Notary Public

CONSENT AND RATIFICATION
WEST FORK UNIT AGREEMENT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the West Fork Unit Area embracing lands situated in Chaves County, New Mexico, which said Agreement is dated the 1st day of May, 1988, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interest to the West Fork Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

ROYALE ENERGY COMPANY


BY: Doug Hosmer, Vice President

Tracts 5-6-7-8-10-11-12-13-14-15-
17-21-22-23-24-25-27-28-29

INDIVIDUAL

OKR

STATE OF California)
 : ss.
COUNTY OF San Diego)

The foregoing instrument was acknowledged before me this 16th day of June, 1988, by _____.

My Commission Expires: _____

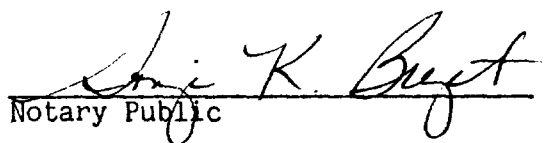
Notary Public

CORPORATE

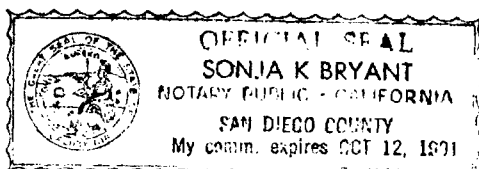
STATE OF California)
 : ss.
COUNTY OF San Diego)

The foregoing instrument was acknowledged before me this 16th day of June, 1988, by Doug Hosmer who is Vice President of Royale Energy Company, a California corporation, for and on behalf of said corporation.

My Commission Expires: _____



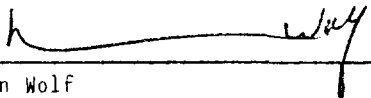
Notary Public



CONSENT AND RATIFICATION
WEST FORK UNIT AGREEMENT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the West Fork Unit Area embracing lands situated in Chaves County, New Mexico, which said Agreement is dated the 1st day of May, 1988, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interest to the West Fork Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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



Marvin Wolf
1675 Broadway, Suite 1600

Denver, Colorado 80202

INDIVIDUAL


Tracts 6-7-8-9-10-11-12-13-14-15-16-17-
18-19-20-21-27-28-29

STATE OF Colorado)
 : ss.
COUNTY OF Denver)



The foregoing instrument was acknowledged before me this 14 day of June, 1988, by Marvin Wolf.

My Commission Expires: June 14, 1989



Notary Public

CORPORATE

Debra Werner
Notary Public, State of Colorado
Suite 1600, Bank Western Tower
1675 Broadway
Denver, Colorado 80202-4616

STATE OF _____)
 : ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 1988, by _____ who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

My Commission Expires: _____

Notary Public

CONSENT AND RATIFICATION
WEST FORK UNIT AGREEMENT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the West Fork Unit Area embracing lands situated in Chaves County, New Mexico, which said Agreement is dated the 1st day of May, 1988, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interest to the West Fork Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Tracts 6-7-8-9-10-11-12-13-14-15-
16-17-18-19-20-21

INDIVIDUAL

STATE OF COLORADO)
COUNTY OF DENVER) ss.

The foregoing instrument was acknowledged before me this 16th day of JUNE, 1988, by LAWRENCE H. WOLF.

My Commission Expires: 3/30/92

Notary Public M. L. Schraeder
2010 E. 17TH AVE.
DENVER, Co. 80206

CORPORATE

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this ____ day of _____, 1988, by _____ who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

My Commission Expires: _____ Notary Public _____

CONSENT AND RATIFICATION
WEST FORK UNIT AGREEMENT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the West Fork Unit Area embracing lands situated in Chaves County, New Mexico, which said Agreement is dated the 1st day of May, 1988, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interest to the West Fork Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Sam H. Gardiner

INDIVIDUAL

Tract #38

STATE OF (New Mexico) : ss.
COUNTY OF (Chaves)

The foregoing instrument was acknowledged before me this 1st day of June, 1988, by Sam H. Gardiner.

My Commission Expires: 3-2-92 Cathy Henderson
Notary Public

CORPORATE

STATE OF _____)
: ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 1988, by _____ who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

My Commission Expires: _____ Notary Public

CONSENT AND RATIFICATION
WEST FORK UNIT AGREEMENT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the West Fork Unit Area embracing lands situated in Chaves County, New Mexico, which said Agreement is dated the 1st day of May, 1988, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interest to the West Fork Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Helen J. Pace

INDIVIDUAL

Tract #42

STATE OF New Mexico)
COUNTY OF Bernalillo) ss.

The foregoing instrument was acknowledged before me this 6th day of June, 1988, by Helen J. Pace

My Commission Expires: 4-18-92

Ruth A. Wiseley
Notary Public

CORPORATE

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this ____ day of _____, 1988, by _____ who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

My Commission Expires: _____

Notary Public

CONSENT AND RATIFICATION
WEST FORK UNIT AGREEMENT
CHAVES COUNTY, NEW MEXICO

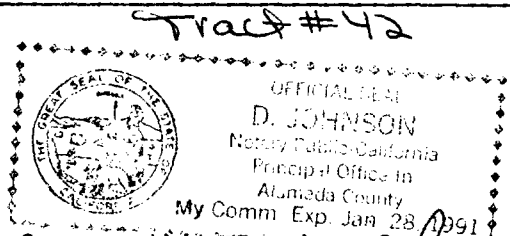
The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the West Fork Unit Area embracing lands situated in Chaves County, New Mexico, which said Agreement is dated the 1st day of May, 1988, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interest to the West Fork Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Price M. Herman Jr.
Margaret Herman

INDIVIDUAL

STATE OF Calif.)
COUNTY OF Alameda) ss.



The foregoing instrument was acknowledged before me this 3rd day of June, 1988, by Price M. Herman, Jr. or Margaret Herman.

My Commission Expires: Jan. 28, 1991

D. Johnson
Notary Public

CORPORATE

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this ____ day of _____, 1988, by _____ who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

My Commission Expires: _____

Notary Public

CONSENT AND RATIFICATION
WEST FORK UNIT AGREEMENT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the West Fork Unit Area embracing lands situated in Chaves County, New Mexico, which said Agreement is dated the 1st day of May, 1988, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interest to the West Fork Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Nellie M. Cullender

INDIVIDUAL

Tract #43

STATE OF New Mex
COUNTY OF Chaves ss.

The foregoing instrument was acknowledged before me this 6th day of June, 1988, by Nellie M. Cullender.

My Commission Expires: 1-30-92

Sharon R. Hamilton
Notary Public

CORPORATE

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1988, by _____ who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

My Commission Expires: _____

Notary Public

CONSENT AND RATIFICATION
WEST FORK UNIT AGREEMENT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the West Fork Unit Area embracing lands situated in Chaves County, New Mexico, which said Agreement is dated the 1st day of May, 1988, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interest to the West Fork Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

INDIVIDUAL Tract 45
Tierra Energy Corporation
Managing General Partner
Natural Gas Drilling Investors 1987-1

STATE OF _____)
COUNTY OF _____) : ss.

The foregoing instrument was acknowledged before me this ____ day of _____, 1988, by _____.

My Commission Expires: _____ Notary Public

CORPORATE

STATE OF NEW MEXICO)
COUNTY OF CHAVES) : ss.

The foregoing instrument was acknowledged before me this 20th day of June, 1988, by Tom C. Berry who is President of Tierra Energy Corporation, a New Mexico corporation, for and on behalf of said corporation, as Managing General Partner of Natural Gas Drilling Investors 1987-1.

My Commission Expires: 1-30-92

Sharon R. Hamelton
Notary Public

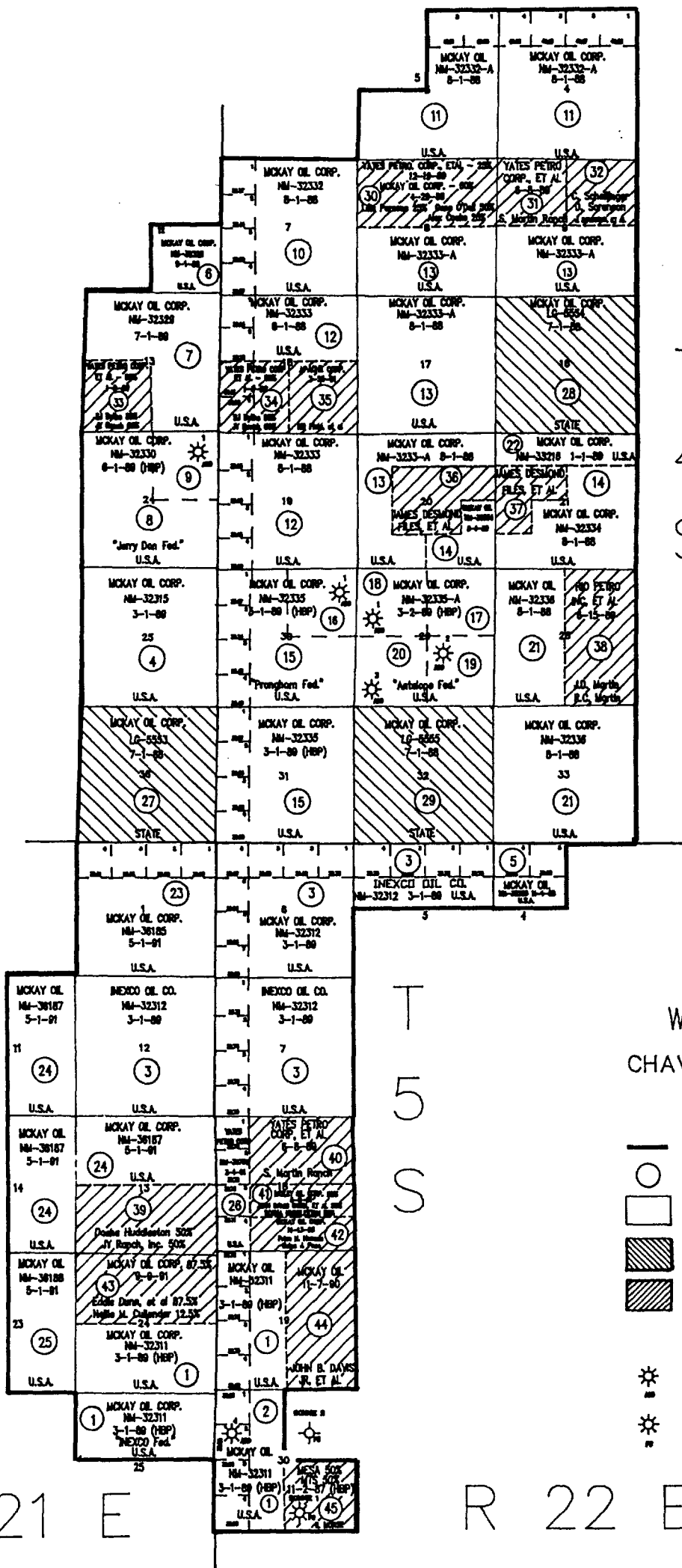


EXHIBIT "A"

WEST FORK UNIT AREA CHAVES COUNTY, NEW MEXICO

- UNIT OUTLINE
- TRACT NUMBER
- FEDERAL LANDS
15,497.31 ACRES, 74.60% OF UNIT AREA
- STATE OF NEW MEXICO LANDS
1,920.00 ACRES, 9.24% OF UNIT AREA
- FEE (Patented) LANDS
3,357.71 ACRES, 16.16% OF UNIT AREA
- TOTAL: 20775.02 ACRES, 100% OF UNIT AREA
- EXISTING ABO GAS WELLS COMPLETED AT DEPTHS ABOVE THAT PRESCRIBED FOR THE 2 INITIAL TEST WELLS
- PRECAMBRIAN TESTS

R 21 E

R 22 E

Schedule of Lands and Leases lying within the proposed West Fork Unit Area, Chaves County, New Mexico

Township 4 & 5 South, Range 21 & 22 East, N.M.P.M.

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	WI OWNER & PERCENTAGE
-----------	------------------	--------------	-------------------------	---------------------------	-------------------------------	----------------	-----------------------

FEDERAL LANDS

1.	T5S-R21E						
	Section 24: S/2	1,118.91	NM-32311	USA - 12.5%	Inexco 011 Company	100%	Inexco 011 Company - 10%
	Section 25: N/2		2-28-89 (HBP)				McKay 011 Corporation
	T5S-R22E						McKay Children's Trust
	Section 19: Lots 1(39.72), 2(39.75), 3(39.79), 4(39.82), E/2W/2						
	Section 30: Lots 3(39.90), 4(39.93), E/2SW/4						
2.	T5S-R22E						
	Section 30: Lots 1(39.85), 2(39.88), E/2NW/4	159.73	NM-32311	USA - 12.5%	Inexco 011 Company	100%	Inexco 011 Company-10%, McKay Children's Tr.-.625%, McKay 011 Corp.-.625%, Ventana Limited Partnership
							McKay 011 Corporation
							Tentrack USA Limited
							50.0%
3.	T5S-R21E						
	Section 12: A11	2,236.08	NM-32312	USA - 12.5%	Inexco 011 Company	100%	Inexco 011 Company - 7.5%
	T5S-R22E		1-28-89				McKay 011 Corporation
	Section 5: Lots 1(39.79), 2(39.77), 3(39.75), 4(39.73), S/2N/2 (N/2)						McKay Children's Trust
	Section 6: Lots 1(39.76), 2(39.82), 3(39.90), 4(39.57), 5(39.64), 6(39.66), 7(39.69), SE/4NW/4, S/2NE/4, E/2SW/4, SE/4 (a11)						
	Section 7: Lots 1(39.71), 2(39.74), 3(39.76), 4(39.79), E/2W/2, E/2 (A11)						

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	MI OWNER & PERCENTAGE		
4.	T4S-R21E								
	Section 25: A11	640.00	NM-32315 2-28-89	USA - 12.5%	Inexco Oil Company	100%	Inexco Oil Co. - 7.5%	Mckay Oil Corporation Mckay Children's Trust	75% 25%
5.	T5S-R22E								
	Section 4: Lots 3(39.90), 4(39.83), S/2NW/4	159.73	NM-32320 10-31-88	USA - 12.5%	Mckay Oil Corporation Mckay Children's Trust	83.125% 16.875%	C. Richard Overly-.16605%, William C. Lonquist, Jr. -.16605%, Mills H. Oakes-.02187%, Gayle A. Dalton-.00729%, Milton R. Fry-.04374%, Melvin Wolf-9%, Gary Mitchell-.66667%, Ernest Otto-.33333%, Mckay Oil Corp.-2.095%, Royale Energy Co.-.75%	Mckay Oil Corporation Mckay Children's Trust LOG Partners	51.875% 41.875% 6.25%
6.	T4S-R21E								
	Section 12: SE/4	160.00	NM-32328 8-31-89	USA - 12.5%	Mckay Oil Corporation Mckay Children's Trust	87.292% 12.708%	C. Richard Overly-.508297%, William C. Lonquist, Jr. -.508297%, Mills H. Oakes-.066946%, Gayle A. Dalton-.022302%, Milton R. Fry-.133893%, Marvin Wolf-3%, Lawrence H. Wolf-5%, Gary Mitchell-.66667%, Ernest Otto-.33333%, Mckay Oil Corp.-2.260265%, Royale Energy Co.-.75%	Mckay Oil Corporation Mckay Children's Trust LOG Partners	51.875% 41.875% 6.25%

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	MI OWNER & PERCENTAGE
7. T4S-R21E							
Section 13: N/2, SE/4							
480.00	NM-32329	6-30-89	USA - 12.5%	McKay Oil Corporation McKay Children's Trust	87.292% 12.708%	C. Richard Overly-.508297%, William C. Lonquist, Jr. -508297%, Mittis H. Oakes-.066946%, Gayle A. Dalton-.022302%, Milton R. Fry-.133893%, Marvin Wolf-3%, Lawrence H. Wolf-5%, Gary Mitchell-.66667%, Ernest Otto-.33333%, McKay Oil Corp.-2.260265%, Royale Energy Co.-.75%	McKay Oil Corporation McKay Children's Trust LOG Partners

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	
-----------	------------------	--------------	-------------------------	---------------------------	-------------------------------	----------------	--

[illegible]

EXHIBIT "B"

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	MI OWNER & PERCENTAGE	
11. T4S-R22E	Section 4: Lots 1(40.22), 2(40.17), 3(40.13), 4(40.08), S/2N/2, S/2 (a11)	1,120.79	NM-32332-A 7-31-88	USA - 12.5%	McKay Oil Corporation McKay Children's Trust	83.125% 16.875%	C. Richard Overly-.16605%, William C. Longquist, Jr. -.16605%, Willits M. Oakes. -.02187%, Gayle A. Dalton-.00729%, Milton R. Fry-.04374%, Marvin Wolf-4%, Lawrence H. Wolf-5%, Gary Mitchell-.66667%, Ernest Otto-.33333%, McKay Oil Corp.-2.095%, Royale Energy Co.-.75%	McKay Oil Corporation McKay Children's Trust LOG Partners
	Section 5: Lots 1(40.08), 2(40.11), S/2NE/4, S/2							
12. T4S-R22E	Section 18: Lots 1(38.64), 2(38.73), E/2NW/4, NE/4	953.73	NM-32333 7-31-88	USA - 12.5%	McKay Oil Corporation McKay Children's Trust	87.292% 12.708%	C. Richard Overly-.508297%, William C. Longquist, Jr. -.508297%, Willits H. Oakes-.066946%, Gayle A. Dalton-.022302%, Milton R. Fry-.133893%, Marvin Wolf-3%, Lawrence H. Wolf-5%, Gary Mitchell-.66667%, Ernest Otto-.33333%, McKay Oil Corp.-2.260265%, Royale Energy Co.-.75%	McKay Oil Corporation McKay Children's Trust LOG Partners
	Section 19: Lots 1(38.98), 2(39.05), 3(39.13), 4(39.20), E/2, E/2W/2 (a11)							

EXHIBIT "B"

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	
13.	T4S-R22E						
	Section 8: S/2	1,600.00	NM-32333-A	USA - 12.5%	McKay Oil Corporation	83.125%	C. Richard Overly-.508297%
	Section 9: S/2		7-31-88		McKay Children's Trust	16.875%	William C. Longquist, Jr.
	Section 17: All						-508297%, Milton R. Fry-.138933%, Marvin Wolf-4%, Lawrence H. Wolf-5%, Gary Mitchell-.66667%, Ernest Otto-.33333%, McKay Oil Corp.-2.260265%, Royale Energy Co.-.75%
	Section 20: N/2N/2, SW/4NW/4, W/2SW/4, SE/4SW/4						
14.	T4S-R22E						
	Section 20: SW/4SE/4, E/2SE/4	480.00	NM-32334	USA - 12.5%	McKay Oil Corporation	83.125%	C. Richard Overly-.16605%, William C. Longquist, Jr.
	Section 21: S/2NE/4, SW/4SW/4, E/2SW/4, SE/4		7-31-88		McKay Children's Trust	16.875%	-16605%, Milton R. Fry-.04374%, Marvin Wolf-4%, Lawrence H. Wolf-5%, Gary Mitchell-.66667%, Ernest Otto-.33333%, McKay Oil Corp.-2.095%, Royale Energy Co.-.75%
							McKay McKay LOG F

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	WI OWNER & PERCENTAGE	
15. T4S-R22E	Section 30: Lots 1(39.27), 2(39.34), 3(39.40), 4(39.48), SE/4, E/2W/2	1,115.69	NM-32335 2-28-89 (HBP)	USA - 12.5%	McKay Oil Corporation McKay Children's Trust	87.292% 12.708%	C. Richard Overly-.508297%, William C. Longquist, Jr. -508297%, McKay Oil Corporation McKay Children's Trust LOG Partners	51.875% 41.875% 6.25%
	Section 31: Lots 1(39.51), 2(39.54), 3(39.56), 4(39.59), E/2, E/2W/2 (a11)						William C. Longquist, Jr. Gayle A. Dalton-.022302%, Milton R. Fry-.133893%, Marvin Wolf-3%, Lawrence H. Wolf-5%, Gary Mitchell-.66667%, Ernest Otto-.33333%, McKay Oil Corp.-2.260265%, Royale Energy Co.-.75%	
16. T4S-R22E	Section 30: NE/4	160.00	NM-32335 2-28-89 (HBP)	USA - 12.5%	McKay Oil Corporation McKay Children's Trust	87.292% 12.708%	C. Richard Overly-.508297%, William C. Longquist, Jr. -508297%, McKay Oil Corporation McKay Children's Trust	82.398% 17.602%
							William C. Longquist, Jr. Gayle A. Dalton-.022302%, Milton R. Fry-.133893%, Marvin Wolf-4%, Lawrence H. Wolf-5%, Gary Mitchell-.66667%, Ernest Otto-.33333%	

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	WI OWNER & PERCENTAGE		
19.	T4S-R22E								
	Section 29: SE/4	160.00	NM-32335-A 2-28-89 (HBP)	USA - 12.5%	McKay Oil Corporation McKay Children's Trust Roberts/Johnson Energy George Kelley	78.125% 16.875% 4.625% .375%	C. Richard Overly-.16605%, William C. Lonquist, Jr. -.16605%, Mittis H. Oakes-.02187%, Gayle A. Dalton-.00729%, Milton R. Fry-.04374%, Marvin Wolf-4%, Lawrence H. Wolf-5%, Gary Mitchell-.66667%, Ernest Otto-.33333%, McKay Oil Corp.-12.095%,	McKay Oil Corporation McKay Children's Trust Concise Oil & Gas Partnership Cumo Resources Ltd. O11Search Corporation Talent Energy Corporation Roberts/Johnson Energy Part. George H. Kelley	73.03125% 4.21875% 7.5% 5.0% .25% 5.0% 4.625% .375%
20.	T4S-R22E								
	Section 29: SW/4	160.00	NM-32335-A 2-28-89 (HBP)	USA - 12.5%	McKay Oil Corporation McKay Children's Trust	83.125% 16.875%	C. Richard Overly-.16605%, William C. Lonquist, Jr. -.16605%, Mittis H. Oakes-.02187%, Gayle A. Dalton-.00729%, Milton R. Fry-.04374%, Marvin Wolf-4%, Lawrence H. Wolf-5%, Gary Mitchell-.66667%, Ernest Otto-.33333%, McKay Oil Corp.-12.095%,	McKay Oil Corporation McKay Children's Trust Concise Oil & Gas Partnership Cumo Resources Ltd. O11Search Corporation Talent Energy Corporation	78.03125% 4.21875% 7.5% 5.0% .25% 5.0%

EXHIBIT "B"

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	MI OWNER & PERCENTAGE
21.	T4S-R22E						
	Section 28: W/2	960.00	NM-32336	USA - 12.5%	McKay Oil Corporation	C. Richard Overly-.16605%, William C. Longquist, Jr. -.16605%, Mills H. Oakes-.02187%, Gayle A. Dalton-.00729%, Milton R. Fry-.04374%, Marvin Wolf-4%, Lawrence H. Wolf-5%, Gary Mitchell-.66667%, Ernest Otto-.33333%, McKay Oil Corp.-2.095%, Royale Energy Co.-.75%	McKay Oil Corporation McKay Children's Trust LOG Partners
	Section 33: All		7-31-88		McKay Children's Trust	16.875%	
22.	T4S-R22E						
	Section 21: N/2N/2	160.00	NM-33216	USA - 12.5%	McKay Oil Corporation	C. Richard Overly-.16605%, William C. Longquist, Jr. -.16605%, Mills H. Oakes-.02187%, Gayle A. Dalton-.00729%, Milton R. Fry-.04374%, Melvin Wolf-9%, Gary Mitchell-.66667%, Ernest Otto-.33333%, McKay Oil Corp.-2.095%, Royale Energy Co.-.75%	McKay Oil Corporation McKay Children's Trust LOG Partners
			12-31-88		McKay Children's Trust	16.875%	

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	MI OWNER & PERCENTAGE		
23.	T5S-R21E								
	Section 1: Lots 1(39.98), 2(39.95), 3(39.93), 4(39.91), S/2N/2, S/2 (a11)	639.77	NM-36185 4-30-91	USA - 12.5%	McKay Oil Corporation McKay Children's Trust	87.292% 12.708%	C. Richard Overly-.508297%, William C. Lonquist, Jr -.508297%, Mittis H. Oakes-.066946%, Gayle A. Dalton-.022302%, Milton R. Fry-.133893%, Wendy Wolf Kaufman-9%, McKay Oil Corp.-2.260265%, Royale Energy Co.-.75%	McKay Oil Corporation McKay Children's Trust LOG Partners	51.875% 41.875% 6.25%
24.	T5S-R21E								
	Section 11: E/2	960.00	NM-36187 4-30-91	USA - 12.5%	McKay Oil Corporation McKay Children's Trust	87.292% 12.708%	C. Richard Overly-.508297%, William C. Lonquist, Jr. -.508297%, Mittis H. Oakes-.066946%, Gayle A. Dalton-.022302%, Milton R. Fry-.133893%, Wendy Wolf Kaufman-9%, McKay Oil Corp.-2.260265%, Royale Energy Co.-.75%	McKay Oil Corporation McKay Children's Trust LOG Partners	51.875% 41.875% 6.25%
	Section 13: N/2								
	Section 14: E/2								

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	MI OWNER & PERCENTAGE
25.	T5S-R21E Section 23: E/2	320.00	NM-36188 4-30-91	USA - 12.5%	McKay Oil Corporation McKay Children's Trust	87.292% 12.708%	C. Richard Overly-.508297%, William C. Lonquist, Jr. -.508297%, Milton H. Oakes-.066946%, Gayle A. Dalton-.022302%, Milton R. Fry-.133893%, Wendy Wolf Kaufman-9%, McKay Oil Corp.-2.260265%, Royale Energy Co.-.75%
							McKay Oil Corporation McKay Children's Trust LOG Partners 51.875% 41.875% 6.25%
26.	T5S-R22E Section 18: Lots 1(39.79), 2(39.76), 3(39.74), 4(39.71)	159.00	NM-36700 2-28-91	USA - 12.5%	Yates Petroleum Corp.	100%	none
							Yates Petroleum Corp. 100%

TOTAL FEDERAL LANDS, 26 TRACTS, 15,497.31 ACRES

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	MI OWNER & PERCENTAGE
STATE OF NEW MEXICO LANDS							
27.	T4S-R21E						
	Section 36: A11	640.00	LG-5553-3 7-01-88	State of N.M.-12.5% McKay Oil Corporation	100%	C. Richard Overly-.508297%, William C. Lonquist, Jr. -.508297%, Willits H. Oakes-.066946%, Gayle A. Dalton-.022302%, Milton R. Fry-.133893%, Melvin & Marvin Wolf-8%, Gary Mitchell-.66667%, Ernest Otto-.33333%, McKay Oil Corp.-2.260265%, Royale Energy Co.-.75%	McKay Oil Corporation McKay Children's Trust LOG Partners 51.875% 41.875% 6.25%
28.	T4S-R22E						
	Section 16: A11	640.00	LG-5554-3 7-01-88	State of N.M.-12.5% McKay Oil Corporation	100%	C. Richard Overly-.16607%, William C. Lonquist, Jr. -.16607%, Willits H. Oakes-.02187%, Gayle A. Dalton-.00729%, Milton R. Fry-.04374%, Melvin & Marvin Wolf-9%, Gary Mitchell-.66667%, Ernest Otto-.33333%, McKay Oil Corp.-2.095%, Royale Energy Co.-.75%	McKay Oil Corporation McKay Children's Trust LOG Partners 51.875% 41.875% 6.25%

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	WI OWNER & PERCENTAGE
-----------	------------------	--------------	-------------------------	---------------------------	-------------------------------	----------------	-----------------------

29. T4S-R22E

Section 32: A11

640.00 LG-5555-3 State of N.M.-12.5% McKay 011 Corporation 100%

7-01-88

C. Richard Overly-.16605%, William C. Longquist, Jr. -.16605%, Mittis H. Oakes-.02187%, Gayle A. Dalton-.00729%, Milton R. Fry-.04374%, Melvin & Marvin Wolf-9%, Gary Mitchell-.66667%, Ernest Otto-.33333%, McKay 011 Corp.-2.095%, Royale Energy Co.-.75%	McKay 011 Corporation McKay Children's Trust LOG Partners	51.875% 41.875% 6.25%
---	---	-----------------------------

TOTAL STATE OF NEW MEXICO LANDS, 3 TRACTS, 1,920.00 ACRES

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	WI OWNER & PERCENTAGE
FEE (PATENTED) LANDS							
30.	T4S-R22E Section 8: N/2	320.00	(80.00) open *	Lots Merle Parsons			
							Unleased
					(160.00) 50% 12-19-89 Gene O'Dell & wf. Coreene - 12.5%	Yates Petroleum Corporation 70% Yates Drilling Company 10% ABO Petroleum Corporation 10% Estate of Martin Yates III 10%	Yates Petroleum Corp. 17% Yates Drilling Company 2% ABO Petroleum Corporation 2% Estate of Martin Yates III 2%
					50% 4-29-89 Gene O'Dell & wf. Coreene - 25%	McKay Oil Corporation 75% McKay Children's Trust 25%	McKay Oil Corporation 37% McKay Children's Trust 12%
					(80.00) 4-29-89 Alex Cooke Estate - 25%	McKay Oil Corporation 75% McKay Children's Trust 25%	100%
31.	T4S-R22E Section 9: NW/4	160.00	6-08-89	The S. Martin Ranch, Yates Petroleum Corporation Inc., - 12.5%			
							Yates Petroleum Corp. 40% Yates Drilling Company 20% ABO Petroleum Corporation 20% Myco Industries, Inc. 20%
							Yates Petroleum Corp. 40% Yates Drilling Company 20% ABO Petroleum Corporation 20% Myco Industries, Inc. 20%
							100%

* open refers to unleased mineral interests

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	WI OWNER & PERCENTAGE
32. T4S-R22E Section 9: NE/4							
		160.00					Unleased
		(80.00)	open	John G. Boydston			
		(20.00)	open	Paul Boydston			
		(20.00)	open	Steven Boydston			
		(20.00)	open	Benjamin Boydston			
		(10.00)	open	Carl A. Schellinger			
		(10.00)	open	David J. Sorenson			
33. T4S-R21E Section 13: SW/4							
		160.00					
		(80.00)	open	J Y Ranch, Inc.			Unleased
		(80.00)	1-9-90	Jay Blythe, Ota J. Jones, Faye Akin Blythe, Ann Blythe Anderson, Fannie Lee B. Johnson, Christine B. Miller, Ethel B. Henderson, May Blythe (Heirs of S. J. and Tennie Blythe, Deceased)	Yates Petroleum Corporation Yates Drilling Company ABO Petroleum Corporation Estate of Martin Yates III	70% 10% 10% 10%	Yates Petroleum Corp. Yates Drilling Company ABO Petroleum Corporation Estate of Martin Yates III
						none	35% 5% 5% 5%
							100%
							- 12.5%

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	WI OWNER & PERCENTAGE
34. T4S-R22E Section 18: Lots 3(38.81), 4(38.90), E/2SW/4		157.71					
		(78.855)	1-09-90	Heirs of S. J. & Tennie E. Blythe, h&w, both dec. (same as Tract 33 above)	Yates Petroleum Corporation	70%	Yates Petroleum Corp.
					Yates Drilling Company	10%	Yates Drilling Company
					ABO Petroleum Corporation	10%	ABO Petroleum Corporation
					Estate of Martin Yates III	10%	Estate of Martin Yates III
				- 12.5%			5%
		(78.855) open		J Y Ranch, Inc.			Unleased
							<u>50%</u>
							100%
35. T4S-R22E Section 18: SE/4		160.00					
		(100.00) open		Estate of H.R. Field, Deceased			Unleased
				Mable Field			
		(6.67)	3-26-91	Omassa Field, widow	Apache Corporation	100%	Apache Corporation
				- 12.5%			<u>4.17%</u>
		(6.67) open		Virginia Pearl Irwin, Deceased			100%
		(6.66) open		David J. Field			
		(20.00) open		Estate of Tyson M. Field			
		(20.00) open		07 Ranch Mineral Limited Partnership			

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	WI OWNER & PERCENTAGE
40.	T5S-R22E						
	Section 18: NE/4, E/2NW/4	240.00	6-8-89	The S. Martin Ranch, Inc. - 12.5%	Yates Petroleum Corp, Yates Drilling Company ABO Petroleum Corporation Myco Industries, Inc.	40% 20% 20% 20%	Yates Petroleum Corp. Yates Drilling Company ABO Petroleum Corp. Myco Industries, Inc.
							40% 20% 20% <u>20%</u>
41.	T5S-R22E						
	Section 18: NE/4SW/4, N/2SE/4	120.00					
		(60.00)	6-08-91	Jean Davis Owen, Jane Davis Bowers, James W. Davis and John A. Davis-12.5%	McKay Oil Corporation McKay Children's Trust	75% 25%	McKay Oil Corporation McKay Children's Trust
							37.5% 12.5%
		(60.00)	open	Dosha Huddleston			Unleased
							<u>50%</u> 100%
42.	T5S-R22E						
	Section 18: SE/4SW/4, S/2SE/4	120.00	11-13-90	Price M. Hannan & Helen J. Pace - 12.5%	McKay Oil Corporation McKay Children's Trust	75% 25%	McKay Oil Corporation McKay Children's Trust
							75% <u>25%</u> 100%

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	MI OWNER & PERCENTAGE
43.	T5S-R21E Section 24: N/2	320.00	9-09-91	Eddie Allen Dunn -41%, James H. Walker III-16.4%, Dorothea A. Walker-16.4%, Ruth C. Dunn, Trustee for Terry Lee Cullender 13.7% of 12.5%	McKay Oil Corporation McKay Children's Trust	75% 25%	none McKay Oil Corporation McKay Children's Trust
							65.63% 21.87%
44.	T5S-R22E Section 19: E/2	320.00	11-07-90	John B. Davis, Jr., Roger Davis and Norman N. Davis - 12.5%	McKay Oil Corporation McKay Children's Trust	75% 25%	none McKay Oil Corporation McKay Children's Trust
							75% 25%
							100%

(40.00) open

Nettie M. Cullender

Unleased

12.5%

100%

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	MI OWNER & PERCENTAGE
45.	T5S-R22E						
	Section 30: SE/4	160.00	11-2-87 (HBP)	I.L. Morse - 12.5%	Mesa Operating Ltd. Partnership Sequoia Associates, Ltd. Texaco, Inc.	77.5% 10.0% 12.5%	Mesa Operating Ltd. Partnership-4%, Sequoia Associates Ltd.-4%, Texaco, Inc. 4%, Los Siete Exploration, Inc.-2%, Newkirk Royalty Trust-4.25%, Armstrong Equities, et al-3.375%
							McKay Oil Corporation McKay Children's Trust Natural Gas Drilling Investors 1987-1
							56.25% 18.75% <u>25.0%</u> 100%

TOTAL FEE (PATENTED) LANDS, 16 TRACTS, 3,357.71 ACRES

RECAPITULATION					
FEDERAL LANDS				15,497.31 ACRES	74.6% OF UNIT AREA
STATE LANDS				1,920.00 ACRES	9.2% OF UNIT AREA
FEE LANDS				3,357.71 ACRES	16.2% OF UNIT AREA
TOTAL UNIT ACREAGE				20,775.02 ACRES	100% OF UNIT AREA

OCD

Unit Name West Fork Unit Agreement (Exploratory)
Operator McKay Oil Corporation
County Chaves

DATE	OCC CASE NO. 9380	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	INDIAN-FEE	SEGREGATION CLAUSE	TERM
APPROVED	OCC ORDER NO. R-8681							
OCD: July 1, 1988		July 29, 1988	20,775.02	1,920.00	15,497.31	-0-	3,357.71	Modified
CPL: June 29, 1988								5 yrs & so
BLM: June 30, 1988								long as

UNIT AREA

T-4S-21E, NMPM

Sec. 12: SE $\frac{1}{4}$
Secs. 13, 24, 25, 36: All

T-4S-22E, NMPM

Sec. 4: All
Sec. 5: E $\frac{1}{2}$, SW $\frac{1}{4}$
Secs. 7, 8, 9, 16, 17, 18, 19, 20, 21, 28, 29, 30, 31, 32, 33: All

T-5S-21E, NMPM

Sec. 11: E $\frac{1}{2}$
Sec. 14: E $\frac{1}{2}$
Sec. 23: E $\frac{1}{2}$
Secs. 1, 12, 13, 24: All
Sec. 25: N $\frac{1}{2}$

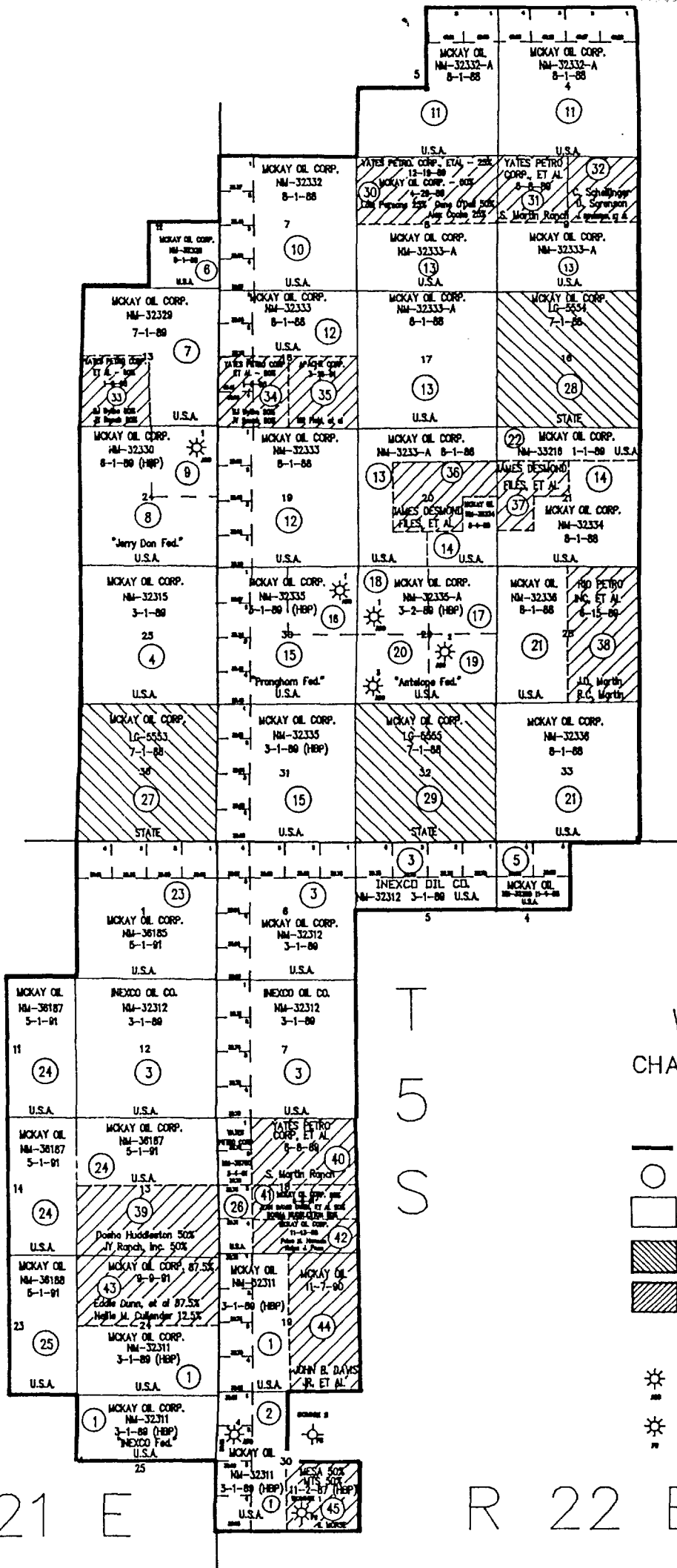
T-5S-, R-22E NMPM

Sec. 4: NW $\frac{1}{4}$
Sec. 5: N $\frac{1}{2}$
Secs. 6, 7, 18, 19: All
Sec. 30: W $\frac{1}{2}$, SE $\frac{1}{4}$

Unit Name
Operator
County

West Fork Unit Agreement (Exploratory)
McKay Oil Corporation
Chaves

STATE TRACT NO.	LEASE NO.	INSTI-TUTION	SEC.	TWP.	RGE.	SUBSECTION	RATIFIED DATE	ACRES	ACREAGE NOT RATIFIED
27	LG-5553-3	C. S.	36	4S	21E	A11	6/20/88	640.00	McKay Oil
28	LG-5554-3	C. S.	16	4S	22E	A11	6/20/88	640.00	McKay Oil
29	LG-5555-3	C. S.	32	4S	22E	A11	6/20/88	640.00	McKay Oil



T
4
S

EXHIBIT "A"

WEST FORK UNIT AREA CHAVES COUNTY, NEW MEXICO

- UNIT OUTLINE
- TRACT NUMBER
- FEDERAL LANDS
15,497.31 ACRES, 74.60% OF UNIT AREA
- STATE OF NEW MEXICO LANDS
1,920.00 ACRES, 9.24% OF UNIT AREA
- FEE (Patented) LANDS
3,357.71 ACRES, 16.16% OF UNIT AREA
- TOTAL: 20775.02 ACRES, 100% OF UNIT AREA
- EXISTING ABO GAS WELLS COMPLETED AT DEPTHS ABOVE
THAT PRESCRIBED FOR THE 2 INITIAL TEST WELLS
- PRECAMBRIAN TESTS

R 21 E

R 22 E



July 5, 1938

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

Re: CASE NO. 9380
ORDER NO. R-8681

Applicant:

McKay Oil Corporation

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Florence Davidson

FLORENE DAVIDSON
OC Staff Specialist

Hobbs OCD	<u>X</u>
Artesia OCD	<u>X</u>
Aztec OCD	

Other _____

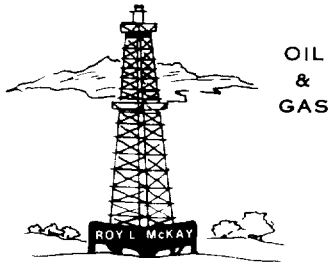
9380

McKay Oil Corporation

ROY L. MCKAY, PRESIDENT

MAILING ADDRESS: P.O. BOX 2014 ROSWELL, N.M. 88202 • TELEPHONE 505/623-4735

STREET ADDRESS: ONE MCKAY PLACE ROSWELL, N.M. 88201 • FAX NO. 505/624-2202



5-21-93
D-Unit letters
TGA
Ry

May 7, 1993

Joe G. Lara
Assistant District Manager, Minerals
Bureau of Land Management
P.O. Box 1397
Roswell, New Mexico 88201-1397

Commissioner of Public Lands
P.O. Box 1148
Santa Fe, New Mexico 87504-1148

Oil Conservation Division
New Mexico Department of Energy & Minerals
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

REFERENCE: Plan of Development
West Fork Unit
Chaves County, New Mexico

Gentlemen:

McKay Oil Corporation, as Unit Operator of the West Fork Unit Agreement dated May 1, 1988, pursuant to the provisions of Section 10 thereof, respectfully submits for your approval this Plan of Development describing all anticipated unit operations for the next twelve months.

SUMMARY OF 1989 OPERATIONS:

No additional wells were drilled within the unit area. The Inexco Fed. #4 produced approximately 11,060 MCFs of gas in 1992, the West Fork Fed. #1 produced approximately 1482.4 MCFs in 1992, and the Antelope Fed. #3 well produced approximately 2,229.6 MCFs in 1992.

Bureau of Land Management
Commissioner of Public Lands
Oil Conservation Commission
May 7, 1993
page 2 of 2

PLAN OF DEVELOPMENT - 1993:

McKay Oil Corporation has reviewed the logs on the West Fork Fed. #1 well and anticipates an attempted recompletion of this well during 1993. The zone targeted for the recompletion attempt is the PreCambrian formation which will necessitate the deepening of the well.

McKay Oil Corporation is reviewing the geology in this area to determine additional drilling locations in the Unit Area. We will be prepared to begin drilling additional unit wells when the demand for natural gas and the market price are sufficient to justify drilling and producing wells within the unit area.

There has been no change in the Unit Participating Areas.

McKay Oil Corporation respectfully requests approval of this 1993 Plan of Development.

Very truly yours,

MCKAY OIL CORPORATION

A handwritten signature in cursive script, reading "Bill J. Milstead".

Bill J. Milstead
Manager - Land



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

SLO REF NO. OG-1308

May 24, 1993

McKay Oil Corporation
P.O. Box 2014
Roswell, New Mexico 88202

Attn: Mr. Bill J. Milstead

Re: 1993 Plan of Development
West Fork Unit
Chaves County, New Mexico

Gentlemen:

The Commissioner of Public Lands has this date approved the above captioned Plan of Development. Our approval is subject to like approval by all other appropriate agencies.

The possibility of drainage by wells outside of the Unit Area and the need for further development of the unit may exist. You will be contacted at a later date regarding these possibilities.

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

Very truly yours,

RAY B. POWELL, JR.
COMMISSIONER OF PUBLIC LANDS

BY: *Ami Bailey for F.O.P.*
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

RBP/FOP/pm
cc: OCD ✓
BLM



9380

State of New Mexico
Commissioner of Public Lands

RAY POWELL, M.S., D.V.M.
COMMISSIONER

310 OLD SANTA FE TRAIL P.O. BOX 1148

(505) 827-5760
FAX (505) 827-5766

September 6, 1994

SANTA FE, NEW MEXICO 87504-1148

McKay Oil Corporation
P. O. Box 2014
Roswell, New Mexico 88202

Attn: Mr. Bill J. Milstead

Re: Automatic Contraction
West Fork Unit
Chaves County, New Mexico

Dear Mr. Milstead:

This office is in receipt of your letter of July 25, 1994, together with revised Exhibits "A" and "B" reflecting the lands remaining in the West Fork Unit following the automatic elimination effective October 18, 1993.

Please be advised that these revised exhibits are hereby accepted for record and have been filed in our unit file.

The lands remaining following the contraction are described as follows:

Tract 29. NW/4 Section 32-4S-22E, containing 160.00 Acres.
Tract 2. Lots 1, 2, E/2NW/4 Sec. 30-5S-22E, containing 160.00 Acres.

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

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 

FLOYD O. PRANDO, Director
Oil/Gas and Minerals Division
(505) 827-5744
RP/FOP/pm

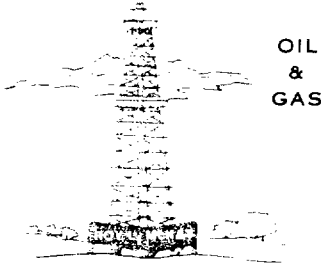
cc: Reader File, OCD, BLM-Roswell Attn: Ms. Alexis Swoboda

McKay Oil Corporation

ROY L. MCKAY, PRESIDENT

MAILING ADDRESS: P.O. BOX 2014 ROSWELL, N.M. 88202 • TELEPHONE 505 / 623 - 4735

STREET ADDRESS: ONE MCKAY PLACE ROSWELL, N.M. 88201 • FAX NO. 505 / 624 - 2202



July 25, 1994

Commissioner of Public Lands
P.O. Box 1148
Santa Fe, New Mexico 87504-1148

Oil Conservation Division
New Mexico Department of Energy & Minerals
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

REFERENCE: Automatic Contraction *EFF: 10/18/93*
West Fork Unit
Chaves County, New Mexico

Gentlemen:

Enclosed please find the revised Exhibit "A" and Exhibit "B" for the captioned Unit. These should be substituted for the Exhibits "A" and "B" you received last week.

I apologize for any inconvenience this may have caused.

Very truly yours,

MCKAY OIL CORPORATION

A handwritten signature in cursive script that reads "Bill J. Milstead".

Bill J. Milstead
Land Manager

enclosures

T
4
S

MCKAY OIL CORP.
LG-5555
7-1-88
32

①

STATE



R 21 E

R 22 E

EXHIBIT "A"

WEST FORK UNIT AREA

CHAVES COUNTY, NEW MEXICO

T
5
S

MCKAY OIL
NM-32311

② 30

3-1-89(HH/P)



UNIT OUTLINE
TRACT NUMBER
FEDERAL LANDS
APPROX. 160.00 ACRES, 50.00% OF UNIT AREA
STATE OF NEW MEXICO LANDS
APPROX. 160.00 ACRES, 50.00% OF UNIT AREA
TOTAL: APPROX. 320.00 ACRES, 100.00% OF UNIT AREA
UNIT WELLS

EXHIBIT "B"

Schedule of Lands and Leases within the West Fork Unit Area, Chaves County, New Mexico

Township 4 & 5 South, Range 21 & 22 East, N.M.P.M.

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	WI OWNER & PERCENTAGE
STATE OF NEW MEXICO LANDS							
T4S-R22E Section 32: NW/4	640-00	LG-5555-3	State of N.M.-12.5%	McKay Oil Corporation	100%	C. Richard Overly-.16605% William C. Longquist, Jr. -16605% Millis H. Oakes-.02187% Gayle A. Dalton-.00729% Milton R. Fry-.04374% Melvin & Marvin Wolf-9% Gary Mitchell-.66667% Ernest Otto-.33333% McKay Oil Corp.-2.095% Royale Energy Co.-.75%	McKay Oil Corporation 58.125% McKay Children's Trust 41.875%

TOTAL STATE OF NEW MEXICO LANDS, 1 TRACT, 160.00 ACRES

EXHIBIT "B"

Schedule of Lands and Leases within the West Fork Unit Area, Chaves County, New Mexico

Township 4 & 5 South, Range 21 & 22 East, N.M.P.M.

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	WI OWNER & PERCENTAGE
FEDERAL LANDS							
2.	T5S-R22E Section 30: Lots 1, 2, E/2NW/4	160.00	NM-32311	USA - 12.5%	Inexco Oil Company 100 %	Inexco Oil Company - 10%	McKay Oil Corporation 75 % McKay Children's Trust 25%

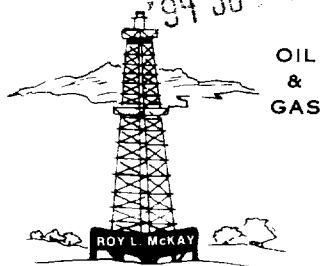
TOTAL FEDERAL LANDS, 1 TRACT, 160.00 ACRES

McKay Oil Corporation

ROY L. MCKAY, PRESIDENT

MAILING ADDRESS: P.O. BOX 2014 ROSWELL, N.M. 88202 • TELEPHONE 505 / 623 - 4735

STREET ADDRESS: ONE MCKAY PLACE ROSWELL, N.M. 88201 • FAX NO. 505 / 624 - 2202



July 25, 1994

Commissioner of Public Lands
P.O. Box 1148
Santa Fe, New Mexico 87504-1148

Oil Conservation Division
New Mexico Department of Energy & Minerals
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

REFERENCE: Automatic Contraction
West Fork Unit
Chaves County, New Mexico

Gentlemen:

Enclosed please find the revised Exhibit "A" and Exhibit "B" for the captioned Unit. These should be substituted for the Exhibits "A" and "B" you received last week.

I apologize for any inconvenience this may have caused.

Very truly yours,

MCKAY OIL CORPORATION

Bill J. Milstead
Land Manager

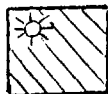
enclosures

T
4
S

MCKAY OIL CORP.
LG-5555
7-1-88
32



STATE



R 21 E

R 22 E

EXHIBIT "A"

WEST FORK UNIT AREA

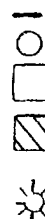
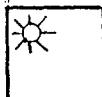
CHAVES COUNTY, NEW MEXICO

T
5
S

MCKAY OIL
NM-32311

② 30

3-1-89(HBP)



UNIT OUTLINE
TRACT NUMBER
FEDERAL LANDS
APPROX. 160.00 ACRES, 50.00% OF UNIT AREA
STATE OF NEW MEXICO LANDS
APPROX. 160.00 ACRES, 50.00% OF UNIT AREA
TOTAL: APPROX. 320.00 ACRES, 100.00% OF UNIT AREA
UNIT WELLS

EXHIBIT "B"

Schedule of Lands and Leases within the West Fork Unit Area, Chaves County, New Mexico

Township 4 & 5 South, Range 21 & 22 East, N.M.P.M.

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	WI OWNER & PERCENTAGE
STATE OF NEW MEXICO LANDS							
1.	T4S-R22E						
	Section 32: NW/4	640.00	LG-5555-3	State of N.M.-12.5 %	McKay Oil Corporation 100 %	C. Richard Overly-.16605 % William C. Lonquist, Jr. -.16605 % Millis H. Oakes-.02187 % Gayle A. Dalton-.00729 % Milton R. Fry-.04374 % Melvin & Marvin Wolf-9 % Gary Mitchell-.66667 % Ernest Otto-.33333 % McKay Oil Corp.-2.095 % Royale Energy Co.-.75 %	McKay Oil Corporation 58.125 % McKay Children's Trust 41.875 %

TOTAL STATE OF NEW MEXICO LANDS, 1 TRACT, 160.00 ACRES

EXHIBIT "B"

Schedule of Lands and Leases within the West Fork Unit Area, Chaves County, New Mexico

Township 4 & 5 South, Range 21 & 22 East, N.M.P.M.

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	WI OWNER & PERCENTAGE
FEDERAL LANDS							
2.	T5S-R22E						
	Section 30: Lots 1, 2, E/2NW/4	160.00	NM-32311	USA - 12.5%	Inexco Oil Company 100%	Inexco Oil Company - 10%	McKay Oil Corporation 75% McKay Children's Trust 25%

TOTAL FEDERAL LANDS, 1 TRACT, 160.00 ACRES

T
4
S

MCKAY OIL CORP.
LG-5555
7-1-88
32

①

STATE



R 21 E

R 22 E

EXHIBIT "A"

WEST FORK UNIT AREA

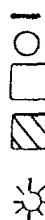
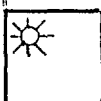
CHAVES COUNTY, NEW MEXICO

T
5
S

MCKAY OIL
NM-32311

② 30

3-1-89(HBP)



UNIT OUTLINE
TRACT NUMBER
FEDERAL LANDS
APPROX. 160.00 ACRES, 50.00% OF UNIT AREA
STATE OF NEW MEXICO LANDS
APPROX. 160.00 ACRES, 50.00% OF UNIT AREA
TOTAL: APPROX. 320.00 ACRES, 100.00% OF UNIT AREA
UNIT WELLS

EXHIBIT "B"

Schedule of Lands and Leases within the West Fork Unit Area, Chaves County, New Mexico

Township 4 & 5 South, Range 21 & 22 East, N.M.P.M.

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	WI OWNER & PERCENTAGE
STATE OF NEW MEXICO LANDS							
1.	T4S-R22E						
	Section 32: NW/4	640.00	LG-5555-3	State of N.M.-12.5%	McKay Oil Corporation 100%	C. Richard Overly-.16605% William C. Lonquist, Jr. -16605% Millis H. Oakes-.02187% Gayle A. Dalton-.00729% Milton R. Fry-.04374% Melvin & Marvin Wolf-9% Gary Mitchell-.66667% Ernest Otto-.33333% McKay Oil Corp.-2.095% Royale Energy Co.-.75%	McKay Oil Corporation 58.125% McKay Children's Trust 41.875%

TOTAL STATE OF NEW MEXICO LANDS, 1 TRACT, 160.00 ACRES

EXHIBIT "B"

Schedule of Lands and Leases within the West Fork Unit Area, Chaves County, New Mexico

Township 4 & 5 South, Range 21 & 22 East, N.M.P.M.

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	WI OWNER & PERCENTAGE
FEDERAL LANDS							
2.	T5S-R22E						
	Section 30: Lots 1, 2, E/2NW/4	160.00	NM-32311	USA - 12.5%	Inexco Oil Company 100%	Inexco Oil Company - 10%	McKay Oil Corporation 75% McKay Children's Trust 25%

TOTAL FEDERAL LANDS, 1 TRACT, 160.00 ACRES

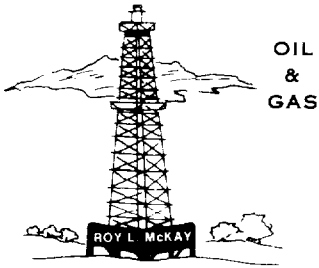
CONSERVATION DIVISION
ED 11-150

McKay Oil Corporation

ROY L. MCKAY, PRESIDENT

MAILING ADDRESS: P.O. BOX 2014 ROSWELL, N.M. 88202 • TELEPHONE 505 / 623 - 4735

STREET ADDRESS: ONE MCKAY PLACE ROSWELL, N.M. 88201 • FAX NO. 505 / 624 - 2202



July 18, 1994

Commissioner of Public Lands
P.O. Box 1148
Santa Fe, New Mexico 87504-1148

Oil Conservation Division
New Mexico Department of Energy & Minerals
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

REFERENCE: West Fork Unit
Chaves County, New Mexico


Gentlemen:

Enclosed please find a new Exhibit "A" and Exhibit "B" for the captioned unit. The unit has been contracted down to the participating area or lease which unit wells have been drilled on.

If you have any questions please feel free to contact the undersigned.

Very truly yours,

MCKAY OIL CORPORATION


Bill J. Milstead
Land Manager

enclosures

T
4
S

T
5
S

R 21 E

R 22 E

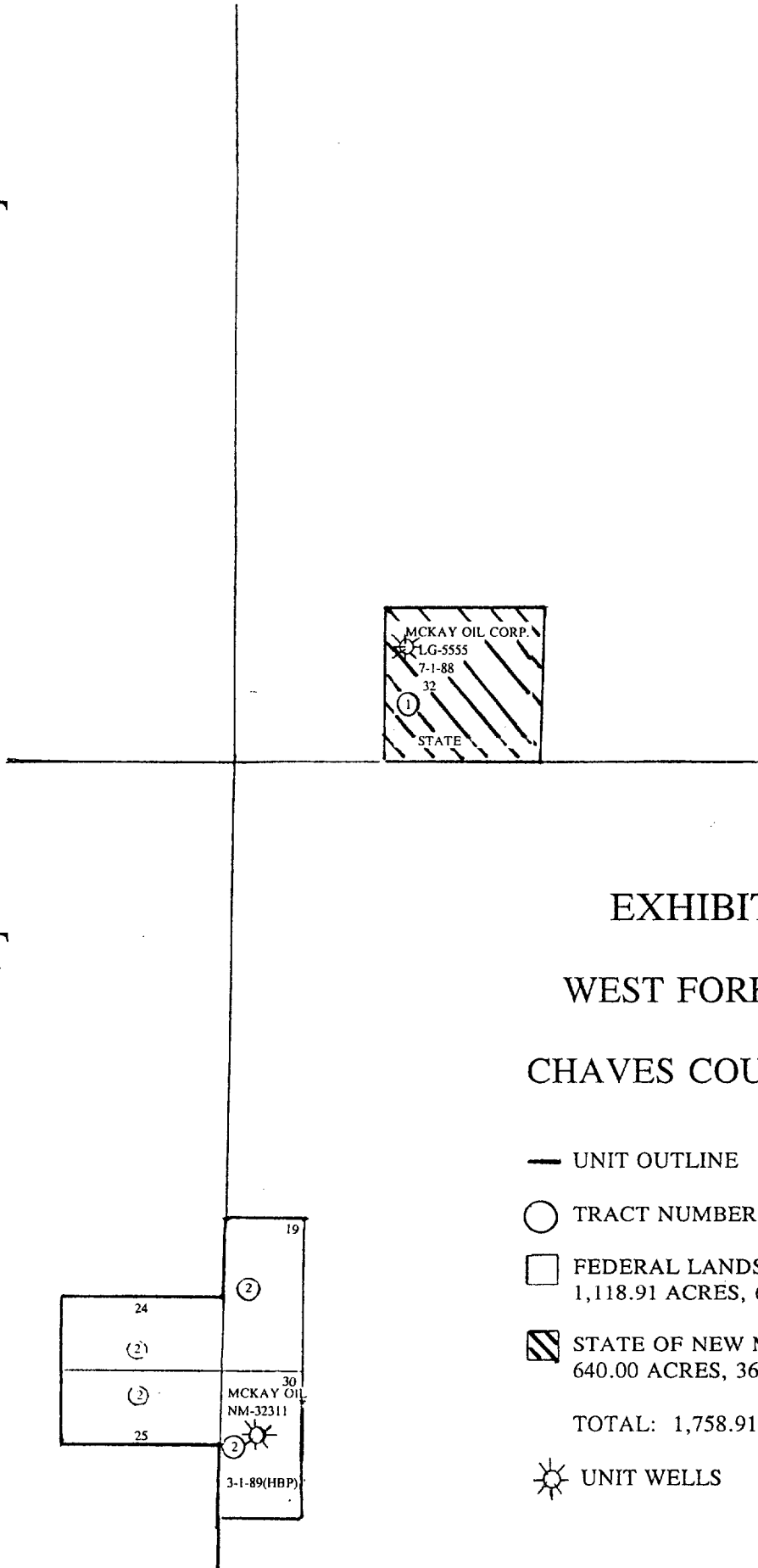


EXHIBIT "A"

WEST FORK UNIT AREA

CHAVES COUNTY, NEW MEXICO

— UNIT OUTLINE

○ TRACT NUMBER

□ FEDERAL LANDS
1,118.91 ACRES, 63.61% OF UNIT AREA

▨ STATE OF NEW MEXICO LANDS
640.00 ACRES, 36.39% OF UNIT AREA

TOTAL: 1,758.91 ACRES, 100% OF UNIT AREA

☀ UNIT WELLS

EXHIBIT "B"

Schedule of Lands and Leases within the West Fork Unit Area, Chaves County, New Mexico

Township 4 & 5 South, Range 21 & 22 East, N.M.P.M.

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	WI OWNER & PERCENTAGE
STATE OF NEW MEXICO LANDS							
1.	T4S-R21E						
	Section 32: All	640.00	LG-5555-3	State of N.M.-12.5 %	McKay Oil Corporation 100 %	C. Richard Overly-.16605 % William C. Lonquist, Jr. -.16605 % Millis H. Oakes-.02187 % Gayle A. Dalton-.00729 % Milton R. Fry-.04374 % Melvin & Marvin Wolf 9 % Gary Mitchell-.66667 % Ernest Otto-.33333 % McKay Oil Corp.-2.095 % Royale Energy Co.-.75 %	McKay Oil Corporation 58.125 % McKay Children's Trust 41.875 %

TOTAL STATE OF NEW MEXICO LANDS, 1 TRACT, 640.00 ACRES

EXHIBIT "B"

Schedule of Lands and Leases within the West Fork Unit Area, Chaves County, New Mexico

Township 4 & 5 South, Range 21 & 22 East, N.M.P.M.

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	WI OWNER & PERCENTAGE
FEDERAL LANDS							
2.	T5S-R21E						
	Section 24: S/2	1,118.91	NM-32311	USA - 12.5%	Inexco Oil Company 100%	Inexco Oil Company - 10%	McKay Oil Corpo
	Section 25: N/2						McKay Children's
	T5S-R22E						
	Section 19: Lots 1(39.72), 2(39.75), 3(39.79), 4(39.82) E/2W/2						
	Section 30: Lots 3(39.90), 4(39.93), E/2SW/4						

TOTAL FEDERAL LANDS, 1 TRACT, 1,118.91 ACRES

T
4
S

T
5
S

R 21 E

R 22 E

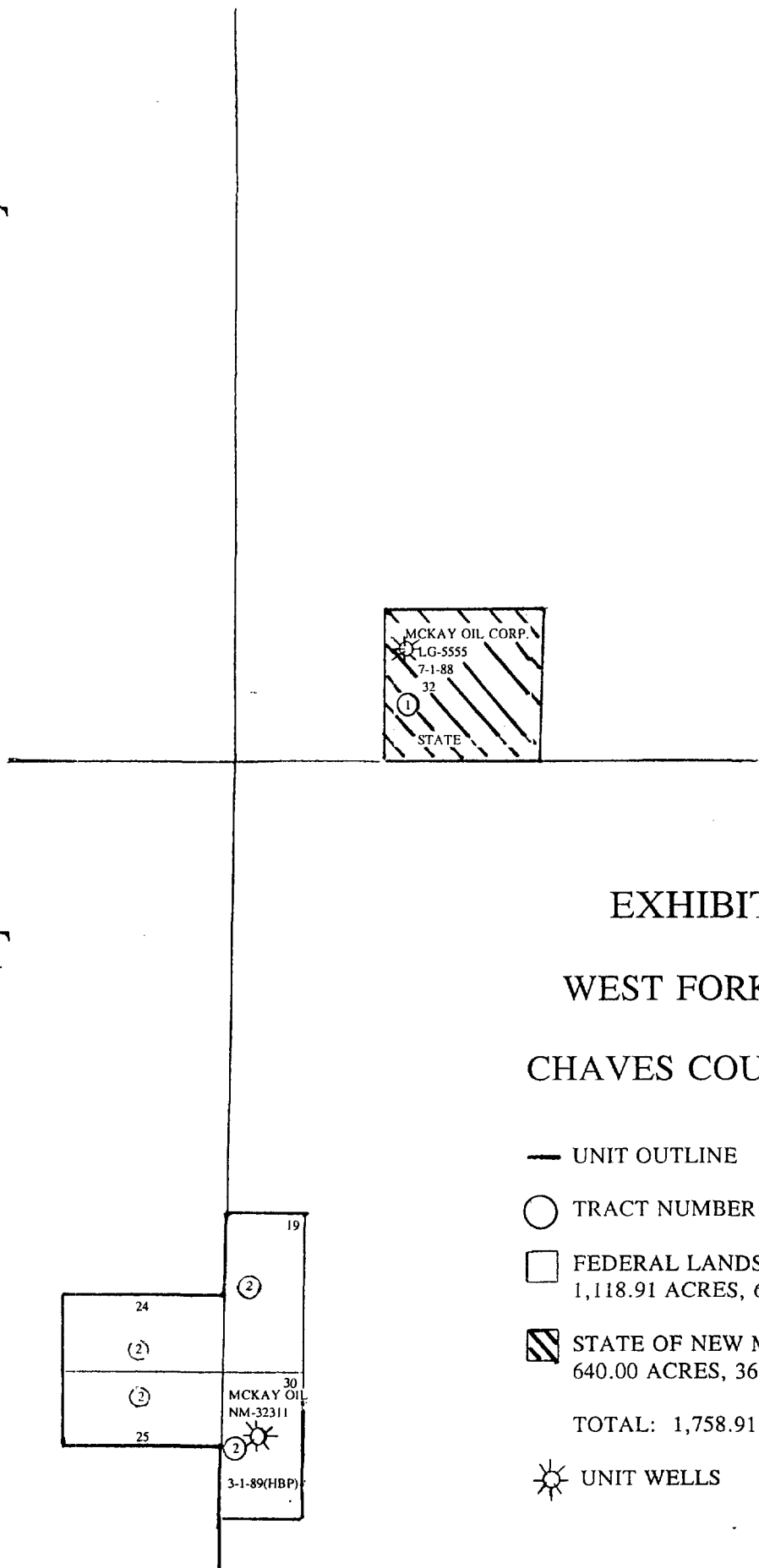


EXHIBIT "A"

WEST FORK UNIT AREA

CHAVES COUNTY, NEW MEXICO

— UNIT OUTLINE

○ TRACT NUMBER

□ FEDERAL LANDS
1,118.91 ACRES, 63.61% OF UNIT AREA

▨ STATE OF NEW MEXICO LANDS
640.00 ACRES, 36.39% OF UNIT AREA

TOTAL: 1,758.91 ACRES, 100% OF UNIT AREA

☀ UNIT WELLS

EXHIBIT "B"

Schedule of Lands and Leases within the West Fork Unit Area, Chaves County, New Mexico

Township 4 & 5 South, Range 21 & 22 East, N.M.P.M.

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	WI OWNER & PERCENTAGE
STATE OF NEW MEXICO LANDS							
1.	T4S-R21E						
	Section 32: All	640.00	LG-5555-3	State of N.M.-12.5 %	McKay Oil Corporation 100 %	C. Richard Overly-.16605 % William C. Longquist, Jr. -.16605 % Millis H. Oakes-.02187 % Gayle A. Dalton-.00729 % Milton R. Fry-.04374 % Melvin & Marvin Wolf-9 % Gary Mitchell-.66667 % Ernest Otto-.33333 % McKay Oil Corp.-2.095 % Royale Energy Co.-.75 %	McKay Oil Corporation 58.125 % McKay Children's Trust 41.875 %

TOTAL STATE OF NEW MEXICO LANDS, 1 TRACT, 640.00 ACRES

EXHIBIT "B"

Schedule of Lands and Leases within the West Fork Unit Area, Chaves County, New Mexico

Township 4 & 5 South, Range 21 & 22 East, N.M.P.M.

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	WI OWNER & PERCENTAGE
FEDERAL LANDS							
2.	T5S-R21E						
	Section 24: S/2	1,118.91	NM-32311	USA - 12.5%	Inexco Oil Company 100%	Inexco Oil Company - 10%	McKay Oil Corporation
	Section 25: N/2						McKay Children's
	T5S-R22E						
	Section 19: Lots 1(39.72), 2(39.75), 3(39.79), 4(39.82)						
	E/2W/2						
	Section 30: Lots 3(39.90), 4(39.93), E/2SW/4						

TOTAL FEDERAL LANDS, 1 TRACT, 1,118.91 ACRES

T
4
S

T
5
S

R 21 E

R 22 E

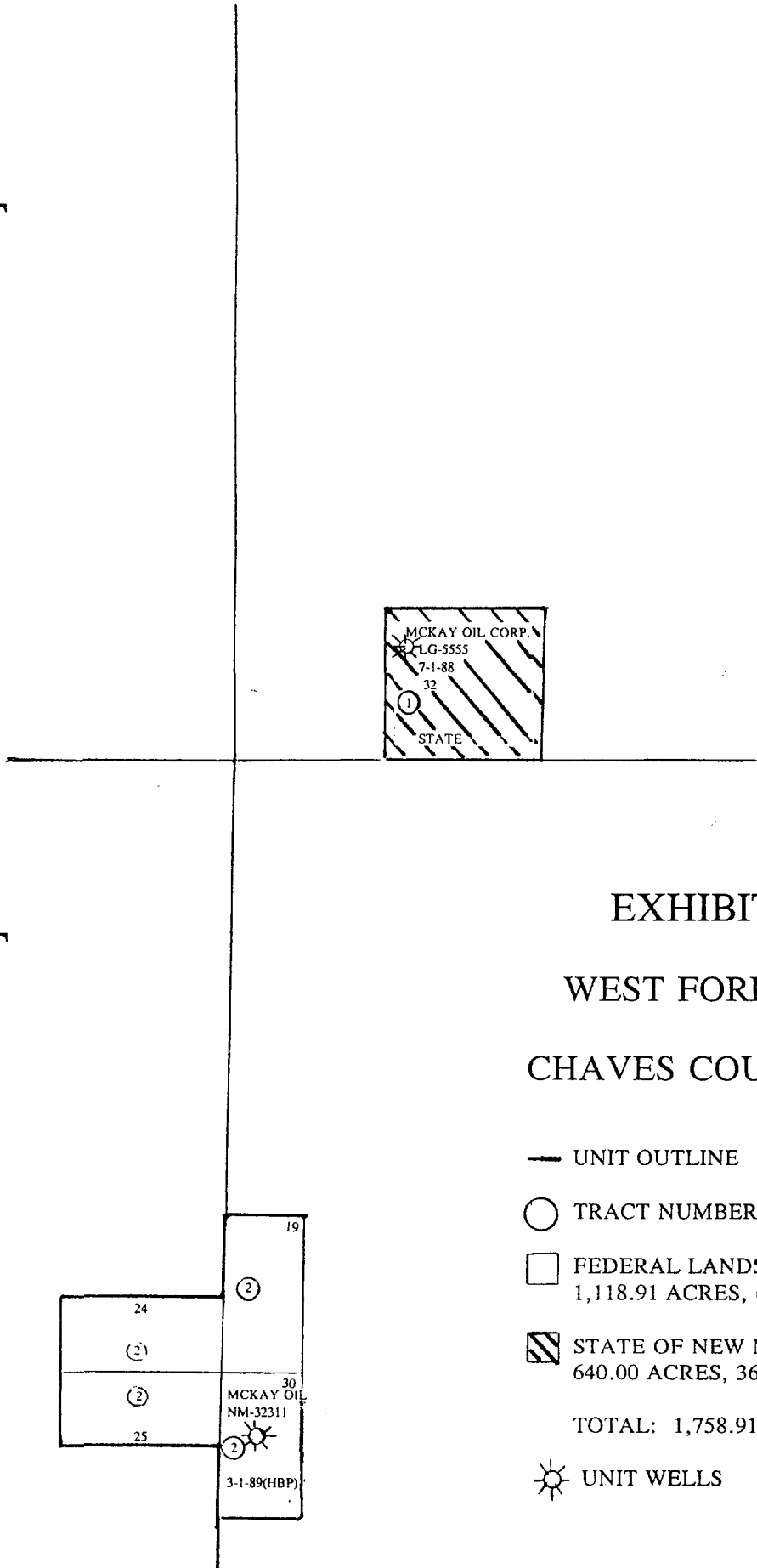


EXHIBIT "A"

WEST FORK UNIT AREA

CHAVES COUNTY, NEW MEXICO

— UNIT OUTLINE

○ TRACT NUMBER

□ FEDERAL LANDS
1,118.91 ACRES, 63.61% OF UNIT AREA

▨ STATE OF NEW MEXICO LANDS
640.00 ACRES, 36.39% OF UNIT AREA

TOTAL: 1,758.91 ACRES, 100% OF UNIT AREA

☀ UNIT WELLS

EXHIBIT "B"

Schedule of Lands and Leases within the West Fork Unit Area, Chaves County, New Mexico

Township 4 & 5 South, Range 21 & 22 East, N.M.P.M.

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	WI OWNER & PERCENTAGE
STATE OF NEW MEXICO LANDS							
1.	T4S-R21E						
	Section 32: All	640.00	LG-5555-3	State of N.M.-12.5%	McKay Oil Corporation 100%	C. Richard Overly-.16605% William C. Longquist, Jr. -.16605% Millis H. Oakes-.02187% Gayle A. Dalton-.00729% Milton R. Fry-.04374% Melvin & Marvin Wolf-9% Gary Mitchell-.66667% Ernest Otto-.33333% McKay Oil Corp.-2.095% Royale Energy Co.-.75%	McKay Oil Corporation 58.1 McKay Children's Trust 41.8

TOTAL STATE OF NEW MEXICO LANDS, 1 TRACT, 640.00 ACRES

EXHIBIT "B"

Schedule of Lands and Leases within the West Fork Unit Area, Chaves County, New Mexico

Township 4 & 5 South, Range 21 & 22 East, N.M.P.M.

TRACT NO.	LAND DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION	BASIC ROYALTY & OWNERSHIP	LESSEE OF RECORD & PERCENTAGE	ORI PERCENTAGE	WI OWNER & PERCENTAGE
FEDERAL LANDS							
2.	T5S-R21E						
	Section 24: S/2	1,118.91	NM-32311	USA - 12.5%	Inexco Oil Company 100%	Inexco Oil Company - 10%	McKay Oil Corporation 75%
	Section 25: N/2						McKay Children's Trust 25%
	T5S-R22E						
	Section 19: Lots 1(39.72), 2(39.75), 3(39.79), 4(39.82) E/2W/2						
	Section 30: Lots 3(39.90), 4(39.93), E/2SW/4						

TOTAL FEDERAL LANDS, 1 TRACT, 1,118.91 ACRES