

12/28 Taw Johnny

1/11/95
Letter(s)
not sent
yet

Chruza
Tim Collier

→ Bond for 7 wells
\$50,000

9/23/94

Fred Shelton →

~~Shamatt~~



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

Certified letter
 one letter for each well
 copy to Rand Carroll
 Chuza Open
 Underwriters Indemnity
 Fred Shelton

1994

Chuza Operating
 PO Box 953
 Midland Texas 79702

Underwriters Indemnity Co.

8 Greenway Plaza

Suite 400
 Houston, Tx 77046

El Paso Ranch #1 E-26-28N-1E

✓ 2 P-22-28N-1E

RE: ✓ 3 E-14-28N-1E

✓ 4 G-23-28N-1E

Dear ✓ 7 J-14-28N-1E

Tim Collier ✓ 9 N-11-28N-1E

✓ 10 O-14-28N-1E

The referenced well is in violation of Rule 201.

You are hereby directed to plug and abandon this well or bring it into compliance with Rule 203 for temporary abandonment within 30 days.

If you fail to bring this well into compliance we will schedule a show cause hearing to plug this well using the bond.

Sincerely,

Johnny Robinson

Johnny Robinson
 Deputy Oil & Gas Inspector

JR/cs

cc: Rand Carroll

To Fred Shelton
c/o David S. Stubblefield
2906 McKinney Avenue
Dallas Texas 75204

It has been brought to our attention that the following wells were conveyed to you from Tim Collier. Chuza Operating and are in violation of rule 201.

El Paso Ranch #1	E-26-28N-1E
✓ #2	A-22-28N-1E
✓ #3	F-14-28N-1E
✓ #4	C-23-28N-1E
✓ #7	J-14-28N-1E
✓ #9	N-11-28N-1E
✓ #10	O-14-28N-1E

Sue,
Rand Carroll wanted to look at this letter before we send it to operator

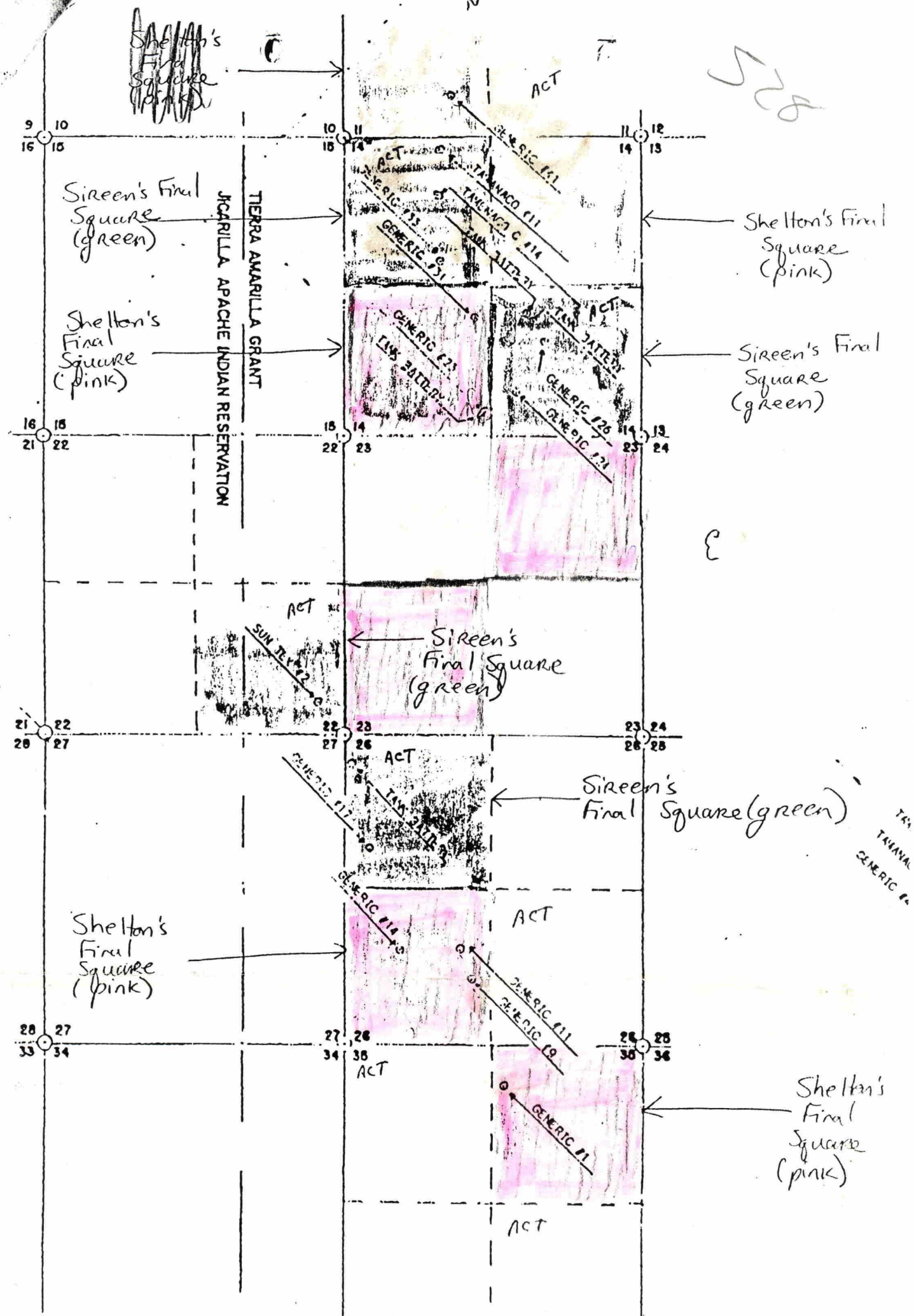


EXHIBIT E
TO ASSIGNMENT

E.P.J.U.
Sireen's Wells

Name

Location in T28N, R1E, N.M.P.M.
Rio Arriba County, New Mexico

1. Generic #17 (Jose)	NW/4 Section 26, 1844' FNL, 507' FWL
2. Suntex #2	SE/4 Section 22, 648' FSL, 489' FEL
3. Generic #24	SE/4 Section 14, 980' FSL, 2327' FEL
4. Generic #26	SE/4 Section 14, 1824' FSL, 1777' FEL
5. Generic #33	NW/4 Section 14, 1967' FNL, 1777' FWL
6. Tamanaco C#14	NW/4 Section 14, 737' FNL, 1812' FWL
7. Tamanaco #11	NW/4 Section 14, 207' FNL, 1699' FWL

B. Shelton's Wells

1. Generic #1	NE/4 Section 35, 745' FNL, 2256' FEL
2. Generic #9	SW/4 Section 26, 1132' FSL, 2535' FWL
3. Generic #11	SW/4 Section 26, 1660' FSL, 2304' FWL
4. Generic #14	SW/4 Section 26, 1582' FSL, 1212' FWL
5. Generic #23	SW/4 Section 14, 620' FSL, 2415' FWL
6. Generic #31	SW/4 Section 14, 2315' FSL, 2313' FWL
7. Generic #41	SW/4 Section 11, 974' FSL, 2166' FWL

C. Sireen's Tank Batteries

Location

1. NW/4 Section 26, 384' FNL, 140' FWL
2. SE/4 Section 14, 2154' FSL, 1966' FEL
3. SE/4 Section 14, 2302' FSL, 2067' FEL

D. Shelton's Tank Batteries

Location

1. SW/4 Section 14, 553' FSL, 2391' FWL

EXHIBIT B
TO AMENDMENT

Fred's leasehold

SW/4 # 14 - Fred 89 1/2 %
F.A.T.U 10 1/2 %

NE/4 # 35

Same as above

SW/4 # 26

" " "

NE/4 # 23

" " "

SW/4 # 23

" " "

*This is what Fred reserved in the assignment to
Poso Joint Venture*

Exhibit "A"

Thence North 40 14' East 8499 feet,
Thence North 35 41' East 1190 feet,
Thence North 33 16' East 595 feet,
Thence North 12 31' East 1490 feet,
Thence North 89 22' East 15388.5 feet, more or less, to the
center line of the Rio Chama (the North line of Cooper-Neel
Tract).

Said El Poso Ranch Tract less said Cooper-Neel Tract contains
19,662.032 acres, more or less.

Less and except the following tracts:

Township 28N, R1E NMPM
Rio Arriba County, New Mexico

- * NW 1/4 of Section 26
- SW 1/4 of Section 14
- * NW 1/4 of Section 14
- * SE 1/4 of Section 14
- * SE 1/4 of Section 22
- NE 1/4 of Section 35
- SW 1/4 of Section 26
- All of Section 23 - *F.P.J.V. owns NW/4 & SE/4*
- * SE 1/4 of Section 26

The tract herein contains 17,702.032 acres, more or less.

** - These are tracts that Fred didn't own
anything in to reserve*

*WB
Rly*

McMAHON, SUROVIK, SUTTLE, BUHRMANN, COBB & HICKS
A PROFESSIONAL CORPORATION
LAWYERS

SUITE 800
FIRST NATIONAL BANK BUILDING
400 PINK STREET
ABILENE, TEXAS 79601

J. NEIL DANIEL
STANLEY P. WILSON
OF COUNSEL

REPLY TO:
P.O. Box 3679
ABILENE, TEXAS 79604
TELEPHONE (915) 676-9183
TELEFAX (915) 676-8836

FACSIMILE TRANSMISSION

FAX # (915) 676-8836

Date: December 22, 1994
Fax No.: (505) 334-6170
To: Johnny Robinson
From: Stephen H. Suttle
Re: Settlement Agreement w/Shelton
File No.: 2306-930371-05
Total Number of Pages (including this cover): 23
For transmission problems call Becky at (915) 676-9183

Additional Message:

This message is intended for the use of the individual or entity to which it is addressed and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone (collect) and return the original message to us at the above address via the U.S. Postal Service. Thank you.

1. Contemporaneously with the execution hereof, Plaintiff shall sign and acknowledge before a notary public the Extension Agreement of the oil and gas lease covering the El Poso Ranch in the State of New Mexico, a true and correct copy of such Extension being attached hereto as Exhibit "1".
2. Plaintiff shall notify in writing the Lessor, Craig Womble, that he retracts all suggestions of any lawsuit involving Mr. Womble or any of the Lessors and shall obtain the execution by Mr. Womble on or before July 22, 1994 of the Lease Extension attached hereto as Exhibit "1".
3. Plaintiff shall accept, on or before July 22, 1994, the assignment from the El Poso Joint Venture of all of its right, title and interest in and to 1920 acres plus one of the two checkerboards of the remainder of the oil and gas lease from the El Poso Joint Venture to Plaintiff, which assignment shall be in form and substance to that attached hereto as Exhibit "2" and which shall be selected by the Plaintiff under the checkerboard procedure set forth below.
4. Plaintiff shall, on or before July 22, 1994, execute and deliver to Defendants the assignment of his right, title and interest in and to the remaining checkerboard of the oil and gas lease on the El Poso Ranch and his release of all claims to some of the equipment purchased by the Joint Venture and placed on the El Poso Ranch Oil & Gas Lease in form and substance to that attached hereto as Exhibit "3" [which equipment is described on Exhibit "A" attached hereto and shall be removed within twenty (20) days from the date hereof].
5. On or before September 23, 1994, Plaintiff shall obtain an operator, bonded in New Mexico, to assume operations of all wells on properties conveyed to Plaintiff and situated on the El Poso Ranch, and thereby fully release Chuza Operating Company from all obligations as operator of such wells.
6. Plaintiff shall, on or before July 22, 1994, execute and deliver to Defendants an Agreed Order of Dismissal with prejudice of the above-styled cause, in form and substance to that attached hereto as Exhibit "4".
7. Plaintiff, for himself, his heirs and assigns, does by these presents fully, finally, completely and forever release and discharge Defendants, Chuza Operating Company, Prentis Hale, II and Caroline Company, a Colorado corporation, their heirs, successors, assigns, officers, directors, agents and employees, from any and all claims, demands, actions, causes of action, liabilities, damages, obligations, agreements and judgments of any kind or nature whatsoever, whether known or unknown, presently existing or hereafter arising in the future, and which were or could have been alleged in the Plaintiff's First Amended Original Petition.

IV. Defendants' Covenants

In consideration of the Plaintiff's covenants and releases, the Defendants hereby agree as follows:

1. On or before July 22, 1994, Defendants shall cause to be delivered to the Lessors of the El Poso Ranch oil and gas lease a certified check in the amount of \$50,000 as consideration to the Lessors for the lease Extension attached hereto as Exhibit "1".
2. Defendants shall cause to be executed by the El Poso Joint Venture the assignment of the 1920 acres plus the checkerboard selected by Plaintiff on the oil and gas lease on the El Poso Ranch in form and substance to that attached hereto as Exhibit "2", and shall cause the same to be delivered to Plaintiff on or before July 22, 1994, free and clear of any claim of Prentis C. Hale, II and Caroline Company.
3. Defendants, on or before August 22, 1994, shall pay to David Stubblefield \$20,000 as attorney's fees.
4. Defendants hereby fully, finally and completely forever release and discharge Plaintiff from any and all demands, claims, actions, causes of action, liabilities, damages, obligations, agreements and judgments of any kind or nature whatsoever whether now known or unknown, presently existing or hereafter arising in the future and which were alleged or could have been alleged by them in the above-styled cause.

V. Checkerboard Procedure

The oil and gas lease covering the El Poso Ranch in New Mexico presently owned by the El Poso Ranch Joint Venture, by use of the map presently held by the Joint Venture (having been prepared by Metes and Bounds, Chama, New Mexico), shall be divided as follows:

- a. 1920 acres comprised of sections 14, 23 and 26, Township 28N on the El Poso Ranch in New Mexico shall be set aside to Plaintiff, and the Joint Venture shall assign to Plaintiff all of the Joint Venture's right, title and interest in and to the said 1920 acres.
- b. All acreage outside of the 1920 acres and within the boundaries of the El Poso Ranch oil and gas lease as shown on the map prepared by Metes and Bounds, Chama, New Mexico, shall be divided into two checkerboards of alternating and offsetting squares, by complete section numbers and boundaries only (and not by quarter sections of 160 acres each), whether such checkerboarded sections contain 640 acres or not (it being understood that the checkerboarded sections surrounding the 1920 acres and the sections surrounding the perimeter of the El Poso oil and gas lease will not contain a full 640 acres), and in the event there is any additional acreage in the El Poso Ranch Oil and Gas Lease not shown on the aforesaid map, said acreage shall be divided into

additional checkerboard sections continuing in the same alternating and offsetting checkerboard pattern, and both parties shall execute assignments within thirty (30) days to effect such result.

- c. Plaintiff shall then select one of the two checkerboards so formed. The Joint Venture shall assign to Plaintiff all of its right, title and interest in and to the checkerboarded sections of the El Poso oil and gas lease selected by the Plaintiff, and the Plaintiff shall assign to the Joint Venture all of his right, title and interest in the remaining, second checkerboard not selected by him. Plaintiff shall immediately resign from and withdraw from the Joint Venture and shall assign all of his interest in the Joint Venture to Defendants, with no further obligation whatsoever (including any redemption rights of Plaintiff's interest) by the Joint Venture or the remaining Joint Venturers to Plaintiff or by the Plaintiff to the Joint Venture or Joint Venturers. Neither Plaintiff, Defendants nor the Joint Venture shall retain any interest in the other's checkerboard nor be under any obligation, direct or indirect, to the other, save and except Plaintiff's obligation to obtain a substitute operator as provided in III(5) herein.
- d. This procedure shall be completed by and the assignments shall be executed and delivered no later than July 22, 1994.

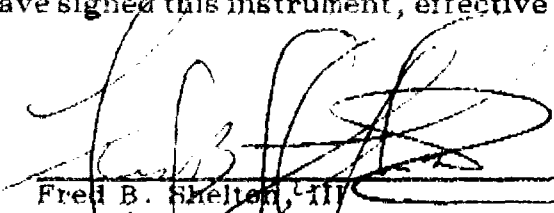
VI. Mutual Covenants

Plaintiff and Defendants mutually agree as follows:

1. That they will cause to be delivered for filing with the appropriate authority in the State of New Mexico the Lease Extension attached hereto as Exhibit "1", and the assignments attached hereto as Exhibits "2" and "3" on or before July 22, 1994.
2. Save and except for the \$20,000 payment provided in section IV, 3 above, Plaintiff and Defendants shall bear their respective costs, expenses and attorneys fees in the above-styled cause and shall pay their respective portion (50%) of the mediators fee (\$750.00 from the Plaintiff and \$750.00 from the Defendants); and shall hereafter owe to one another no obligation in any form whatsoever under any instrument other than the obligations contained herein.
3. Plaintiff and Defendants hereby authorize their attorneys to file the Agreed Order of Dismissal with prejudice, in form and substance to that attached hereto as Exhibit "4".
4. The covenants of Plaintiff and Defendants herein are contractual in nature and are not mere recitals.
5. This Compromise Settlement Agreement and the mutual releases contained herein may be executed by the parties in multiple counterparts, each of which counterpart shall be deemed an original. Facsimile signatures may be used at closing with originals to be later furnished.

6. This Compromise Settlement Agreement and the mutual releases shall be governed and construed under the laws of the State of Texas.
7. Other than the equipment identified on Exhibit "A" hereto which may be removed by Defendants, no equipment or tank batteries will be removed from the respective well sites. Save and except the Joint Venture equipment described on Exhibit "A" attached hereto, the party receiving a well bore under the foregoing procedures will retain all equipment presently located on that well bore. As all tank batteries were previously and will now be located on the 1920 acres, all tank batteries will be retained by Plaintiff. The assignments will contain bill-of-sale language to effect this result.


IN WITNESS WHEREOF, the parties have signed this instrument, effective July 22, 1994.


Fred B. Shelton, III

PLAINTIFF


Timothy D. Collier


Prentis C. Hale, III


Wayne A. Bissett


James H. Chandler


Prentis C. Hale, II

CAROLINE COMPANY

By: 
Theodore H. Swindells, President

DEFENDANTS

APPROVED:

DAVID S. STUBBLEFIELD
2906 McKinney Avenue
Dallas, Texas 75204

David S. Stubblefield

ATTORNEY FOR PLAINTIFF

McMAHON, SUROVIK, SUTTLE,
BUHRMANN, COBB, & HICKS, P.C.
P. O. Box 3679
Abilene, Texas 79604

Stephen H. Suttle
Stephen H. Suttle

ATTORNEYS FOR DEFENDANTS

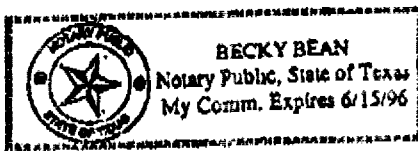
STATE OF Texas

COUNTY OF Taylor

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Judy This instrument was acknowledged before me on this the 22nd day of July, 1994, by FRED B. SHELTON, III.

Becky Bean
Notary Public, State of Texas



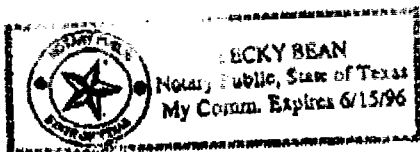
Notary's Name Printed

My Commission Expires: _____

STATE OF TEXAS

COUNTY OF Taylor

This instrument was acknowledged before me on this the 22nd day of July, 1994, by TIMOTHY D. COLLIER.



Becky Bean
Notary Public, State of Texas

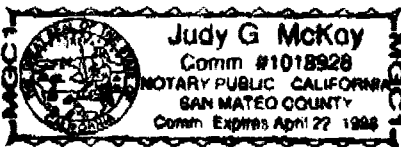
Notary's Name Printed

My Commission Expires: _____

STATE OF TEXAS CALIFORNIA

COUNTY OF San Francisco

This instrument was acknowledged before me on this the 26th day of July, 1994, by PRENTIS C. HALE, III.



Judy G. McKay
Notary Public, State of ~~Texas~~ CALIFORNIA

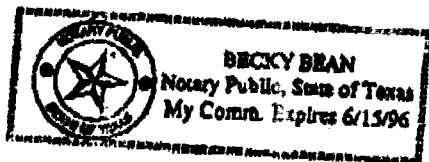
JUDY G. MCKOY
Notary's Name Printed

My Commission Expires: 4-22-98

STATE OF TEXAS

COUNTY OF Taylor

This instrument was acknowledged before me on this the 22nd day of July, 1994, by WAYNE A. BISSETT.



Becky Bean
Notary Public, State of Texas

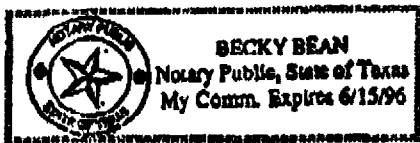
Notary's Name Printed

My Commission Expires: _____

STATE OF TEXAS

COUNTY OF Taylor

This instrument was acknowledged before me on this the 22nd day of July, 1994, by JAMES H. CHANDLER.



Becky Bean
Notary Public, State of Texas

Notary's Name Printed

My Commission Expires: _____

STATE OF CALIFORNIA

COUNTY OF SAN FRANCISCO

This instrument was acknowledged before me on this the 26th day of July, 1994, by PRENTIS C. HALE, II.



Judy G. McKoy
Notary Public, State of California

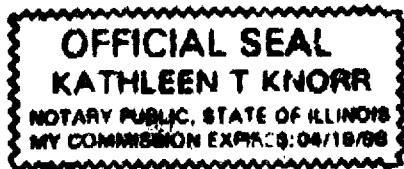
JUDY G. MCKOY
Notary's Name Printed

My Commission Expires: 4-22-98

STATE OF CALIFORNIA

COUNTY OF SAN FRANCISCO

This instrument was acknowledged before me on this the _____ day of _____, 1994, by THEODORE H. SWINDELLS, as President of Caroline Company.



Kathy T. Knorr
Notary Public, State of California, Illinois

KATHY T. KNORR
Notary's Name Printed

My Commission Expires: 4-19-98

**PARTIAL ASSIGNMENT OF OIL AND GAS LEASE
AND BILL OF SALE**

State: New Mexico
County: Rio Arriba
Assignor: El Poso Ranch Joint Venture
Assignor's Address: P. O. Box 5010, Midland, Texas 79710
Assignee: Fred B. Shelton, III
Assignee's Address: P. O. Box 6666, Buffalo Gap, Texas, 79608
Date Executed: July 22, 1994
Effective Date: July 22, 1994

For adequate consideration paid, Assignor, named above, assigns, sells, and conveys to Assignee, named above, all of Assignor's right, title and interest into those portions of the Oil and Gas Lease (the "Lease") from Craig B. Womble, et al, as Lessor to Fred B. Shelton, III as Lessee, dated June 1, 1990, recorded in Volume 136, Page 427 of the Oil and Gas Book Records of the County and State named above, and as amended by Amendment of Oil and Gas Lease dated September 26, 1991, recorded in the records of Rio Arriba County, New Mexico, in Oil and Gas Book 136, page 443, and as extended by the Oil and Gas Lease Extension and Modification Agreement of even date herewith recorded in the Records of Rio Arriba County, New Mexico in Oil and Gas Book _____, Page _____ which portions of said Lease are described on Exhibit "A" attached hereto.

This Assignment covers and includes all of Assignor's interest in all equipment, personal property, and fixtures located on or used in connection with the above described portions of said Lease save and except the equipment and personal property described on Exhibit "A" attached hereto.

Assignor agrees to execute, acknowledge and deliver to Assignee all such other additional instruments, notices, division orders, transfer orders, letters in lieu of transfer orders and other documents, and to do all such other and further acts and things as may be necessary, to more fully and effectively grant, convey and assign the interests conveyed hereby to Assignee. Without limitation on the foregoing, the Assignor shall cooperate with Assignee, and vice versa, to make any applications with (or take any other action with) the New Mexico Oil and Gas Conservation Commission (and any other state governmental body with applicable jurisdiction) necessary (if at all) to render the assignments herein contained legal, effective, and enforceable.

Assignee shall have the right to attach a surveyed description of the Property to this Assignment and Bill of Sale and refile it, at Assignee's sole option, upon Assignor's acceptance thereof, which may not be withheld under any circumstance

except Assignor's well supported and good faith belief that the survey is not accurate and an accurate statement of the changes needed to make it accurate.

Witness my hand and seal this 22nd day of July, 1994.

Assignor

El Poso Ranch Joint Venture


Timothy D. Collier, Manager

STATE OF TEXAS

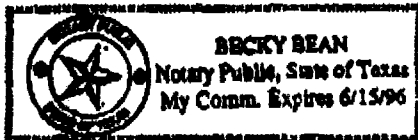
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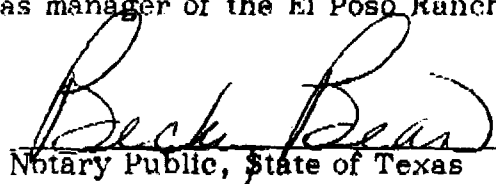
§

COUNTY OF TAYLOR

§

This instrument was acknowledged before me on the 22nd day of July, 1994, by TIMOTHY D. COLLIER, in his capacity as manager of the El Poso Ranch Joint Venture.




Notary Public, State of Texas

Notary's Name Printed

My Commission Expires: _____

**EXHIBIT "A" TO PARTIAL ASSIGNMENT
OF OIL AND GAS LEASE AND BILL OF SALE**

All of Assignor's right title and interest in and to the following tracts, more or less, as shown in red on the map attached hereto, and located in Rio Arriba County, New Mexico:

In Township 27 N, Range 2 E:

The Northwest 1/4 and Southeast 1/4 of Section 6

The Southwest 1/4 and Northeast 1/4 of Section 7

The Northwest 1/4 of Section 18

In the Southwest portion of Section 5

In the North 1/2 of Section 8

In Township 27 N, Range 1 E:

Section 1

The Eastern portion of Section 3

In Township 28 N, Range 1 E:

All of Sections 1, 11, 13, 14, 23, 25, 26 and 35

The Eastern portions of Sections 3, 15 and 27

In Township 28 N, Range 2 E:

The West 1/2 of Section 7

Section 9

The East 1/2 of Section 8

The Northwest 1/4 of Section 18

The South 1/2 of Section 19

The Northwest 1/4 and the Northeast portion of Section 30

The Southwest 1/4 of Section 31

The Northeast 1/4 of Section 17

The Northwest portion of Section 16

In Township 29 N, Range 1 E:

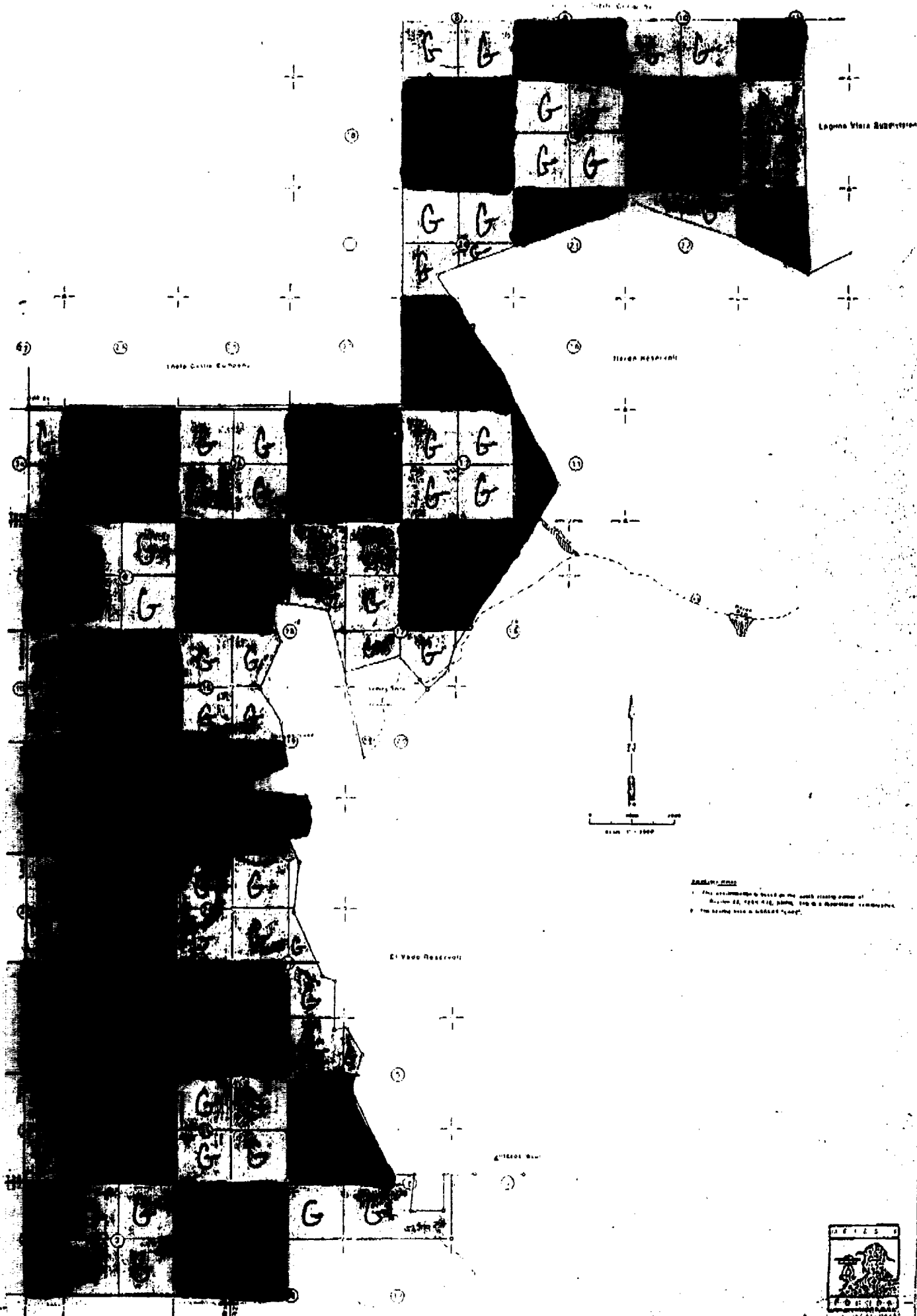
Section 35

In Township 29 N, Range 2 E:

Sections 31, 29, 17, 15, 9, 11, 23, 21 and 33

EXHIBIT A, p. 1

EL POSO RANCH SUBDIVISION
WITHIN THE TIERRA AMARILLA LAND GRANT,
RIO ARriba COUNTY, NEW MEXICO



R = Owned by Fred B. Shelton III
G = Owned by El Poso Ranch Joint Venture

EXHIBIT A. p. 2.

EQUIPMENT RETAINED BY EL POSO RANCH JOINT VENTURE

1. **El Poso #1**

Located Unit E, Sec. 26, T 28 N, R-1-E
1 ALTEN 40 No Serial # pumping unit/Arrow C-46
Serial #6128

2. **El Poso #3**

Located Unit F, Sec. 14, T-28 N, R-1-E
1858 FNL 1800 FWL
1 ALTEN 40 pumping unit Serial #A3403/AC
Serial #325

3. **El Poso #4**

Located Unit C, Sec. 23, T-28-N, R-1-E
935 FNL 1650 FWL
1 ALTEN 40 pumping unit/FM 118/EMSCO Mag.
No Serial #'s

All butane tanks on this lease belong to Cotton Butane.

EXHIBIT "A"

EXHIBIT A, p. 3

**PARTIAL ASSIGNMENT OF OIL AND GAS LEASE
AND BILL OF SALE**

State: New Mexico

County: Rio Arriba

Assignor: Fred B. Shelton, III, Individually and as a Joint Venturer
in the El Poso Ranch Joint Venture

Assignor's Address: P. O. Box 6666, Buffalo Gap, Texas 79608

Assignee: El Poso Ranch Joint Venture

Assignee's Address: P. O. Box 5010, Midland, Texas, 79710

Date Executed: July 22, 1994

Effective Date: July 22, 1994

For adequate consideration paid, Assignor, named above, individually and as a Joint Venturer in the El Poso Ranch Joint Venture, assigns, sells, and conveys to Assignee, named above, all of Assignor's individual and Joint Venturer's right, title and interest, into those portions of the Oil and Gas Lease (the "Lease") from Craig B. Womble, et al, as Lessor to Fred B. Shelton, III as Lessee, dated June 1, 1990, recorded in Volume 136, Page 427 of the Oil and Gas Book Records of the County and State named above, and as amended by Amendment of Oil and Gas Lease dated September 26, 1991, recorded in the records of Rio Arriba County, New Mexico, in Oil and Gas Book 136, page 443, and as extended by the Oil and Gas Lease Extension and Modification Agreement of even date herewith recorded in the Records of Rio Arriba County, New Mexico in Oil and Gas Book _____, Page _____ which portions of said Lease are described on Exhibit "A" attached hereto.

This Assignment covers and includes all of Assignor's interest in all equipment, personal property, and fixtures located on or used in connection with the above described portions of said Lease.

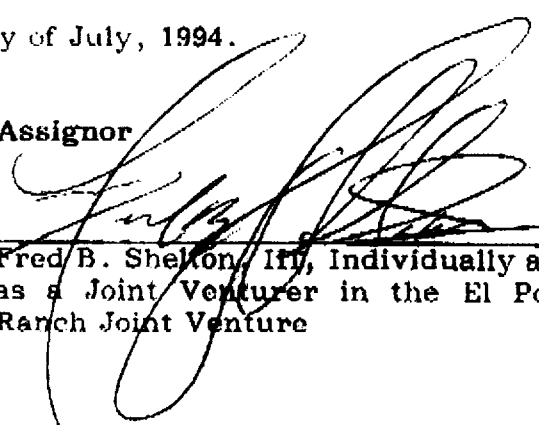
Assignor agrees to execute, acknowledge and deliver to Assignee all such other additional instruments, notices, division orders, transfer orders, letters in lieu of transfer orders and other documents, and to do all such other and further acts and things as may be necessary, to more fully and effectively grant, convey and assign the interests conveyed hereby to Assignee. Without limitation on the foregoing, the Assignor shall cooperate with Assignee, and vice versa, to make any applications with (or take any other actions with) the New Mexico Oil and Gas Conservation Commission (and any other state governmental body with applicable jurisdiction) necessary (if at all) to render the assignments herein contained legal, effective, and enforceable.

Assignee shall have the right to attach a surveyed description of the Property to this Assignment and Bill of Sale and refile it, at Assignee's sole option, upon

Assignor's acceptance thereof, which may not be withheld under any circumstance except Assignor's well supported and good faith belief that the survey is not accurate and an accurate statement of the changes needed to make it accurate.

Witness my hand and seal this 22nd day of July, 1994.

Assignor

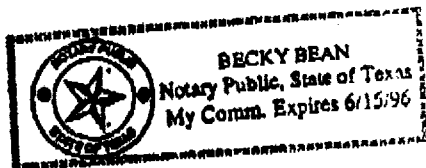

Fred B. Shelton, III, Individually and
as a Joint Venturer in the El Poso
Ranch Joint Venture

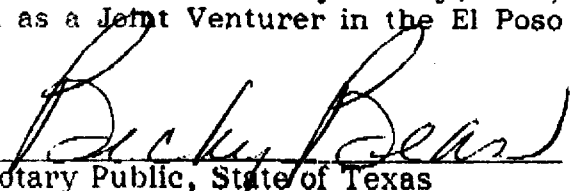
STATE OF TEXAS

COUNTY OF TAYLOR

§
§
§

This instrument was acknowledged before me on the 22nd day of July, 1994,
by FRED B. SHELTON, III, individually and as a Joint Venturer in the El Poso
Ranch Joint Venture.




Notary Public, State of Texas

Notary's Name Printed _____

My Commission Expires: _____

**EXHIBIT "A" TO PARTIAL ASSIGNMENT
OF OIL AND GAS LEASE AND BILL OF SALE**

All of Assignor's right title and interest in and to the following tracts, more or less, as shown in green on the map attached hereto, and located in Rio Arriba County, New Mexico:

In Township 27 N, Range 1 E:

Section 2

In Township 27 N, Range 2 E:

The Southeast 1/4 and the Northwest 1/4 of Section 7

The South 1/2 and the Northeast 1/4 of Section 8

The Southwest 1/4 and Northeast 1/4 of Section 6

The Northwest 1/4 of Section 5

In Township 28 N, Range 1 E:

Sections 2, 24, 12 and 36

The Eastern portions of Sections 10, 22 and 34

In Township 28 N, Range 2 E:

The East 1/2 of Section 7

The West 1/2 of Section 8

The Southwest 1/4 and East 1/2 of Section 18

The Northwest 1/4 of Section 19

The West 1/2 and Southeast 1/4 of Section 17

The South 1/2 of Section 30

The North 1/2 and Southeast 1/4 of Section 31

The Northeast 1/4 of Section 20

The Southwest 1/4 of Section 16

In Township 29 N, Range 1 E:

The Eastern portion of Section 34

Section 36

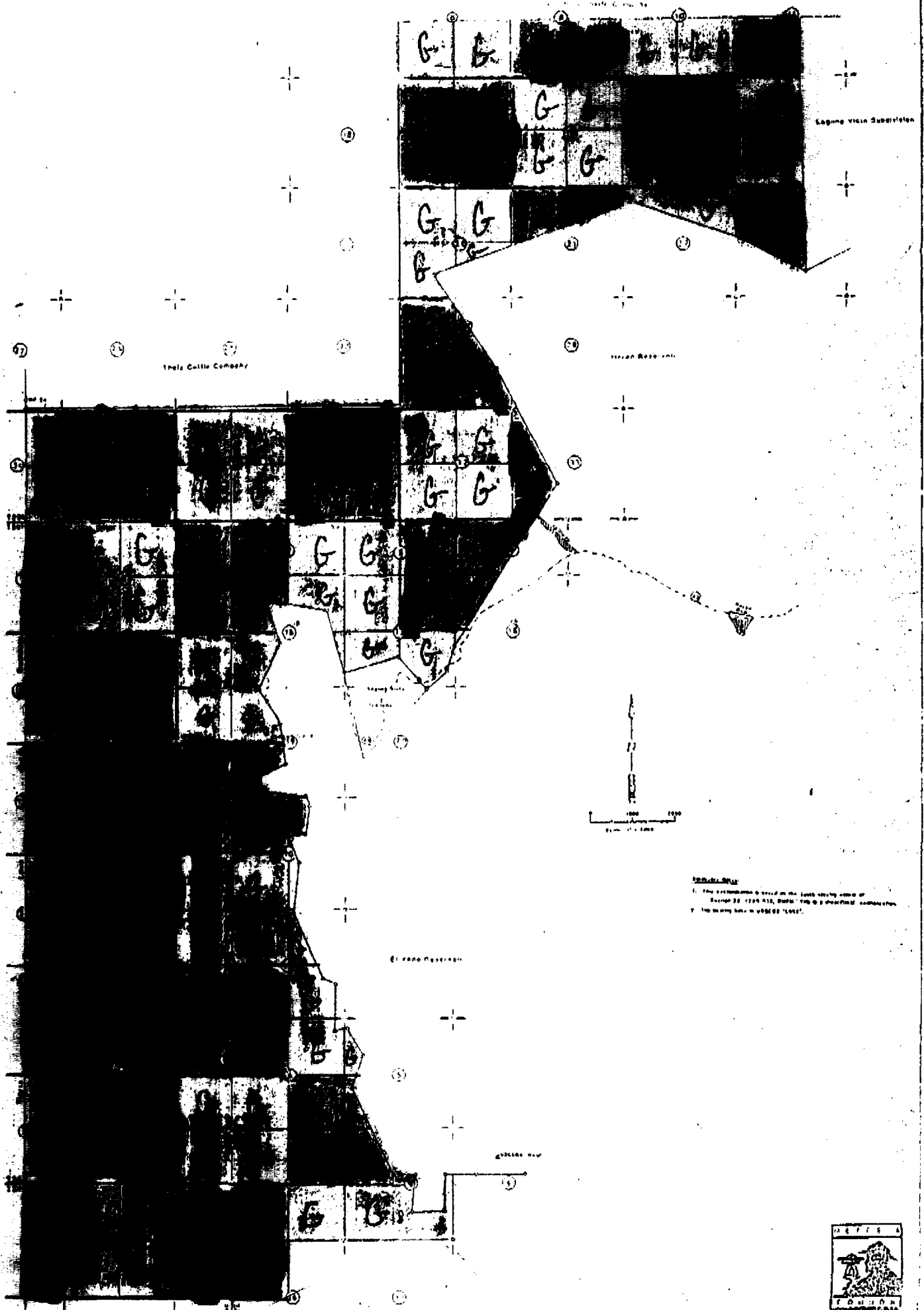
In Township 29 N, Range 2 E:

Sections 32, 20, 22, 18, 8, 10 and 14

EXHIBIT

A, p. 1

EL POZO RANCH SUBDIVISION
WITHIN THE TIERNA AMARILLA LAND GRANT,
RIO ARDIPA COUNTY, NEW MEXICO



R = Owned by Fred B. Shelton III
G = Owned by El Pozo Ranch Joint Venture

EXHIBIT A.p.2

NO. 20,540-B

FRED B. SHELTON, III

V.

TIMOTHY D. COLLIER, PRENTIS
C. HALE, III, WAYNE A. BISSETT,
JAMES H. CHANDLER, PRENTIS
HALE, II, and CAROLINE COMPANY

IN THE DISTRICT COURT OF

TAYLOR COUNTY, TEXAS

104TH JUDICIAL DISTRICT

AGREED ORDER OF DISMISSAL WITH PREJUDICE

On July 25, 1994, the above-styled cause came on for hearing in its regular order upon the docket, whereupon the parties announced to the Court that all matters of fact and law in dispute among the parties have been satisfactorily compromised, settled and released, and, accordingly, the parties jointly move that this cause be dismissed with prejudice. It appearing to the Court that such motion is well taken, it is, accordingly

ORDERED that the above-styled cause be, and the same is hereby dismissed with prejudice; and it is further

ORDERED that all parties bear their respective costs, expenses and attorneys fees as set forth in their Compromise Settlement Agreement & Mutual Release.

SIGNED this _____ day of July, 1994.

Judge Presiding

APPROVED:

DAVID S. STUBBLEFIELD
2906 McKinney Avenue
Dallas, Texas 75204

David S. Stubblefield
ATTORNEY FOR PLAINTIFF

McMAHON, SUROVIK, BUTTLE, BUHRMANN,
COBB & HICKS, P.C.
P. O. Box 3679
Abilene, Texas 79604

Stephen H. Buttle
ATTORNEYS FOR DEFENDANTS

OIL AND GAS LEASE EXTENSION AND MODIFICATION

THIS AGREEMENT made and entered into this 22nd day of JULY, 1994, by and between Craig M. Womble, individually and as attorney-in-fact for Frances Evelyn Maddox, Merthel Dean Maddox Womble, Larry Duggins King, Jr., First Christian Church of Amarillo, Mark A. Womble, Dee Womble King, Rodd B. Womble and Courtney Louise King, and as Custodian for Elizabeth Paige Womble under the Texas Uniform Gifts to Minors Act, and Frances Evelyn Maddox (hereinafter referred to as "Lessor") and the Lessees of Record (hereinafter referred to as "Lessee") relative to that certain Oil and Gas Lease described hereinbelow.

WITNESSETH:

WHEREAS, Lessor executed that certain Oil, Gas and Mineral Lease dated June 1, 1990, recorded October 3, 1991, in Book 136, Page 427 of the Rio Arriba County, New Mexico, records, as amended by that certain Amendment of Oil, Gas and Mineral Lease dated September 26, 1991, recorded October 3, 1991, in Book 136, Page 443 of the Rio Arriba County, New Mexico, records in favor of Fred B. Shelton, III, Lessee; and

WHEREAS, the rights and title of the Lessee under said Oil and Gas Lease, as amended, have been the subject of certain assignments, with said assignments appearing of record in the Public Records of Rio Arriba County, New Mexico; and

WHEREAS, said Oil and Gas Lease, as amended, provides for a primary term of five years, with the customary thereafter clause, and contains a further provision obligating the Lessee to drill at least five wells during the first three years of the primary term, with an additional three wells to be drilled during the fourth and fifth years of the primary term of the lease; and

WHEREAS, Lessor and Lessee are desirous of extending the primary term of said Oil and Gas Lease, as amended, as well as extending the time within which the drilling obligation imposed by the lease must be performed.

NOW, THEREFORE, for and in consideration of the premises, and the sum of ten dollars and other valuable consideration paid by Lessee to Lessor, the receipt and sufficiency of which is hereby

EXHIBIT 1

acknowledged, Lessor agrees that the above referenced Oil and Gas Lease shall be, and is, modified and amended as follows:

1. The primary term of the Oil and Gas Lease shall be six years, and as long thereafter as oil, gas or other hydrocarbons, or other minerals or leased substances or either or any of them, are produced from the leased premises or from lands with which the leased premises are pooled or unitized.
2. Lessee shall be obligated to drill at least five wells during the first four years of the primary term of the lease and to drill an additional three wells each year during the fifth and sixth year of the primary term of the lease.

Except as expressly extended or modified herein, the Oil and Gas Lease, as amended, is hereby ratified and confirmed by Lessor unto Lessee and Lessor does hereby grant, lease and let exclusively unto the Lessee, its successors and assigns (the Lessees of record, as their interest appear), the lands described in said Oil and Gas Lease, as amended, subject to the terms and provisions of said Oil and Gas Lease, as amended, and as further extended, amended and modified herein.

TO HAVE AND TO HOLD the leased premises for the primary term as herein extended and as long thereafter as oil, gas or other hydrocarbons, or other minerals or leased substances, or either or any of them, are produced from the leased premises or from lands with which the leased premises are pooled or unitized, subject to the terms and provisions of the Oil and Gas Lease, as amended.

EXECUTED the day and year first above written.

LESSEES:

LESSORS:

EL POSO RANCH JOINT VENTURE

BY: Timothy B. Collier
Timothy B. Collier, Manager

Craig Womble
Craig Womble, Individually and
as attorney-in-fact for Frances
Evelyn Maddox, Merthel Dean
Maddox Womble, Larry Duggins
King, Jr., First Christian
Church of Amarillo, Mark A.
Womble, Dee Womble King, Rodd
B. Womble and Courtney Louise
King, and as Custodian for
Elizabeth Paige Womble under
the Texas Uniform Gifts to
Minors Act

Fred B. Shelton, III
Fred B. Shelton, III

Frances Evelyn Maddox
Frances Evelyn Maddox

STATE OF TEXAS

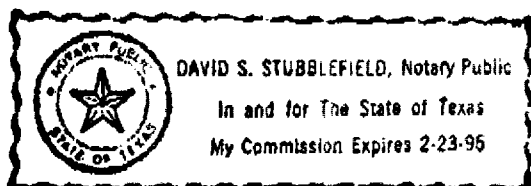
§

COUNTY OF Dallas

§

§

The foregoing instrument was acknowledged before me this 22nd
day of July, 1994, by Craig Womble, Individually
and as attorney-in-fact for Frances Evelyn Maddox, Merthel Dean
Maddox Womble, Larry Duggins King, Jr., First Christian Church of
Amarillo, Mark A. Womble, Dee Womble King, Rodd B. Womble and
Courtney Louise King, and as Custodian for Elizabeth Paige Womble
under the Texas Uniform Gifts to Minors Act.



[Signature]
Notary Public in and for the
State of Texas
Commission Expires: 2-23-95

STATE OF TEXAS

§

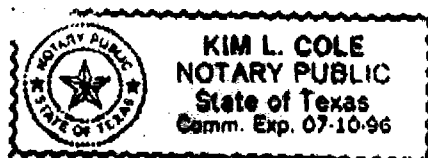
COUNTY OF Potter

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§

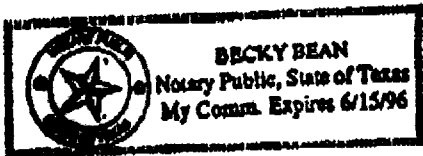
The foregoing instrument was acknowledged before me this 18th
day of July, 1994, by Frances Evelyn Maddox.

Kim L. Cole
Notary Public in and for
the State of Texas
Commission Expires: 7-10-96



STATE OF TEXAS §
 §
COUNTY OF Taylor §

The foregoing instrument was acknowledged before me this 22nd
day of July, 1994, by Fred B. Shelton, III.

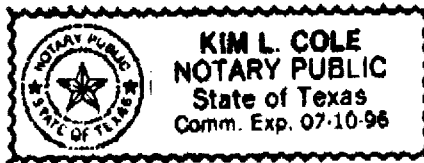


Becky Bean
Notary Public in and for
the State of Texas
Commission Expires: _____

STATE OF TEXAS §
 §
COUNTY OF Potter §

The foregoing instrument was acknowledged before me this 18th
day of July, 1994, by Timothy D. Collier, Manager of
El Poso Ranch Joint Venture.

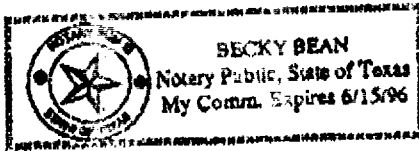
Kim L. Cole
Notary Public in and for
the State of Texas
Commission Expires: 7-10-96



STATE OF TEXAS

COUNTY OF Taylor

This instrument was acknowledged before me on this the 22nd day of July, 1994, by TIMOTHY D. COLLIER.



Becky Bean
Notary Public, State of Texas

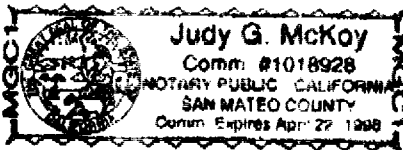
Notary's Name Printed

My Commission Expires: _____

STATE OF TEXAS CALIFORNIA

COUNTY OF San Francisco

This instrument was acknowledged before me on this the 26th day of July, 1994, by PRENTIS C. HALE, III.



Judy G. McKoy
Notary Public, State of ~~Texas~~ CALIFORNIA

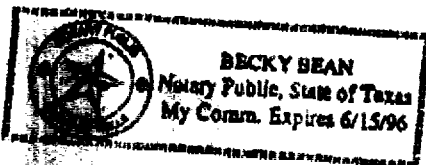
JUDY G. MCKOY
Notary's Name Printed

My Commission Expires: 4-22-98

STATE OF TEXAS

COUNTY OF Taylor

This instrument was acknowledged before me on this the 22nd day of July, 1994, by WAYNE A. BISSETT.



Becky Bean
Notary Public, State of Texas

Notary's Name Printed

My Commission Expires: _____