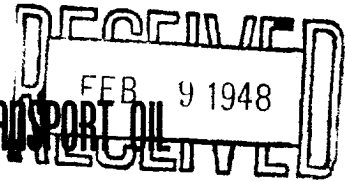


OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO



CERTIFICATE of COMPLIANCE and AUTHORIZATION to TRANSPORT OIL

Company or Operator Malco-Reeler-Yates Lease HOBBS OFFICE

Address Artesia, New Mexico Artesia
(Local or Field Office) (Principal Place of Business)

Unit Q Wells No 21 Sec. 21 T 18 R 28 Field Artesia County Eddy

Kind of Lease State Location of Tanks On lease

Transporter New Mexico Pipe Line Co. Address of Transporter Artesia, N.M.
(Local or Field Office)

Artesia Percent of oil to be transported 100% Other transporters author-
(Principal Place of Business)

ized to transport oil from this unit are NONE %

REMARKS:

Acquired this former Flynn, Welch & Yates well as of
January 1, 1948.

The undersigned certifies that the rules and regulations of the Oil Conservation Commission have been complied with except as noted above and that gathering agent is authorized to transport the percentage of oil produced from the above described property and that this authorization will be valid until further notice to the transporter named herein or until cancelled by the Oil Conservation Commission of New Mexico.

Executed this the 19th day of January, 1948

Malco-Reeler-Yates

(Company or Operator)

By Vilas P. Sheldon

Title Secretary of Operating Company

State of New Mexico

County of Eddy

ss.

Before me, the undersigned authority, on this day personally appeared Vilas P. Sheldon known to me to be the person whose name is subscribed to the above instrument, who being by me duly sworn on oath states that he is authorized to make this report and has knowledge of the facts stated herein and that said report is true and correct.

Subscribed and sworn to before me, this the 19th day of January, 1948

Velma Z. Matthews

Notary Public in and for Eddy County, New Mexico

Approved: JAN 31 1948 194 My Commission expires February 25, 1951.

OIL CONSERVATION COMMISSION

By William B. Macey

(See Instructions on Reverse Side)

INSTRUCTIONS

This form shall be executed and filed in quadruplicate with the Oil Conservation Commission at Santa Fe, New Mexico, covering each unit from which oil is produced. A separate certificate shall be filed for each transporter authorized to transport oil from a unit. After said certificate has been approved by the Oil Conservation Commission, one copy shall be forwarded to the transporter, one copy returned to the producer, and two copies retained by the Oil Conservation Commission.

A new certificate shall be filed to cover each change in operating ownership and each change in the transporter, except that in the case of a temporary change in the transporter involving less than the allowable production for one month the operator shall in lieu of filing a new certificate, notify the Oil Conservation Commission at Santa Fe, New Mexico, and the transporter authorized by certificate on file with the Commission, by letter of the estimated amount of oil to be moved by the transporter temporarily moving oil from the unit and the name of such temporary transporter and a copy of such notice shall also be furnished such temporary transporter. Such temporary transporter shall not move any more oil than the estimated amount shown in said notice.

This certificate when properly executed and approved by the Oil Conservation Commission shall constitute a permit for pipe line connection and authorization to transport oil from the property named therein and shall remain in full force and effect until

- (a) Operating ownership changes
- (b) The transporter is changed or
- (c) The permit is cancelled by the Commission

If any of the rules and regulations of the Oil Conservation Commission have not been complied with at the same time this report is filed, explain fully under the heading "REMARKS."

In all cases where this certificate is filed to cover a change in operating ownership or a change in the transporter designated to move oil, show under "REMARKS" the previous owner or operator and the transporter previously authorized to transport oil.

A separate report shall be filed to cover each producing unit as designated by the Oil Conservation Commission.