

RECEIVED

SEP 23 2010  
New Mexico State Land Office  
Oil, Gas, and Minerals Division  
HOBBS, NM  
ONLINE VERSION  
CONSOLIDATION OF STATE OIL AND GAS LEASES

30-025-39910

Revised March 2003

Amtex Energy, Inc. (OGRID # 000785), Lessee, record title owner of State Oil and Gas Leases numbered V0-0928-0001 and V0-7632-0000, requests approval of lease consolidation affecting Subdivisions Unit A, Unit B, Unit G, Unit H, Unit I, Unit J, Unit O, Unit P Sect 34, T 18S, R 34E, NMPM Lea County NM to establish a 320 acre proration unit in the Airstrip (Bone Spring) formation.

Lessee submits a plat, Exhibit A, showing the subject area, leases involved and the requested consolidation. This plat also delineates the proration unit and locates and designates the completed well and consolidated horizon.

Lessee states that the State of New Mexico, for the assigned beneficiaries, owns the royalty interest under these leases and agrees that the state, at its own election, is entitled to delivery in-kind of its share of all communitized substances produced from the leased area.

Approval is requested pursuant to authority granted by applicable statutes. Approval will promote conservation and is in the best interest of the State.

This consolidation, if approved by the Commissioner of Public Lands, shall be effective 9/22/2010 (date), and shall continue in effect for 365 days and as long thereafter as communitized substances are produced from the consolidated area in paying quantities; provided, that this agreement shall not expire if there is a well capable of producing gas in paying quantities located upon some part of the consolidated area, if such well is shut-in due to the inability of the operator to obtain a pipeline connection or to market the gas therefrom, and if either:

(a) a shut-in royalty has been timely and properly paid pursuant to the provision of one of the State of New Mexico oil and gas leases covering lands subject to this agreement so as to prevent the expiration of such lease; or

(b) each of the State of New Mexico oil and gas leases covering lands subject to this agreement is in its primary term (if a five-year lease), or is in its primary or secondary term (if a ten-year lease), or is held by production from another well.

Provided further, however, that prior to production in paying quantities from the consolidated area, and upon fulfillment of all requirements of the Commissioner of Public Lands with respect to any dry hole or abandoned well drilled upon the consolidated area, this Consolidation may be terminated at any time by the Lessee. This consolidation shall not terminate upon cessation of production of communitized substances if, within sixty (60) days thereafter, reworking or drilling operations on the consolidated area are commenced and are thereafter conducted and prosecuted with reasonable diligence. Intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30)

days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.

Requesting approval of consolidation of NM state oil and gas leases

William J. Savage For Amtex Energy, Inc.  
Print person's name Corporation  
William J. Savage  
Signature

**Acknowledgment in an Individual Capacity:**

State of \_\_\_\_\_ )  
ss)  
County of \_\_\_\_\_ )  
This instrument was acknowledged before me on \_\_\_\_\_ Date  
by \_\_\_\_\_  
Name(s) of Person(s)

(Notary Seal)

Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Acknowledgment in a Representative Capacity:**

State of Texas )  
ss)  
County of Midland )  
This instrument was acknowledged before me on July 15, 2010 Date  
by William J. Savage  
Name(s) of Person(s)  
as President of Amtex Energy, Inc.  
Type of authority, e g , officer, trustee, etc Name of party on behalf of whom this instrument was executed



Karol Ann Eads  
Signature of Notarial Officer

My commission expires: 01/28/14