

Section 32: N/2, SW/4  
Section 33: NW/4, N/2 NE/4, SE/4 NE/4, NE/4 SE/4

(3) The project area comprises 1,580 acres and encompasses twelve separate state, federal and fee leases, described as follows:

<u>Lease Name</u>	<u>Lease Type</u>	<u>Lease Description</u>
H. D. McKinley	Fee	Section 30: S/2 NE/4
Bowers "A"	Federal	Section 30: SE/4 Section 29: W/2 SW/4, SW/4 NW/4, S/2 NW/4 NW/4
State "A-29"	State	Section 29: E/2 SW/4, NW/4 SE/4
State "I-29"	State	Section 29: S/2 SE/4
W. D. Grimes	Fee	Section 28: SW/4
W. D. Grimes NCT-B	Fee	Section 33: NE/4 SE/4, E/2 NE/4 NW/4 NE/4
State "B"	State	Section 33: N/2 NW/4
State "G"	State	Section 33: S/2 NW/4
State "A"	State	Section 32: N/2 NE/4
Shell State "A"	State	Section 32: S/2 NE/4
W. D. Grimes NCT-A	Fee	Section 32: W/2
Fowler	Fee	Section 31: NE/4 NE/4

All in Township 18 South, Range 38 East, NMPM

(4) With the exception of the State "A" Lease, which is currently operated by Apache Corporation ("Apache"), and the Shell State "A" Lease, which is currently operated by Occidental Permian Limited Partnership ("Occidental"), all of the leases within the project area are currently operated by the applicant.

(5) The applicant testified that:

- (a) 100% of the working interest in the State "A-29", State "I-29", W. D. Grimes, W. D. Grimes NCT-B, State "B", State "G", W. D. Grimes NCT-A, H. D. McKinley, Bowers "A" and Fowler Leases is owned by Texland;
- (b) 100% of the working interest in the State "A" Lease is owned by Apache, and 100% of the working