

MF074593

**TERMINATION**

DATE 09/01/2020  
 LEASING MSB  
 MAPS JK  
 GIS ML

Lease Type  
 RAL

**Control**

07-109210

Survey

Block

Block Name

Township

Section/Tract

Land Part

Acres

Depth Below  
 0

Name

Lease Date

Primary Term

Bonus

Lease Royalty

Paid Up

**Basefile**

111098

T &amp; P Ry Co

56

3-S

12

PT

Net: 160.000000 Gross: 160.000000

Depth Above  
 3500

CUSTER OIL CO

10/20/1976

3 months

\$4,000.00

0.16666700

NA

**County**

REEVES

Leasing: JKMaps: JKGIS: MC

Scanlab: \_\_\_\_\_

**CAUTION**

Documents in this file have been  
 placed in Table of Contents order and  
 scanned.

Please help keep documents in  
 content order and let the  
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 are added to this file.

Thank you for your assistance.

*Archives and Records Staff*

F275038

CUSTER OIL CO



*See provision 31 of lease relating  
to selection of acreage*

RELINQUISHMENT ACT LEASE M-74593

*5/195*

COUNTY: Reeves  
TRACT : SE/4 of Sec. 12, Blk. 56, T-3  
PART : T&P Ry Co. (depth 3,500' ft)  
ACRES : 160

LESSEE : Custer Oil Co.

DATE : October 20, 1976

TERM : 90 calendar days

BONUS : \$4,000.00

RENTAL:

FILE : 111098

*(See provision 31 of lease w/prod)*

*07-10921-0*

*2A  
Gf  
2A*

**REDROPE**  
VERTICAL FILE POCKETS  
No. ET1526EMT

HASTINGS, MN - LOS ANGELES  
LOGAN OH - MCGREGOR, TX U. S. A.



MF 074593



CONTENTS OF FILE NO. M-74593

|                                                                          |                                      |
|--------------------------------------------------------------------------|--------------------------------------|
| 1. Lease 11/12/76 dr                                                     | 33. Rental Payment 9-5-86            |
| 2. Ltr. from Stubbeman, McRae, et al 9/20/76                             | 34. DIVISION ORDER 10/28/98          |
| 3. Ltr. to " " " " 11/15/76                                              | 35. Rental Payment 10-13-89          |
| 4. APPLICATION TO DRILL WELL # 1 3-30-77 MHD                             | 36. Rental Payment 10-11-90          |
| 5. COMP. REPORT WELL # 1                                                 | 37. Rental Payment 1-17-92           |
| 6. DIVISION ORDER 4-28-77                                                | 38. Rental Payment 11-17-92          |
| 7. DIVISION ORDER 5-23-77                                                | 39. Rental Pymt 10-7-93              |
| 8. Ltr. to Hanover Gas Systems 5-2-77                                    | 40. Re MF 18878 Item 73 Std 4-01-93  |
| 9. Status Report 4-1-77                                                  | 41. D.O. 1-24-00                     |
| 10. DIVISION ORDER 8-24-77                                               | 42. See item (38) in M-31461         |
| 11. APPLICATION TO DRILL WELL # 2 7-30-77 MHD                            | 43. Billing Sledge Bros. Oil 11/9/01 |
| 12. COMP. REPORT WELL # 2                                                | 44. Scanned 10/9/2014                |
| 13. Ltr. to Hanover Management Co. 11-2-77                               | 45. 43. Surface Damage Pmt 7/2/2021  |
| 13.112 Ltr. to Hanover Management Co. 11-5-77 Isq                        | 46. scanned 18 13 July 2021          |
| 14. Ltr. to Custer Oil 12-6-77                                           | 47. Termination Packet 4/10/23       |
| 15. Well/Lease Status Report Information 10-14-77 Isq                    | 48. scanned 18 4-25-2023             |
| 16. Rental Payment 12-15-77                                              | 49.                                  |
| 17. Ltr. to Hanover Gas Systems 1-18-78                                  | 50.                                  |
| 18. See Letter Dated 3-31-78 in M-306161                                 | 51.                                  |
| 19. Rental Payment 10-20-78                                              | 52.                                  |
| 20. See Letter Dated 11-9-78 in M-67636 gr                               | 53.                                  |
| 21. RRC Information 11-17-78 MHD                                         | 54.                                  |
| 22. Ltr to Sledge Oil & Gas 4-18-79                                      | 55.                                  |
| See Letter Dated 9-13-79 in M-31461 Isq                                  | 56.                                  |
| 24. Rental Payment 9-21-79                                               | 57.                                  |
| See Letter Dated 11-12-79 in M-31461 Isq                                 | 58.                                  |
| 25. Rental Payment 10-17-80                                              | 59.                                  |
| 26. Rental Payment 9-5-81                                                | 60.                                  |
| 27. Rental Payment 9-2-82                                                | 61.                                  |
| 28. For letter w/enclosure from Stubbeman See Item 14 in M-31461 3-23-79 | 62.                                  |
| 29. Memo 12-21-82                                                        | 63.                                  |
| 30. Rental Payment 9-17-83                                               | 64.                                  |
| 31. Rental Payment 9-13-84                                               | 65.                                  |
| 32. Rental Payment 9-7-85                                                | 66.                                  |



Mineral Classified Land  
Lease Consideration Comparison

N.  
County REEVES  
Area SE/4 Sec 12, B1K 56,  
T-3, T & P Ry Co.

| M. F.          | Acres | Lease Date | Term    | Total Bonus         | B/Ac             | Rental          | Comparison    |
|----------------|-------|------------|---------|---------------------|------------------|-----------------|---------------|
| New            | 160   | 10- -76    | 90 days | 8000 <sup>00</sup>  | 50 <sup>00</sup> | —               | 1/8           |
| *<br>71681     | 640   | 1-27-75    | 5 yr.   | 32000 <sup>00</sup> | 50 <sup>00</sup> | 1 <sup>00</sup> | 1 mi S (3/32) |
|                |       |            |         |                     |                  |                 |               |
|                |       |            |         |                     |                  |                 |               |
| *<br>± 1/4 mi. |       |            |         |                     |                  |                 |               |

111098

Remarks:

KEN REAGAN (Data.) shallow oil  
(3350-3400') offset prod. to  
E. on private land. Pot. ranges

Consideration

Recommended

Not Recommended

*Jm*



NOV 12 1976

General Land Office

## FILE NO. 3921 ATLANTIC RICHFIELD COMPANY TO CUSTER OIL COMPANY

No. 5367-General Land  
Office Lease Form Under  
Relinquishment Act  
Revised September, 1975

## OIL AND GAS LEASE

THIS AGREEMENT, made and entered into this 20<sup>TH</sup> day of October 1976, by and between

ATLANTIC RICHFIELD COMPANY

Box 1610

of Midland, Texas 79701

(Give Permanent Address)

individually and as agent for the State of Texas, party of the first part, herein referred to as the owner of the soil (whether one or more), and

CUSTER OIL COMPANY, a corporation

of 307 Comet, Austin, Texas, 78734

(Give Permanent Address)

party of the second part, hereinafter called Lessee, WITNESSETH:

1. The owner of the soil in the capacities aforesaid, for and in consideration of -- Four Thousand & No/100 -- Dollars

(\$ 4,000.00), cash in hand paid, as his individual property and estate, receipt of which is hereby acknowledged, and a like amount paid to the STATE OF TEXAS, and of the covenants and agreements hereinafter contained on the part of the Lessee to be paid, kept and performed, hereby grants, leases and lets unto Lessee, for the sole and only purpose of prospecting and drilling for and producing oil and gas, laying pipe lines, building tanks, storing oil and building power stations, telephone lines and other structures thereon, to produce, save, take care of, treat and trans-

port said products of the lease, the following lands situated in Reeves County, State of Texas, to-wit:

Southeast 1/4 Section 12, Block 56, T-3, T&P Ry. Co. Survey,  
to a depth of 3,500' below the surface of the earth,

containing 160 acres, more or less.

90 calendar days

2. Subject to the other provisions herein contained, this lease shall be for a term of 90 days from this date (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from said land.

\*3. When production of oil and/or gas is secured, Lessee agrees to pay or cause to be paid one-half (1/2) to the Commissioner of the General Land Office of the State of Texas, at Austin, Texas, and one-half (1/2) to the owner of the soil, during the term hereof:

(a) As a royalty on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided,

1/4 part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be determined by 1) the highest posted price, plus premium, if any, offered or paid for oil, condensate, distillate, or other liquid hydrocarbons, respectively, of a like type and gravity for the field where produced and when run, or 2) the highest market price thereof offered or paid for the field where produced and when run, or 3) the gross proceeds of the sale thereof, whichever is greater. Lessee agrees that before any gas produced from the land hereby leased is sold, used or processed in a plant, it will be run free of cost to the parties entitled to royalties through an adequate oil and gas separator of conventional type or other equipment at least as efficient to the end that all liquid hydrocarbons recoverable from the gas by such means will be recovered. Upon written consent of the royalty owners, the requirement that such gas be run through a separator or other equipment may be waived upon such terms and conditions as prescribed by them.

(b) As a royalty on any gas (including flared gas), which is defined as all hydrocarbons and gaseous substances not defined as oil in subparagraph (a) above, produced from any well on said land (except as provided herein with respect to gas processed in a plant for the extraction of gasoline,

liquid hydrocarbons or other products) 1/4 part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be based on the highest market price paid or offered for gas of comparable quality for the field where produced and when run, or the gross price paid or offered to the producer, whichever is greater; provided that the maximum pressure base in measuring the gas under this lease contract shall not at any time exceed 14.65 pounds per square inch absolute, and the standard base temperature shall be sixty (60) degrees Fahrenheit, correction to be made for pressure according to Boyle's Law, and for specific gravity according to test made by the Balance Method or by the most approved method of testing being used by the industry at the time of testing.

For the purposes of this lease "field" means the general area in which the land covered by this lease is located.

(c) As a royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons, \_\_\_\_\_

1/4 part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office. All royalties due herein shall be based on one hundred percent (100%) of the total plant production of residue gas attributable to gas produced from this lease, and on fifty percent (50%) or that percent accruing to Lessee, whichever is greater, of the total plant production of liquid hydrocarbons attributable to the gas produced from this lease; provided that if liquid hydrocarbons are recovered from gas processed in a plant in which Lessee (or its parent, subsidiary or affiliate) owns an interest, then the percentage applicable to liquid hydrocarbons shall be fifty percent (50%) or the

\*NOTE: The total royalty payable under the lease should be inserted in paragraphs 3(a), 3(b), 3(c) and 3(d).



highest percent accruing to a third party processing gas through such plant under a processing agreement negotiated at arms' length (or if there is no such third party, the highest percent then being specified in processing agreements or contracts in the industry), whichever is greater. 4. The respective royalties on residue gas and on liquid hydrocarbons shall be determined by 1) the highest market price paid or offered for any gas (or liquid hydrocarbons) of comparable quality in the general area, or 2) the gross price paid or offered for such residue gas (or the weighted average gross selling price for the respective grades of liquid hydrocarbons, F.O.B. at the plant in which said gas is processed), whichever is greater.

(d) As a royalty on carbon black, sulphur or any other products produced or manufactured from gas (excepting liquid hydrocarbons) whether said gas be "casinghead", "dry" or any other gas, by fractionating, burning or any other processing, 1/4 part of the gross production of such products, or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such market value to be determined as follows:

- (1) on the basis of the highest market price of each product for the same month in which such product is produced, or
- (2) on the basis of the average gross sale price of each product for the same month in which such product is sold, whichever is greater.

4. Notwithstanding anything contained herein to the contrary, the owner of the soil or the Commissioner of the General Land Office may, at the option of either, at any time or from time to time, upon not less than sixty (60) days notice to the holder of the lease, require that payment of any royalties accruing to such royalty owner under this lease be made in kind.

5. Lessee agrees that all royalties accruing under this lease (including those paid in kind) shall be without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and otherwise making the oil, gas and other products produced hereunder ready for sale or use.

6. No royalty shall be payable on any gas as may represent this lease's proportionate share of any fuel used to process gas produced hereunder in any processing plant. Notwithstanding anything contained herein to the contrary, and subject to the consent in writing of the owner of the soil and the Commissioner of the General Land Office, Lessee may recycle gas for gas lift purposes on the leased premises or for injection into any oil or gas producing formation underlying the leased premises after the liquid hydrocarbons contained in the gas have been removed and no royalties shall be payable on the gas so recycled until such time as the same may thereafter be produced and sold or used by Lessee in such manner as to entitle the royalty owners to a royalty thereon under the provisions of this lease.

7. All royalties which are required to be paid hereunder to the Commissioner of the General Land Office shall be due and payable in the following manner: Royalty on oil shall be due and payable on or before the 5th day of the second month succeeding the month of production, and royalty on gas shall be due and payable on or before the 15th day of the second month succeeding the month of production, accompanied by an affidavit completed in the form and manner prescribed by the General Land Office and showing the gross amount and disposition of all oil and gas produced and the market value of the oil and gas, together with a copy of all supporting documents and records required by law to confirm the gross production, disposition and market value. A copy of all contracts under which gas is sold or processed and all subsequent agreements and amendments to such contracts shall be filed with the General Land Office within thirty (30) days after entering into or making such contracts, agreements or amendments. The books, accounts and all other records pertaining to production, transportation, sale and marketing shall at any time be subject to inspection and examination by the Land Commissioner. Each royalty payment shall be accompanied by a check stub, schedule, summary or other remittance advice showing by the assigned General Land Office lease number the amount of royalty being paid. Any royalty not paid or affidavits and supporting documents not filed when due shall become delinquent and shall have added to the sum owing a delinquency penalty of one percent (1%) of such sum for each thirty (30) day period of delinquency or a fractional period thereof; provided, however, that each such penalty shall never be less than Five Dollars (\$5.00). Lessee shall bear all responsibility for paying or causing royalties to be paid as prescribed by the due date provided herein. Payment of the delinquency penalty shall in no way operate to prohibit the State's right of forfeiture as provided by law. The State shall have a first lien upon all oil and gas produced from the area covered by this lease to secure the payment of all unpaid royalty and other sums of money that may become due to the State hereunder.

90 days

8. If no well be commenced on said land on or before ~~on or before~~ 90 days from this date, this lease shall terminate as to both parties, ~~unless on or before such anniversary date Lessee shall pay or tender to the owner of the soil or to his credit in the~~

~~\_\_\_\_\_ Bank, at \_\_\_\_\_, or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the sum of \_\_\_\_\_ Dollars~~

~~(\$ \_\_\_\_\_), and in addition shall pay to the COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS, AT AUSTIN, TEXAS, a like sum on or before said date, which shall operate as a rental and cover the privilege of deferring the commencement of a well for one (1) year from said date. In like manner and upon like payments or tenders annually, the commencement of a well may be further deferred for successive periods of one (1) year each during the primary term.~~

9. All payments or tenders of rental to the owner of the soil may be made by check or draft of Lessee, or any assignee hereof, and delivered on or before the rental paying date. If said bank (or any successor bank) should cease to exist, suspend business, liquidate, fail or be succeeded by another bank, or for any reason fail or refuse to accept rental, ~~Lessee shall not be held in default for failure to make such payments or tenders of rental until thirty (30) days after the owner of the soil shall deliver to Lessee a proper recordable instrument naming another bank as agent to receive such payments or tenders.~~ NONE.

10. During any year beginning with the anniversary date of this lease, if this lease is maintained by production, the royalties paid hereunder in no event shall be less than an amount equal to the total annual delay rental herein provided; otherwise, there shall be due and payable on or before the last day of the month succeeding the anniversary date of this lease a sum equal to the total annual delay rental less the amount of royalties paid during the preceding year. If no amount of delay rental is specified in this lease, then for the purpose of this paragraph and paragraph 29, rental shall be construed to be one dollar (\$1.00) per acre which shall be in addition to the statutory minimum rental provided in paragraph 11 hereof.

11. It is understood and agreed that notwithstanding the fact that development may be in progress or production secured and royalty being paid hereunder the owner or operator of the leased premises shall continue to make annual rental payments to the State which, under such conditions, shall be the minimum of ten cents (10¢) per acre as provided by Article 5368 of the Revised Civil Statutes of Texas, 1925.

12. If, during the primary term hereof and prior to discovery and production of oil or gas on said land, Lessee should drill a dry hole or holes thereon, or if, after discovery and production of oil or gas, the production thereof should cease from any cause, this lease shall not terminate if on or before the rental paying date next ensuing after the expiration of sixty (60) days from date of completion of said dry hole or cessation of production Lessee commences additional drilling or reworking operations thereon, or commences or resumes the payment of annual delay rental in the same manner as provided in Paragraph Number 8 of this lease. If a dry hole be completed and abandoned during the last year of the primary term, Lessee's rights shall remain in full force and effect without further operations until the expiration of the primary term. Should the first well or any subsequent well drilled on the above described land be completed as a shut-in gas well within the primary term hereof, Lessee may resume payment of annual rental in the same manner as provided in Paragraph Number 8 in this lease on or before the rental paying date next ensuing after sixty (60) days from the date of completion of such shut-in gas well and upon the failure to make such annual rental payment this lease shall ipso facto terminate. If at the expiration of the primary term or at any time thereafter a shut-in gas well is located on the leased premises, payments may be made in accordance with the provisions of Paragraph Number 29 hereof.

13. If, at the expiration of the primary term, neither oil nor gas is being produced on said land, but Lessee is then engaged in drilling or reworking operations thereon, or if, after the expiration of the primary term, production of oil or gas on the leased premises after once obtained should cease from any cause, this lease shall remain in force so long as operations on said well or for drilling or reworking of any additional well are prosecuted with no cessation of more than sixty (60) consecutive days, and if they result in the production of oil and/or gas, so long thereafter as oil and/or gas is produced in paying quantities from said land, or payment of shut-in gas well royalties or compensatory royalties is made as hereinafter provided.

14. Lessee shall adequately protect the oil and gas under the above described land from drainage from the adjacent lands or leases. Neither the bonus, delay rentals, nor royalties paid or to be paid hereunder shall relieve Lessee from the obligations herein expressed, and for such purpose Lessee shall be required to drill as many wells as the facts may justify and to the depth or depths necessary for effective protection against undue drainage by other wells on adjacent lands or leases.

15. Written notice of operations hereunder shall be submitted to the Commissioner of the General Land Office by Lessee within five (5) days of spud date, cessation of production, workover, re-entry, temporary abandonment or abandonment of any well and shall include copies of Railroad Commission forms for application to drill, completion tests and plugging reports. The Commissioner of the General Land Office reserves the right to require Lessee to furnish logs on all wells drilled on said land and to annually furnish the said Commissioner with its best possible estimate of oil and gas reserves underlying this lease or allocable to this lease.

16. Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling operations thereon, or from producing oil or gas therefrom, after effort made in good faith, by reason of war, rebellion, riots, strikes, acts of God, or any valid order, rule or regulation of government authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended; and this lease shall be extended while and so long as Lessee is prevented, by any such cause, from drilling, reworking operations or producing oil or gas from the leased premises; provided, however, that nothing herein shall be construed to suspend the payment of delay rentals in order to maintain this lease in effect during the primary or extended term in the absence of such drilling or reworking operations or production of oil or gas.

17. The owner of the soil hereby warrants and agrees to defend the title to the land herein described, and agrees that Lessee shall have the



17. The owner of the soil hereby warrants and agrees to defend the title to the land herein described, and agrees that Lessee shall have the right at any time to redeem for said owner of the soil, by payment, any mortgage, taxes or other liens on the above described land, in the event of default of payment by said owner of the soil, and be subrogated to the rights of the holder thereof, to the extent that Lessee may apply any rental or royalty due the owner of the soil from Lessee until any obligation thus incurred by the owner of the soil is discharged.

If the owner of the soil owns a less interest in the above described land than the entire and undivided surface estate therein (or a greater or lesser interest than the recited interest therein) then the royalties and rental herein provided to be paid to the owner of the soil shall be paid to him in the proportion which his interest bears to the whole and undivided surface estate and the royalties and rental herein provided to be paid to the Commissioner of the General Land Office of the State of Texas shall be likewise proportionately reduced. The Commissioner of the General Land Office shall be paid the value of the whole production allocable to all of the undivided interest not covered by any lease, less the proportionate development and production costs allocable to such undivided interest, but in no event shall the Commissioner of the General Land Office receive as a royalty on the gross production allocable to the undivided interest not leased an amount less than the value of one-sixteenth (1/16) of such gross production. Provided, however, before any adjustment of royalty or rental due the Commissioner of the General Land Office, Lessee shall furnish the Commissioner of the General Land Office of the State of Texas, at Austin, Texas, a statement in writing executed by Lessee, or its duly authorized representative, setting forth the facts relative to the interest of the owner of the soil and the interest which Lessee claims under this lease.

18. Lessee shall have the right to use water produced on said land necessary for operations hereunder except water from wells or tanks of the owner of the soil; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for waterflood operations without the prior consent of the owner of the soil.

19. When requested by the owner of the soil, Lessee shall bury its pipe lines below plow depth.

20. No well shall be drilled nearer than two hundred (200) feet to the house or barn now on said premises without the written consent of the owner of the soil.

21. Lessee shall have the exclusive right to build, operate and maintain pits, reservoirs, pickup stations and plants for the purpose of picking up and conserving waste oil that flows down the creeks, ravines and across the land embraced in the lease, whether said oil is produced from said land covered by this lease or other lands, provided the royalties herein specified are paid on said oil at the same rate under the same conditions provided for oil regularly produced.

22. Lessee shall pay the owner of the soil for damages caused by its operations to all personal property, improvements, livestock and crops on said land.

23. Lessee shall have the right at any time until one hundred twenty (120) days after the expiration or termination of this lease to remove all machinery and fixtures placed by Lessee on said premises, including the right to draw and remove all casing; provided, however, that casing shall not be drawn and removed until after thirty (30) days written notice to the Commissioner of the General Land Office and to the owner of the soil and, provided further, that Lessee shall not remove casing with respect to any well thereon capable of producing oil and/or gas in paying quantities. Any machinery, fixtures and casing subject to removal as above set forth, which are allowed to remain on the premises, shall become the property of the owner of the soil on expiration of said one hundred twenty (120) day period, or such extension thereof as may be granted by the owner of the soil.

24. The rights and estates of either party hereto may be assigned, in whole or in part, and the provisions hereof shall extend to and be binding upon their heirs, devisees, legal representatives, successors and assigns; but no change or division in the ownership of the land, rentals or royalties, however accomplished, shall operate to enlarge the obligations, nor to diminish the rights, privileges and estates of Lessee, nor to impair the effectiveness of any payment made by, nor of any act performed by, Lessee hereunder. And no such change or division in the ownership of said land, the rentals or royalties, however accomplished, shall ever be binding upon Lessee for any purpose until thirty (30) days after Lessee has been furnished by the owner of the soil, or by his heirs, devisees, legal representatives or assigns, with satisfactory written evidence thereof, including (if such change is effected by conveyance) the original recorded muniments of title or certified copies thereof. An assignment of this lease, in whole or in part, shall, as to the extent of such assignment, relieve and discharge Lessee of all subsequent obligations hereunder. If this lease is assigned in its entirety as to only part of the acreage, the right and option to pay rentals shall be apportioned as between the several owners ratably, according to the surface area of each, and failure by one or more of them to pay his share of the rental shall not affect this lease on the part of the land upon which pro rata rentals are timely paid or tendered, unless the assignor or assignee shall fail to file a certified copy of such assignment in the General Land Office prior to the next rental paying date, in which event the entire lease shall terminate for failure to pay the entire rental due as provided in Paragraph Number 8 hereof.

25. Lessee may at any time, and from time to time, execute and deliver to the owner of the soil or place of record, a release or releases covering any portion or portions of the above described premises, and thereby surrender this lease as to such portion or portions, and be relieved of all subsequent obligations as to acreage surrendered. In the event any part of this lease is surrendered, as above provided, the delay rental then payable hereunder shall thereupon be reduced in the proportion that the acreage surrendered bears to the acreage which was covered by this lease immediately prior to such surrender, provided such release shall not thereby relieve the Lessee of any liabilities which may have accrued in connection with the lease prior to the surrender of such acreage.

26. Provided further that if all or any part of this lease is assigned or released, such assignment or release shall be recorded in the county where the land is situated and the recorded instrument, or a copy of the recorded instrument certified to by the County Clerk of the County in which the instrument is recorded, shall be filed in the GENERAL LAND OFFICE accompanied by a filing fee of Five Dollars (\$5.00). If any such assignment is not so filed, the rights acquired under this lease shall be subject to forfeiture by the Commissioner of the General Land Office.

27. This lease is issued under the provisions of Articles 5367 through 5379, Revised Civil Statutes of Texas, 1925, as amended, commonly known as the Relinquishment Act, Article 5421c-2, V.T.C.S., and other applicable statutes and amendments thereto, and should there be any provision herein not in conformity with said statutes, the law is recognized and understood to prevail notwithstanding anything in this lease to the contrary.

28. It is recognized that before this lease is effective a certified copy thereof (which is construed as meaning a certified copy made by the County Clerk from his records) shall be filed in the General Land Office in accordance with Article 5421c-2, V.T.C.S., and this lease shall not be binding upon the State unless it recites the actual and true consideration paid or promised therefor. The bonus due the State and a filing fee of Five Dollars (\$5.00) shall accompany such certified copy to the General Land Office.

29. If, at the expiration of the primary term or at any time thereafter, there is located on the leased premises a well or wells capable of producing gas in paying quantities and such gas is not otherwise produced for lack of a suitable market and this lease is not otherwise being maintained in force and effect, Lessee may pay as royalty a sum of money equal to double the annual rental provided for in this lease but in no event to be less than Twelve Hundred Dollars (\$1,200.00) per annum for each well capable of producing gas in paying quantities; such payment shall be made one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil prior to the expiration of the primary term of this lease or, if the primary term has expired, within sixty (60) days after Lessee shuts in such well or ceases to produce gas therefrom or within sixty (60) days after this lease ceases to be otherwise maintained in force and effect; and if such payment is made, this lease shall be considered to be a producing lease and such shut-in gas well royalty payment shall extend the term of this lease for a period of one (1) year from the end of the primary term or, if after the primary term, from the first day of the month next succeeding the month in which such well was shut in or production ceased or this lease ceased to be otherwise maintained in force and effect; and thereafter, if no suitable market for such gas exists, Lessee may extend this lease for four (4) additional and successive periods of one (1) year each by the payment of a like sum of money each year as above provided, on or before the expiration of the extended term. Provided, however, that if, while this lease is being maintained in force and effect by payment of such shut-in gas well royalty, gas should be sold and delivered in paying quantities from a well situated within one thousand (1,000) feet of the leased premises and completed in the same producing reservoir, or in any case where drainage is occurring, the right to further extend this lease by such shut-in gas well royalty payments shall cease and this lease shall remain in force and effect for the remainder of the current one-year period for which the shut-in gas well royalty has been paid and for an additional period not to exceed five (5) years from the expiration of the primary term by payment by Lessee of compensatory royalty at the royalty rate provided for herein, of the value at the well of production from the well completed in the same producing reservoir from which gas is being sold and delivered and which is situated within one thousand (1,000) feet of or draining the leased premises on which such shut-in gas well is situated, such compensatory royalty to be paid monthly one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil beginning on or before the last day of the month next succeeding the month in which such gas is sold and delivered from the well situated within one thousand (1,000) feet of or draining the leased premises and completed in the same producing reservoir, provided further that in the event such compensatory royalties paid in any twelve-month period are in an amount less than the annual shut-in gas well royalties provided for herein, Lessee shall pay an additional sum of money equal to the difference between such compensatory royalties paid and such shut-in gas well royalties within thirty (30) days from the end of such twelve-month period; provided further that nothing herein shall relieve Lessee of the obligation of reasonable development, nor of the obligation to drill off-set wells as required by law.

30. None of the natural gas or casinghead gas, including both associated and nonassociated gas, produced from the mineral estate subject to this lease shall be sold or contracted for sale to any person, corporation, or other entity for ultimate use outside of the State of Texas unless and until the Railroad Commission of Texas shall find, after notice and hearing pursuant to Title 102 of the Revised Civil Statutes of Texas, 1925, as amended, that:

(a) the person, agency, or entity which executed the lease in question does not require said natural gas or casinghead gas to meet its own existing needs for fuel;

(b) no private or public hospital, nursing home, or other similar health-care facility in this state requires said natural gas or casinghead gas to meet its existing needs for fuel;

(c) no public or private school in this state, of elementary, secondary, or higher education level, requires said natural gas or casinghead gas to meet its existing needs for fuel;

(d) no facility of the State of Texas or of any county, municipality, or other political subdivision in this state requires said natural gas or casinghead gas to meet its existing needs for fuel;

(e) no producer of food and fiber requires said natural gas or casinghead gas necessary to meet the existing needs of irrigation pumps and other machinery directly related to this production, and



(D) no person who resides in the State of Texas and who relies on natural gas or casinghead gas to provide in whole or in part his existing needs for fuel or raw material requires said natural gas or casinghead gas to meet such needs.  
31 & 32. See attached Exhibit incorporated herein by reference.  
IN WITNESS WHEREOF, this instrument is executed on the date first above written, without warranty of any kind, either expressed or implied.

ATTEST:

ATLANTIC RICHFIELD COMPANY

Asst. Secretary ~~XXXXXXXXXXXXXXXXXXXX~~

*[Signature]*  
by \_\_\_\_\_ Individually and as agent for the State of Texas  
officer

Individually and as agent for the State of Texas

Individually and as agent for the State of Texas

31. If the first well on said land is completed as a producer of oil and is classified by the Railroad Commission of Texas as an oil well, this lease shall terminate as to the 80 acres not selected by Lessee for allowable and proration purposes in respect of said producing oil well unless Lessee commences or causes to be commenced a second well for oil or gas at a location of Lessee's choice on said land on or before 90 days after the date of such classification in respect of said producing oil well; and upon such commencement, this lease shall continue in full force and effect as to all said land so long as Lessee prosecutes the drilling of such well and as long thereafter as oil or gas, or either of them, is produced from said land.

32. When, as and if Lessee shall have recovered from its share of the proceeds of sale of oil and gas produced from said land its development and operating expenses, then, effective at 7:00 A.M. on the first day of the month following the month in which such payout occurs, the royalty hereinabove in Paragraph 3 reserved shall be increased from 1/4 to 1/3.

STATE OF TEXAS                   X  
COUNTY OF DALLAS               X

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared

J. L. Wilson

whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said ATLANTIC RICHFIELD COMPANY, a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 26<sup>th</sup> day of October, 1976.

*[Signature: Phyllis E. Dickey]*  
Notary Public in and for Dallas County, Texas



Filed for record on the 22nd day of October, A.D. 1976 at 11:00 A.M.  
Duly recorded on the 26th day of October, A.D. 1976 at 2:00 P.M.

By *[Signature: Lillian Jo Freeman]* DEPUTY CATHERINE ASHLEY, County Clerk,  
Reeves County, Texas.



①

74593

Lease

File Dated 11-12-76  
Bob Armstrong, Commissioner

RECEIVED AS STATED

\$5.00

DATE 11-15-76

Reg. No. FF-1145

GENERAL LAND OFFICE

RECEIVED AS STATED

DATE

Reg. No.

GENERAL LAND OFFICE

THE STATE OF TEXAS

County of REEVES } I, CATHERINE ASHLEY, Clerk  
of the County Court of Reeves County, Texas, do hereby certify that  
the foregoing is a true and correct copy of the original RECORDED OIL AND GAS LEASE FROM  
ATLANTIC RICHFIELD COMPANY TO CUSTER OIL COMPANY,

as the same appears of record in my office in book 340 page 574, Deed Records.

Given under my Hand and Seal of said Court, at office in Pecos, Texas  
this 9th day of November 19 76

CATHERINE ASHLEY Clerk,

By Bruce J. Summers Deputy.



September 28, 1976

Stubbeman, McRae, Sealy, Laughlin & Browder  
P. O. Box 2263  
Austin, Texas 78768

Attention: Walter C. Beardsley

Re: Southeast 1/4 Section 12, Block 56, T-3, T&P Ry.  
Co. Survey, Reeves County, Texas

Gentlemen:

We have received the proposed Oil and Gas Lease covering the captioned tract.

This lease is approved as to form and consideration, based upon current conditions in the area and subject to our timely receipt of a certified copy of the instrument, the State's one-half of the bonus consideration and the required \$5.00 filing fee.

Sincerely yours,

Bob Armstrong

By:

Lewis J. Bundrant, Attorney

LJB/tv



Hon. Bob Armstrong  
Commissioner  
General Land Office

Date \_\_\_\_\_ 19 \_\_\_\_\_

Dear Sir:

Attached is \$ \_\_\_\_\_

Charge

Credit Acct. # \_\_\_\_\_

Cash Fees  
Check To Cover Interest On The Following:  
Draft Rental

*Oil & Gas Lease, Southeast 1/4  
Sect 12, Blk. 56, T-3, T & P B Co., Survey  
to 3500 ft. Reeves County  
CH - 4,000.00 33896*

*171*

Receipt  
Please Mail Copies to Mr.  
Statement

*Custer Oil Co. ✓*

Street

*307 Cometh ✓*

City

Attention

*Austin, Tex. 78746*



SEP 22 1976

General Land Office

## STUBBEMAN, McRAE, SEALY, LAUGHLIN &amp; BROWDER

ATTORNEYS AT LAW

MIDLAND, TEXAS 79701

MIDLAND SAVINGS BUILDING

P. O. BOX 1540

A. C. 915 682-1616

AUSTIN, TEXAS

800 VAUGHN BUILDING-ZIP CODE 78701

P. O. BOX 2263-ZIP CODE 78768

A. C. 512 476-3502

FRANK STUBBEMAN  
HAMILTON E. McRAE  
TOM SEALY  
BOYD LAUGHLIN  
FRED M. CASSIDY  
WM. B. BROWDER, JR.  
WALTER C. BEARDSLEY  
W. F. PENNEBAKER  
DURWARD M. GOOLSBY  
JAMES L. PARDEE  
JAMES G. NOLAND  
ROBERT J. COWAN  
MILTON L. BANKSTON  
WALTER K. BOYD, JR.  
HARRELL FELDT  
SMITH RAY  
J. P. WORD  
J. J. BOWDEN  
NICHOLAS C. TAYLOR  
T. B. WRIGHT  
JOE D. MERONEY  
ALVIN WALVOORD, JR.  
RODNEY W. SATTERWHITE  
HAL L. KEMPF  
JO ANNE CHRISTIAN  
JOE R. GREENHILL, JR.  
JAMES V. HAMMETT, JR.  
DANIEL W. HERD  
DAVID K. BROOKS  
JOSEPH V. CRAWFORD  
MICHAEL J. CANON  
REX AMINI  
RICHARD E. BOOTH  
JOHN M. CARAWAY

ADDRESS REPLY TO: Austin, Texas  
Sept. 20, 1976

Commissioner of the General Land Office  
State of Texas  
Austin, Texas 78701

Re: Southeast 1/4 Section 12, Block 56, T-3, T&P Ry.  
Co. Survey, Reeves County

Dear Sir:

Enclosed herewith is a copy of a proposed oil and gas lease, form No. 5367 under the Relinquishment Act. If the consideration and other terms of this lease are satisfactory to the extent that if, within a reasonable time, a certified copy of a recorded lease containing these terms and provisions would be filed by you, will you please advise the undersigned at Box 2286, Austin 78768.

Very truly yours,

STUBBEMAN, McRAE, SEALY, LAUGHLIN & BROWDER

By

*Walter C. Beardsley*  
Walter C. Beardsley

WCB:vj  
Encl.

cc: Custer Oil Company  
307 Comet  
Austin 78734



M. F. 74593 (2)

CORRESPONDENCE FILE

To Stubbeman, McRae & Co  
From

Dated 9-20-76



November 15, 1976

Stubbeman, McRae, Sealy  
Laughlin and Browder  
Attorneys at Law  
P. O. Box 2286  
Austin, Texas 78768

Attention: Walter C. Beardsley

Re: SE/4 of Sec. 12, Blk. 56, T-3 T&P Ry Co  
to a depth of 3,500' below the surface  
State Mineral File No. M-74593

Dear Mr. Beardsley:

The certified copy of Oil and Gas Lease, affecting the captioned tract, has been approved and filed in our records under M-74593, to which mineral file number you should refer to in any future correspondence concerning this lease.

Your remittance in the amount of \$4,000.00 has been applied as the State's portion of the cash bonus due on the lease and a receipt for this amount is enclosed herewith. We have charged your Account No. 874 with \$5.00 to cover the filing fee due on the Lease. Our Invoice No. 1145 showing this charge, is also enclosed.

Sincerely yours,

Bob Armstrong

By:  
V. C. Morelle, Attorney

VCM/dr  
Enclosures



③

M. F. 74593

CORRESPONDENCE FILE

To Stubbs, McRae & al  
~~FROM~~

Dated 11-15-76



M-74593

## APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

|                                                                                                                                                                                                                                       |                                                                                                     |                                                                                           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| Check one: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> DEEPEN (Below Casing) <input type="checkbox"/> DEEPEN (Within Casing) <input type="checkbox"/> PLUG BACK <input type="checkbox"/> OTHER (Specify) _____ |                                                                                                     | 7. R.R.C. District<br>8                                                                   |
| If Amended Application, explain fully in Remarks or Attach Separate Page.                                                                                                                                                             |                                                                                                     | 8. County<br>Reeves                                                                       |
| 1. Operator<br>Hanover Management Company                                                                                                                                                                                             | 4. Lease Name<br>ARCO STATE                                                                         | 9. Well Number<br>1                                                                       |
| 2. Address (Including City and Zip Code)<br>2001 Bryan Tower, Suite 1100<br>Dallas, TX 75201                                                                                                                                          | 5. Location (Sec., Blk., Survey)<br>330' FSL & 330' FEL of<br>Sec. 12, Block 56, T-3, T&P RR Survey | 10. Number of Acres in Lease<br>160                                                       |
| 3. Is Form P-5 (Organization Report) in Exact Operator Name Filed?<br>YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> (Instruction (2) on back side.)                                                             | 6. This well is to be located 7 miles SW<br>Direction from Orla<br>Nearest Post Office or Town.     | 11. Distance from Proposed Location<br>to Nearest Property or Lease Line<br>(ft.)<br>330' |
|                                                                                                                                                                                                                                       |                                                                                                     | 12. Total Depth<br>3,500'                                                                 |

## EACH PROPOSED COMPLETION

## REFER TO INSTRUCTIONS ON BACK SIDE. READ CAREFULLY AND FURNISH COMPLETE DATA.

| 13.                                                                                                                                                                                                                                                                            | 14.              | 15.                                                                    | 16.                                                                        | 17.                                                                    | 18.                                                                   | 19.                                                                                                       | 20.                                                                                                                     | 21.                                                                          | 22.                                    | 23.                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------------------------------------------------------------|----------------------------------------------------------------------------|------------------------------------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|----------------------------------------|------------------------------------------------------------------------------------------------------------|
| FIELD NAME (Exactly as shown on R.R.C. Protection Schedule including Reservoir if applicable. If Wildcat, so state below.)                                                                                                                                                     | Completion Depth | All Prior Rule 37 Case Numbers for this wellbore, if none, State None. | Applicable Field Rules Spacing Pattern, If no Rules, State 407-1200' (ft.) | Applicable Field Rules Density Pattern, If no Rules, State 40' (acres) | Number of Acres in Drilling Unit for this Well AND DESIGNATE ON PLAT. | Is this acreage presently assigned to another well in same field? (Yes or No. If yes explain in remarks.) | Distance from proposed location to nearest drilling completed or applied for well in same reservoir on same lease (ft.) | Is this a 1. Regular or 2. Rule 37 Location? Check the appropriate box.      | Oil, Gas, or other Type Well (Specify) | Number of Wells or Permitted locations on this Lease in same Reservoir for which this Permit is Requested? |
| Ken Regan (Delaware)                                                                                                                                                                                                                                                           | 3,500'           | None                                                                   | 330/ 660                                                                   | 40 ac.                                                                 | 40 ac.                                                                | No                                                                                                        | None                                                                                                                    | Regular <input checked="" type="checkbox"/> Rule 37 <input type="checkbox"/> | Oil                                    | 0                                                                                                          |
|                                                                                                                                                                                                                                                                                |                  |                                                                        |                                                                            |                                                                        |                                                                       |                                                                                                           |                                                                                                                         |                                                                              |                                        | RECEIVED<br>R.R.C. OF TEXAS<br>DEC 9 1976<br>D.G.<br>MIDLAND, TEXAS                                        |
| 24. PERPENDICULAR LOCATION FROM TWO DESIGNATED LEASE LINES AND SURVEY LINES AND DISTANCE AND DIRECTION TO NEAREST WELL IN SAME FIELD.<br>330' FSL & 330' FEL of 1se; 15,510' FNL & 10,230' FWL of BLK. 56, T-3; 330' S & 1320' W from Hanover Management Co. Armstrong TXL #3. |                  |                                                                        |                                                                            |                                                                        |                                                                       |                                                                                                           |                                                                                                                         |                                                                              |                                        |                                                                                                            |

## NOTICE

NO ALLOWABLE WILL BE ASSIGNED TO any well which does not have sufficient surface casing to protect all fresh water sands. Where Commission rules do not specify surface casing requirements, it will be necessary to contact Texas Water Development Board, Austin, Texas, to ascertain the depth to which fresh water sands must be protected.

## REMARKS:

Comp: 3-19-77 (W-V)  
pfs: 3347-51  
lpp: 44 BOPD + 156 BW, Gr. 37  
GOR: 9511

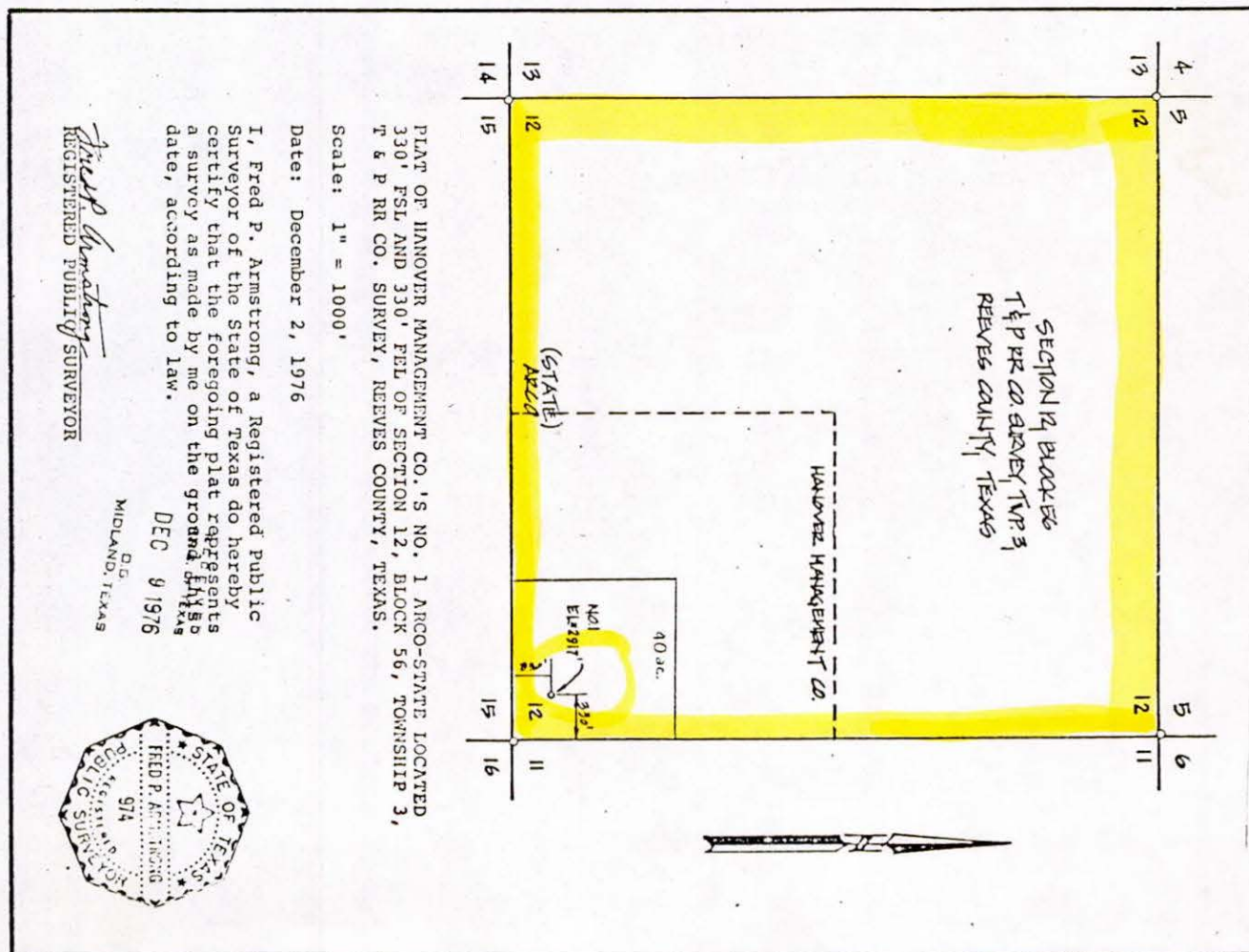
TD: 3421

## CERTIFICATE

I declare under penalties prescribed in Article 6036c, R. C. S., that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.

Signature: John B. Hastings  
Title: Chief Engineer  
Date: December 7, 1976  
Telephone: Area Code 214 742-1681

## READ INSTRUCTIONS ON BACK SIDE AND FURNISH COMPLETE DATA.



## SCALE OF MAP

STATEWIDE PLAT SERVICE  
P. O. DRAWER 1807, AUSTIN, TEXAS 78767

12-14-76

N.R.



(161)

HANOVER MANAGEMENT COMPANY

2001 BRYAN TOWER, SUITE 1100

DALLAS, TEXAS 75201

(214) 742-1681

January 18, 1977

Mr. E. O. Smith  
Atlantic-Richfield Company  
Post Office Box 1160  
Midland, Texas 79701

General Land Office  
Austin, Texas 78701

Re: Hanover Management Company  
(State of Texas File No. M 74593)  
Arco-State #1, SE/4 Sec. 12,  
Block 56, Township 3, T&P Ry. Co.  
Survey, Reeves County, Texas

Gentlemen:

We wish to advise that the captioned well was spudded at  
2:00 p.m., Sunday, January 16, 1977.

Very truly yours,

HANOVER MANAGEMENT COMPANY



W. Johnson

WJ:cca

cc: Working Interest Owners



WELL STATUS REPORT

OPERATOR Hanover Management Co.

STATE LEASE NO. M-74593 FEE        R.A.L. Yes FREE ROYALTY       

OFFSET, APPROX.        FT. FROM STATE LEASE       

LEASE Arco State WELL NO. 1

FIELD NAME Ken Reagan Delaware WILDCAT        COUNTY Reeves

REPORT NO. bst SPUD DATE 1-16-77 DRILLING DEPTH 135 feet

COMPLETION DATE        TOTAL DEPTH       

PERFS        1ST COMPLETION: YES        NO       

POTENTIAL/TEST: OIL        GAS        D&A       

REMARKS: They are going to move a rotary rig on to this location on Jan 20, 1977  
or Jan 21, 1977. They have a cable tool rig on it this date to hold the  
lease ?

BA/jmh/gs

2-25-75

  
INSPECTOR

DATE Jan 19, 1977



HANOVER MANAGEMENT CO.  
2001 BRYAN TOWER, SUITE 1100  
DALLAS, TEXAS 75201

161

Dear Sirs:

The Arco State #1, 330' FSL & 330' FEL  
of Sec. 12, Blk. 56, T-3, T&P RR, Ken  
Regan Field, Reeves Co., TX was spud @  
2:00 p.m. 1-16-77.

M. Pearce



RAILROAD COMMISSION OF TEXAS  
OIL AND GAS DIVISIONFORM W-1  
(12-22-75)API Well No. 42  
Instruction (7a & b) on back side.

## APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

Check one: ☒ DRILL ☐ DEEPEN (Below Casing) ☐ DEEPEN (Within Casing) ☐ PLUG BACK ☐ OTHER (Specify) \_\_\_\_\_

If Amended Application, explain fully in Remarks or Attach Separate Page.

|                                                                                                                                                                                  |                                                                                                                      |                                                                                            |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| 1. Operator<br><b>Hanover Management Company</b>                                                                                                                                 | 4. Lease Name<br><b>ARCO STATE</b>                                                                                   | 7. RRC District<br><b>8</b>                                                                |
| 2. Address (Including City and Zip Code)<br><b>2001 Bryan Tower, Suite 1100<br/>Dallas, TX 75201</b>                                                                             | 5. Location (Sec., Blk., Survey) <b>330' FSL &amp; 330' FEL of<br/>Sec. 12, Block 56, T-3, T&amp;P RR Survey</b>     | 8. County<br><b>Reeves</b>                                                                 |
| 3. Is Form P-5 (Organization Report) in Exact Operator Name Filed?<br><b>YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> (Instruction (2) on back side.)</b> | 6. This well is to be located <b>7</b> miles <b>SW</b><br>Direction from <b>Orla</b><br>Nearest Post Office or Town. | 9. Well Number<br><b>1</b>                                                                 |
|                                                                                                                                                                                  |                                                                                                                      | 10. Number of Acres in Lease<br><b>160</b>                                                 |
|                                                                                                                                                                                  |                                                                                                                      | 11. Distance from Proposed Location to Nearest Property or Lease Line (ft.)<br><b>330'</b> |
|                                                                                                                                                                                  |                                                                                                                      | 12. Total Depth<br><b>3,500'</b>                                                           |

## EACH PROPOSED COMPLETION

REFER TO INSTRUCTIONS ON BACK SIDE. READ CAREFULLY AND FURNISH COMPLETE DATA.

| 13.                                                                                                                       | 14.              | 15.                                                                   | 16.                                                                        | 17.                                                                    | 18.                                                                   | 19.                                                                                                       | 20.                                                                                                                     | 21.                                                                                 | 22.                                    | 23.                                                                                                                   |
|---------------------------------------------------------------------------------------------------------------------------|------------------|-----------------------------------------------------------------------|----------------------------------------------------------------------------|------------------------------------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| FIELD NAME (Exactly as shown on R.R.C. Proration Schedule including Reservoir if applicable.) If Wildcat, so state below. | Completion Depth | All Prior Rule 37 Case Numbers for this wellbore. If none State None. | Applicable Field Rules Spacing Pattern. If no Rules, State 467-1200. (ft.) | Applicable Field Rules Density Pattern. If no Rules, State 40. (acres) | Number of Acres in Drilling Unit for this Well AND DESIGNATE ON PLAT. | Is this acreage presently assigned to another well in same field? (Yes or No. If yes explain in remarks.) | Distance from proposed location to nearest drilling completed or applied for well in same reservoir on same lease (ft.) | Is this a 1. Regular or 2. Rule 37 Location? Check the appropriate box.             | Oil, Gas, or other Type Well (Specify) | Number of Wells or Permitted locations on this Lease in same Reservoir for which this Permit is Requested?<br>OIL GAS |
| Ken Regan (Delaware)                                                                                                      | 3,500'           | None                                                                  | 330/ 660                                                                   | 40 ac.                                                                 | 40 ac.                                                                | No                                                                                                        | -                                                                                                                       | Regular 1 <input checked="" type="checkbox"/><br>Rule 37 2 <input type="checkbox"/> | Oil                                    | 0 0                                                                                                                   |
|                                                                                                                           |                  |                                                                       |                                                                            |                                                                        |                                                                       |                                                                                                           |                                                                                                                         | Regular 1 <input type="checkbox"/><br>Rule 37 2 <input type="checkbox"/>            |                                        |                                                                                                                       |
|                                                                                                                           |                  |                                                                       |                                                                            |                                                                        |                                                                       |                                                                                                           |                                                                                                                         | Regular 1 <input type="checkbox"/><br>Rule 37 2 <input type="checkbox"/>            |                                        |                                                                                                                       |
|                                                                                                                           |                  |                                                                       |                                                                            |                                                                        |                                                                       |                                                                                                           |                                                                                                                         | Regular 1 <input type="checkbox"/><br>Rule 37 2 <input type="checkbox"/>            |                                        |                                                                                                                       |

24. PERPENDICULAR LOCATION FROM TWO DESIGNATED LEASE LINES AND SURVEY LINES AND DIRECTION TO NEAREST WELL IN SAME FIELD.  
330' FSL & 330' FEL of 1se; 15,510' FNL & 10,230' FWL of Blk. 56, T-3; 330' S & 1320' W from Hanover Management Co. Armstrong TXL #3.

## NOTICE

NO ALLOWABLE WILL BE ASSIGNED to any well which does not have sufficient surface casing to protect all fresh water sands. Where Commission rules do not specify surface casing requirements, it will be necessary to contact Texas Water Development Board, Austin, Texas, to ascertain the depth to which fresh water sands must be protected.

REMARKS: \_\_\_\_\_

## CERTIFICATE

I declare under penalties prescribed in Article 6036c, R. C. S., that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.

Signature *John B. Hastings* John B. Hastings  
Chief Engineer

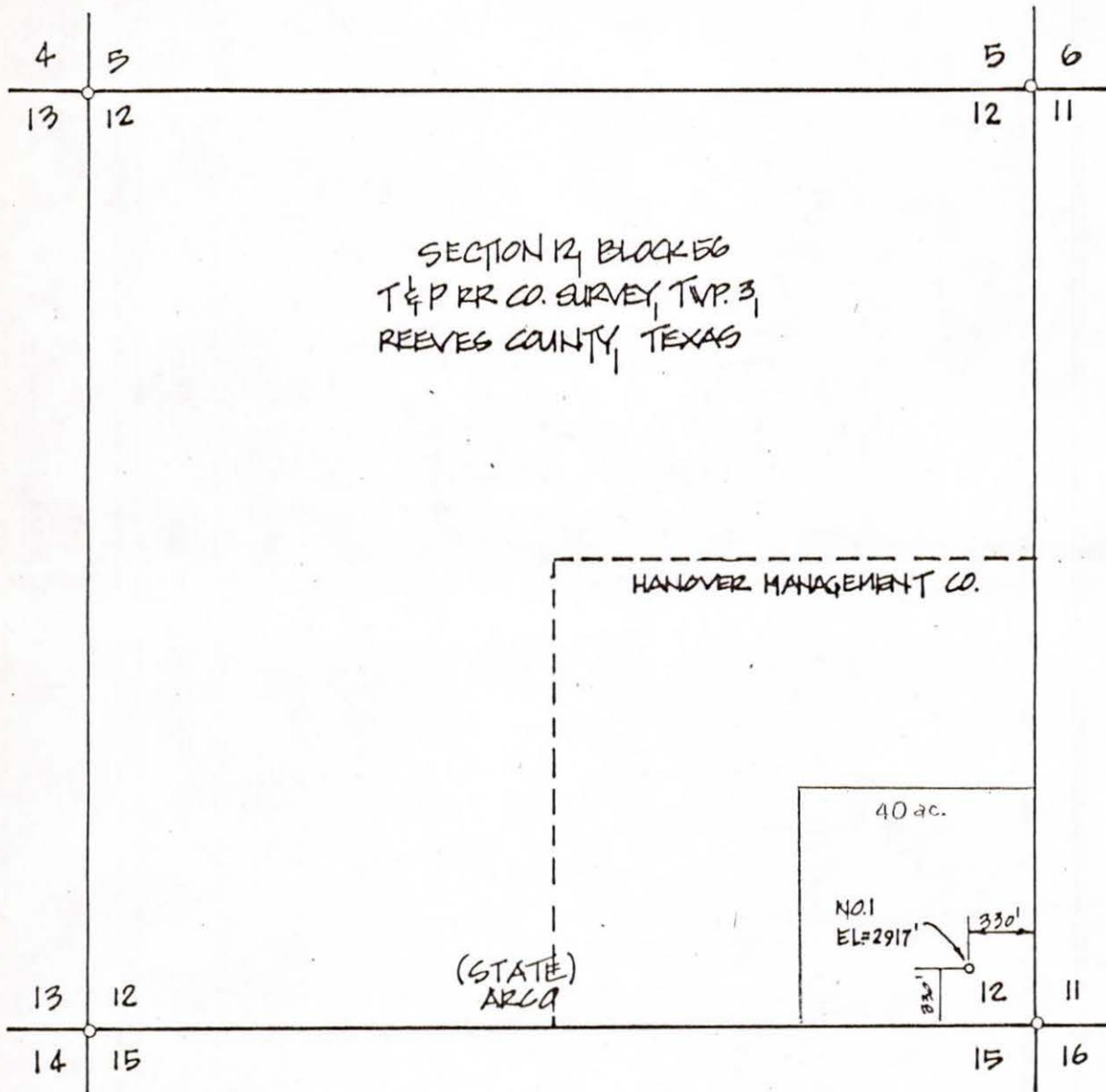
Title

Date December 7, 1976

Telephone: Area Code

214 742-1681

READ INSTRUCTIONS ON BACK SIDE AND FURNISH COMPLETE DATA.



PLAT OF HANOVER MANAGEMENT CO.'S NO. 1 ARCO-STATE LOCATED  
330' FSL AND 330' FEL OF SECTION 12, BLOCK 56, TOWNSHIP 3,  
T & P RR CO. SURVEY, REEVES COUNTY, TEXAS.

Scale: 1" = 1000'

Date: December 2, 1976

I, Fred P. Armstrong, a Registered Public  
Surveyor of the State of Texas do hereby  
certify that the foregoing plat represents  
a survey as made by me on the ground this  
date, according to law.

*Fred P. Armstrong*  
REGISTERED PUBLIC SURVEYOR





WELL STATUS REPORT

OPERATOR Hanover Management Co.

STATE LEASE NO. M-74593 FEE \_\_\_\_\_ R.A.L. Yes FREE ROYALTY \_\_\_\_\_

OFFSET, APPROX. \_\_\_\_\_ FT. FROM STATE LEASE \_\_\_\_\_

LEASE Arco-State WELL NO. 1

FIELD NAME Ken Regan Delaware WILDCAT \_\_\_\_\_ COUNTY Reeves

REPORT NO. 2nd SPUD DATE 1-20-77 DRILLING DEPTH \_\_\_\_\_

COMPLETION DATE \_\_\_\_\_ TOTAL DEPTH 3415 feet

PERFS Unkown 1ST COMPLETION: YES \_\_\_\_\_ NO \_\_\_\_\_

POTENTIAL/TEST: OIL \_\_\_\_\_ GAS \_\_\_\_\_ D&A \_\_\_\_\_

REMARKS: They moved a well service unit off this location yesterday ?

BA/jmh/gs

2-25-75

  
INSPECTOR

DATE Feb 9, 1977

④

M. F. M-74593

APPLICATION TO DRILL

WELL # 1

FILED 3-30 1977

BOB ARMSTRONG, COMMISSIONER

BY: MHJ



161  
HANOVER MANAGEMENT COMPANY

2001 BRYAN TOWER, SUITE 1100

DALLAS, TEXAS 75201

(214) 742-1681

March 28, 1977

Railroad Commission of Texas  
District 8  
Box 2110  
Midland, TX 79701

M-74593

RE: Arco State No. 1  
Section 12, Blk. 56, T-3  
T & P RR Survey  
Reeves County, Texas

Gentlemen:

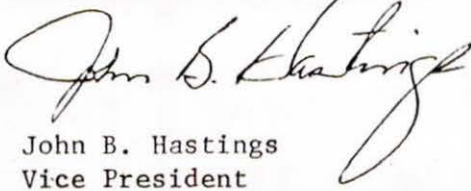
Enclosed are the following forms in connection with the captioned well.

1. Form P-15 "Statement of Productivity of Acreage Assigned to Proration Units", with copy of plat.
2. Form W-2 "Oil Well Potential Test Completion Report and Log".
3. Form W-12 "Inclination Report".
4. Form W-15 "Cementing Report", surface casing.
5. Form W-15 "Cementing Report", production casing.

If additional information is needed, please let me know.

Yours very truly,

HANOVER MANAGEMENT COMPANY

  
John B. Hastings  
Vice President

JBH:mpp

Encls. - 2 copies each

bc (with enclosures): Mr. Walter C. Beardsley  
P. O. Box 2286  
Austin, Texas 78768

General Land Office  
1700 North Congress Avenue  
Austin, Texas 78711

STATEMENT OF PRODUCTIVITY OF ACREAGE  
ASSIGNED TO PRORATION UNITS

Form P-15  
(5-5-71)

The undersigned states that he is authorized to make this statement; that he has knowledge of the facts concerning the Hanover Management Company,  
OPERATOR  
Arco State, No. 1; that such well is  
LEASE WELL  
completed in the Ken Regan (Delaware) Field, Reeves County,  
Texas and that the acreage claimed, and assigned to such well for proration purposes as  
authorized by special rule and as shown on the attached certified plat embraces \_\_\_\_\_  
40 acres which can reasonably be considered to be productive of hydrocarbons.

- CERTIFICATE -

*I declare under penalties prescribed in Article 6036c, R. C. S., that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.*

Date 3-28-77

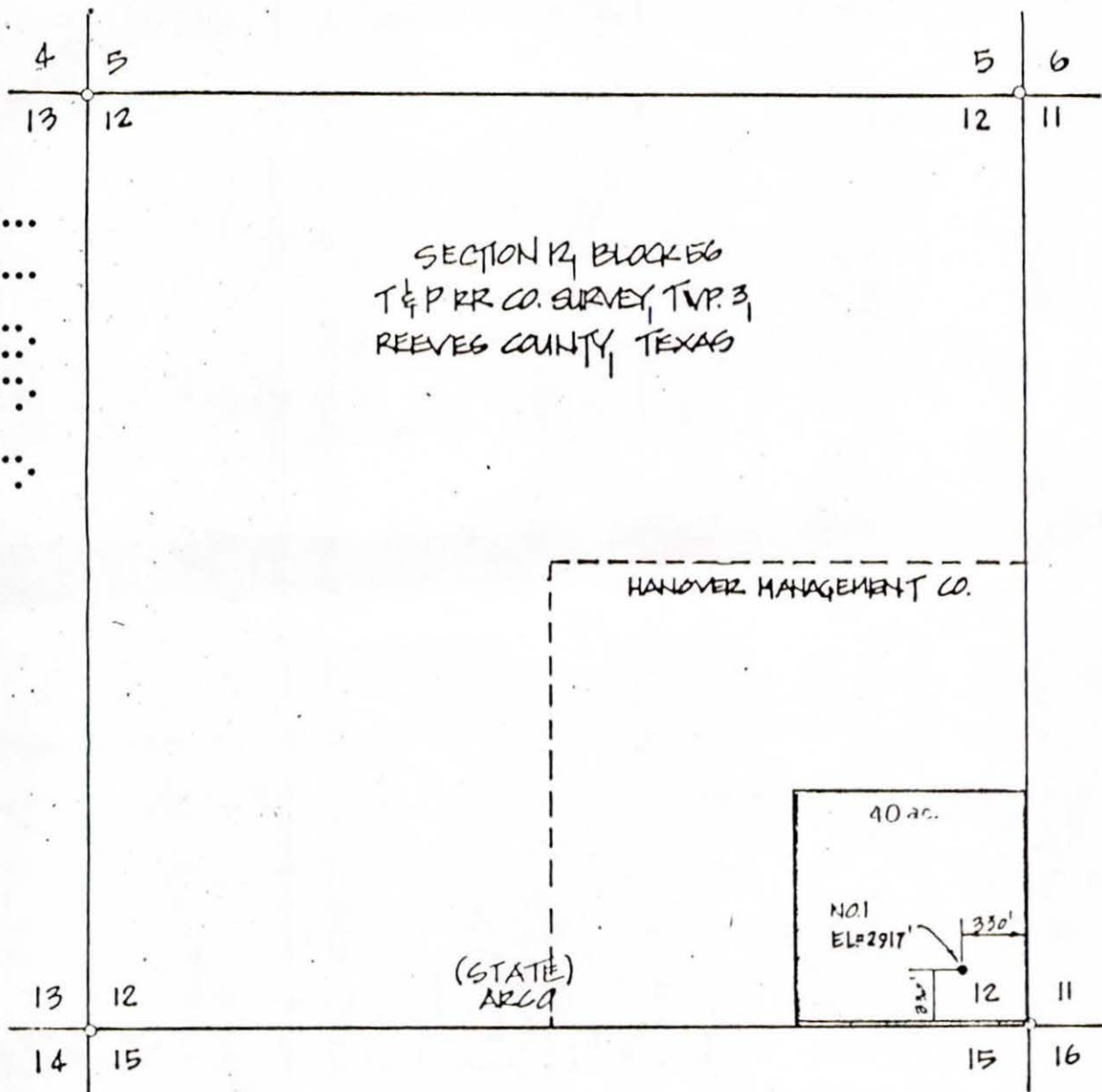
Signature

John B. Hastings  
John B. Hastings

Telephone (214) 742-1681  
AREA CODE

Title Vice President





PLAT OF HANOVER MANAGEMENT CO.'S NO. 1 ARCO-STATE LOCATED  
330' FSL AND 330' FEL OF SECTION 12, BLOCK 56, TOWNSHIP 3,  
T & P RR CO. SURVEY, REEVES COUNTY, TEXAS.

Scale: 1" = 1000'

Date: December 2, 1976

I, Fred P. Armstrong, a Registered Public  
Surveyor of the State of Texas do hereby  
certify that the foregoing plat represents  
a survey as made by me on the ground this  
date, according to law.

*Fred P. Armstrong*  
REGISTERED PUBLIC SURVEYOR



OIL WELL POTENTIAL TEST  
COMPLETION OR RECOMPLETION REPORT AND LOG

|                                                                                |                                                                                          |                             |                                                                                                                                                     |
|--------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. FIELD NAME (as per RRC Records or Wildcat)<br>Ken Regan (Delaware)          |                                                                                          | 2. LEASE NAME<br>Arco State | 7. RRC District<br>8                                                                                                                                |
| 3. OPERATOR<br>Hanover Management Company                                      |                                                                                          |                             | 8. RRC Lease Number                                                                                                                                 |
| 4. ADDRESS<br>2001 Bryan Tower, Suite 1100, Dallas, Texas 75201                |                                                                                          |                             | 9. Well Number<br>1                                                                                                                                 |
| 5. If Operator has changed within last 60 Days -- Give former Operator         |                                                                                          |                             | 10. County<br>Reeves                                                                                                                                |
| 6a. LOCATION (Section, Block, and Survey)<br>Section 12, Block 56, T-3, T&P RR | 6b. Distance and Direction to nearest town in this county.<br>9 Miles S from Orla, Texas |                             | 11. Purpose of Test<br>Initial Potential <input checked="" type="checkbox"/><br>Retest <input type="checkbox"/><br>Reclose <input type="checkbox"/> |
| 12. If Workover -- Give former Field (with Reservoir)                          | 13. Type of Electric or other Log run<br>Sonic/Dual Laterolog                            |                             | 14. Completion Date<br>3-19-77                                                                                                                      |

Section I

POTENTIAL TEST DATA

|                                                                                                                                         |                                |                                                                                                               |  |                             |                |
|-----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|---------------------------------------------------------------------------------------------------------------|--|-----------------------------|----------------|
| 15. Date of Test<br>3-19-77                                                                                                             | 16. No. of Hours Tested<br>24  | 17. Production Method (Flowing, Gas Lift, Jetting, Pumping -- Size & Type of Pump)<br>Pumping - 1-1/2" Insert |  |                             | 18. Choke Size |
| 19. Production During Test Period<br>Oil - BBLs<br>44.18<br>Gas - MCF<br>42<br>Water - BBLs<br>156<br>Gas - Oil Ratio<br>951            | Flowing Tubing Pressure<br>PSI |                                                                                                               |  |                             |                |
| 20. Calculated 24 Hour Rate<br>Oil - BBLs<br>44.18<br>Gas - MCF<br>42<br>Water - BBLs<br>156<br>Oil Gravity - API - 60°<br>37           | Casing Pressure<br>PSI         |                                                                                                               |  |                             |                |
| 21. Was Swab or Artificial Flowing Device Used During this Test?<br>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |                                | 22. Oil Produced Prior to Test (New & Reworked Wells)<br>332                                                  |  | 23. Injection Gas-Oil Ratio |                |

NOTE: TEST SHOULD BE FOR 24 HOURS UNLESS OTHERWISE SPECIFIED IN FIELD RULES

INSTRUCTIONS: All potential test Forms, with all information requested thereon filled in, shall be filed in the District Office of the Railroad Commission not later than ten (10) days after the test is completed and, should the operator fail to file potential test in an acceptable Form within the ten (10) days as specified, then the effective date of the allowable resulting from such test shall not extend back more than ten (10) days prior to receipt and acceptance of the potential test Form in the District Office. This Ten-Day provision shall govern regardless of whether the potential test is taken during the month in which it is received in the District Office or any prior month. Fill in only the front of this Form when reporting only a potential test; if well is newly completed or recompleted, fill in reverse side also.

EACH WITNESS MUST PERSONALLY SIGN.

We, the undersigned, witnessed this test, by observation of meter readings, or the top and bottom gauges of each tank, whichever is applicable, into which production was run during duration of this test.

Signature: REPRESENTATIVE OF COMPANY MAKING TEST

List of Offset Operators Notified and Date Notified:

Signature: REPRESENTATIVE OF RAILROAD COMMISSION

List of Offset Operators Notified and Date Notified:

An inclination survey has been run in accordance with Statewide Rule 11 and the results are available upon request. Maximum horizontal displacement was \_\_\_\_\_ feet at a measured depth of \_\_\_\_\_ feet.

Form W-12 attached

Signature of Authorized Representative

Name of Company Conducting Survey

I have knowledge that the cementing operations, as reflected by the information found on the reverse side of this form, were performed as indicated by such information.

Form W-15 attached

Signature of Cementer or Authorized Representative

Name of Cementing Company

CERTIFICATE:

I declare under penalties prescribed in Article 6036c, R.C.S., that I am authorized to make this report, that this report was prepared by me or under my supervision and direction and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.

Vice President

TITLE

3-28-77

DATE

REPRESENTATIVE OF COMPANY



**SECTION II DATA ON WELL COMPLETION AND LOG (Not Required on Retest)**

24. Type of Completion: New Well ☒ Deepening ☐ Plug Back ☐ Other ☐ 25. Date Permit Issued: 12-13-76

26. Notice of Intention to Drill this Well was filed in Name of: Hanover Management Company 27. If Special Permit, Give Permit Number:

28. Number of Producing Wells on this Lease in This Field (Reservoir) including this Well: 1 29. Total Number of Acres in this Lease: 160

30. Date Plug Back, Deepening, Work Over or Drilling Operations: Commenced 1-16-77 Completed 2-9-77 31. Distance to Nearest Well, Same Lease & Reservoir: -

32. Location of Well, Relative to Nearest Lease Boundaries: 330 Feet From South Line And 330 Feet From East Line of The Arco State Lease

33. Elevation (DF, RKB, RT, GR, ETC): 2917 GR, 2926 RKB 34. Was Directional Survey Made: Yes ☐ No ☒

35. Top of Pay: 3344 36. Total Depth: 3421 37. P. B. Depth: 3377 38. Surface Casing Determined By: Recommendation of Texas Water Development Board ☐ Field Rules ☒ Railroad Commission (Special) ☐

39. Is Well Multiple Completion? Yes ☐ No ☒ 40. If Multiple Completion List All Reservoir Names (Completions in this Well): 41. Intervals Drilled By: Rotary Tools 135 - TD Cable Tools 0 - 135

42. Name of Drilling Contractor: Roy Smith Drilling Company 43. Is Cementing Affidavit Attached? Yes ☒ No ☐

| CASING RECORD (Report All Strings Set in Well) |           |           |                        |                              |           |               |                     |
|------------------------------------------------|-----------|-----------|------------------------|------------------------------|-----------|---------------|---------------------|
| CASING SIZE                                    | WT #/ FT. | DEPTH SET | MULTI STAGE TOOL DEPTH | TYPE & AMOUNT CEMENT (Sacks) | HOLE SIZE | TOP OF CEMENT | SLURRY VOL. cu. ft. |
| 7"                                             | 23        | 1265      |                        | 555 HLC                      | 11"       | Circ.         | 1,093               |
|                                                |           |           |                        | 100 Class C                  |           |               | 132                 |
| 4.5"                                           | 10.5      | 3421      |                        | 150 Class C                  | 6.25"     | Calc. 2375    | 215                 |

| LINER RECORD |     |        |              |        |
|--------------|-----|--------|--------------|--------|
| Size         | Top | Bottom | Sacks Cement | Screen |
|              |     |        |              |        |
|              |     |        |              |        |
|              |     |        |              |        |

| TUBING RECORD |           |            | 47. Producing Interval (this completion) indicate Depth of Perforations or Open Hole |      |
|---------------|-----------|------------|--------------------------------------------------------------------------------------|------|
| Size          | Depth Set | Packer Set | From                                                                                 | To   |
| 2-3/8         | 3307      | 3275       | 3347                                                                                 | 3351 |
|               |           |            | From                                                                                 | To   |
|               |           |            | From                                                                                 | To   |
|               |           |            | From                                                                                 | To   |

| 48. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC. |                                                                                         |
|------------------------------------------------|-----------------------------------------------------------------------------------------|
| Depth Interval                                 | Amount and Kind of Material Used                                                        |
| 3347-51                                        | 500 gal. 15% DS-30 acid followed with 3,000 gal. gelled lease crude + 3750# 20/40 sand. |
|                                                |                                                                                         |
|                                                |                                                                                         |

| 49. FORMATION RECORD (LIST DEPTHS OF PRINCIPAL GEOLOGICAL MARKERS AND FORMATION TOPS) |       |            |       |
|---------------------------------------------------------------------------------------|-------|------------|-------|
| Formations                                                                            | Depth | Formations | Depth |
| Base of Salt                                                                          | 3104  |            |       |
| Lamar Lime                                                                            | 3278  |            |       |
| Delaware Sand                                                                         | 3344  |            |       |
|                                                                                       |       |            |       |
|                                                                                       |       |            |       |

REMARKS:



# RAILROAD COMMISSION OF TEXAS OIL AND GAS DIVISION

Form W-12  
(1-1-71)

| INCLINATION REPORT<br>(One Copy Must Be Filed With Each Completion Report.)                                               |                                                                    | 6. RRC District<br><div style="text-align: center;">8</div> |
|---------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|-------------------------------------------------------------|
| 1. FIELD NAME (as per RRC Records or Wildcat)<br><div style="text-align: center;">Ken Regan Delaware</div>                | 2. LEASE NAME<br><div style="text-align: center;">ARCO STATE</div> | 7. RRC Lease Number.<br>(Oil completions only)              |
| 3. OPERATOR<br><div style="text-align: center;">HANOVER MANAGEMENT COMPANY</div>                                          |                                                                    | 8. Well Number<br><div style="text-align: center;">1</div>  |
| 4. ADDRESS<br><div style="text-align: center;">2001 Bryan Tower, Suite 1100, Dallas, TX 75201</div>                       |                                                                    | 9. RRC Identification Number<br>(Gas completions only)      |
| 5. LOCATION (Section, Block, and Survey)<br><div style="text-align: center;">Section 12, Blk. 56, T-3, T &amp; P RR</div> |                                                                    | 10. County<br><div style="text-align: center;">REEVES</div> |

## RECORD OF INCLINATION

| 11. Measured Depth<br>(feet) | 12. Course Length<br>(Hundreds of feet) | 13. Angle of<br>Inclination<br>(Degrees) | 14. Displacement per<br>Hundred Feet<br>(Sine of Angle X100) | 15. Course<br>Displacement (feet) | 16. Accumulative<br>Displacement (feet) |
|------------------------------|-----------------------------------------|------------------------------------------|--------------------------------------------------------------|-----------------------------------|-----------------------------------------|
| 462                          | 462                                     | 3/4                                      | 1.31                                                         | 6.05                              | 6.05                                    |
| 891                          | 429                                     | 1/2                                      | .87                                                          | 3.73                              | 9.78                                    |
| 1244                         | 353                                     | 1                                        | 1.75                                                         | 6.18                              | 15.96                                   |
| 1472                         | 228                                     | 3/4                                      | 1.31                                                         | 2.99                              | 18.95                                   |
| 1753                         | 281                                     | 3/4                                      | 1.31                                                         | 3.68                              | 22.63                                   |
| 2220                         | 467                                     | 1                                        | 1.75                                                         | 8.17                              | 30.80                                   |
| 2500                         | 280                                     | 1 1/4                                    | 2.18                                                         | 6.10                              | 36.90                                   |
| 2747                         | 247                                     | 1 1/2                                    | 2.62                                                         | 6.47                              | 43.37                                   |
| 3122                         | 375                                     | 1 1/2                                    | 2.62                                                         | 9.83                              | 53.20                                   |
| 3307                         | 185                                     | 3/4                                      | 1.31                                                         | 2.42                              | 55.62                                   |
| 3415                         | 108                                     | 3                                        | 5.23                                                         | 5.65                              | 61.27                                   |
| 3421                         | 6                                       | 3                                        | 5.23                                                         | .31                               | 61.58                                   |
|                              |                                         |                                          |                                                              |                                   |                                         |
|                              |                                         |                                          |                                                              |                                   |                                         |
|                              |                                         |                                          |                                                              |                                   |                                         |
|                              |                                         |                                          |                                                              |                                   |                                         |
|                              |                                         |                                          |                                                              |                                   |                                         |
|                              |                                         |                                          |                                                              |                                   |                                         |
|                              |                                         |                                          |                                                              |                                   |                                         |
|                              |                                         |                                          |                                                              |                                   |                                         |

If additional space is needed, use the reverse side of this form.

17. Is any information shown on the reverse side of this form? ☐ yes ☒ no
18. Accumulative total displacement of well bore at total depth of 3421 feet = 61.58 feet.
- \*19. Inclination measurements were made in - ☐ Tubing ☐ Casing ☐ Open hole ☒ Drill Pipe
20. Distance from surface location of well to the nearest lease line 330 feet.
21. Minimum distance to lease line as prescribed by field rules 330 feet.
22. Was the subject well at any time intentionally deviated from the vertical in any manner whatsoever? No
- (If the answer to the above question is "yes", attach written explanation of the circumstances.)

### INCLINATION DATA CERTIFICATION

I declare under penalties prescribed in Article 6036c, R.C.S., that I am authorized to make this certification, that I have personal knowledge of the inclination data and facts placed on both sides of this form and that such data and facts are true, correct, and complete to the best of my knowledge. This certification covers all data as indicated by asterisks (\*) by the item numbers on this form.

Signature of Authorized Representative

Lana Rapp Agent  
Name of Person and Title (type or print)

ROY H. SMITH DRILLING COMPANY  
Name of Company

Telephone: 817 692-2941  
Area Code

### OPERATOR CERTIFICATION

I declare under penalties prescribed in Article 6036c, R.C.S., that I am authorized to make this certification, that I have personal knowledge of all information presented in this report, and that all data presented on both sides of this form are true, correct, and complete to the best of my knowledge. This certification covers all data and information presented herein except inclination data as indicated by asterisks (\*) by the item numbers on this form.

Signature of Authorized Representative

John B. Hastings, Chief Engineer

Name of Person and Title (type or print)

HANOVER MANAGEMENT COMPANY

Operator

Telephone: 214 742-1681  
Area Code

Railroad Commission Use Only:

Approved By: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

\* Designates items certified by company that conducted the inclination surveys.



RAILROAD COMMISSION OF TEXAS  
OIL AND GAS DIVISION

Form W-15  
(Rev. 11-1-69)

CEMENTING REPORT

# 167677

|                                                                                            |  |                              |  |
|--------------------------------------------------------------------------------------------|--|------------------------------|--|
| *1. Field Name (as per RRC Records or Wildcat)<br><b>Ken Regan Delaware</b>                |  | *2. RRC District<br><b>8</b> |  |
| *3. Operator<br><b>HANOVER MANAGEMENT CO.</b>                                              |  | *4. County<br><b>REEVES</b>  |  |
| *5. Lease Name(s) and RRC Lease Number(s) or I. D. Number(s)<br><b>ARCO-STATE</b>          |  | *6. Well Number<br><b>#1</b> |  |
| *7. Location (Section, Block, and Survey)<br><b>Section 12, Blk. 56, T-3, T &amp; P RR</b> |  |                              |  |

| CASING CEMENTING DATA:                                                                                                                                      | SURFACE<br>CASING | INTER-<br>MEDIATE<br>CASING | PRODUCTION<br>CASING |                              | MULTI-STAGE<br>CEMENTING PROCESS |      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----------------------------|----------------------|------------------------------|----------------------------------|------|
|                                                                                                                                                             |                   |                             | Single<br>String     | Multiple<br>Parallel Strings | Tool                             | Shoe |
| *8. Cementing Date                                                                                                                                          | <b>1/21/77</b>    |                             |                      |                              |                                  |      |
| *9. (a) Size of Drill Bit (inches)                                                                                                                          | <b>11"</b>        |                             |                      |                              |                                  |      |
| (b) Estimated % Wash or Hole Enlargement Used in Calculations.                                                                                              |                   |                             |                      |                              |                                  |      |
| *10. Size of Casing (inches O.D.)                                                                                                                           | <b>7"</b>         |                             |                      |                              |                                  |      |
| *11. Top of Liner (if liner used) (ft.)                                                                                                                     |                   |                             |                      |                              |                                  |      |
| *12. Setting Depth of Casing (ft.)                                                                                                                          | <b>1265'</b>      |                             |                      |                              |                                  |      |
| 13. Type API Class Cement & Amount of Additives Used:<br>(a) In First (Lead) or Only Slurry (If additional space is needed, use "REMARKS" on reverse side.) | <b>SEE 26A</b>    |                             |                      |                              |                                  |      |
| (b) In Second Slurry                                                                                                                                        | <b>SEE 26B</b>    |                             |                      |                              |                                  |      |
| (c) In Third Slurry                                                                                                                                         |                   |                             |                      |                              |                                  |      |
| 14. Sacks of Cement Used:<br>(a) In First (Lead) or Only Slurry                                                                                             | <b>555</b>        |                             |                      |                              |                                  |      |
| (b) In Second Slurry                                                                                                                                        | <b>100</b>        |                             |                      |                              |                                  |      |
| (c) In Third Slurry                                                                                                                                         |                   |                             |                      |                              |                                  |      |
| (d) Total Sacks of Cement Used                                                                                                                              | <b>655</b>        |                             |                      |                              |                                  |      |
| 15. Slurry Volume per Sack of Cement (cu.ft./sack):<br>(a) In First (Lead) or Only Slurry                                                                   | <b>1.97</b>       |                             | <b>(314)</b>         | <b>143-1081</b>              |                                  |      |
| (b) In Second Slurry                                                                                                                                        | <b>1.32</b>       |                             |                      |                              |                                  |      |
| (c) In Third Slurry                                                                                                                                         |                   |                             |                      |                              |                                  |      |
| 16. Volume of Slurry Pumped; (cu. ft.) (Item 14 x Item 15)<br>(a) In First (Lead) or Only Slurry                                                            | <b>1093</b>       |                             |                      |                              |                                  |      |
| (b) In Second Slurry                                                                                                                                        | <b>132</b>        |                             |                      |                              |                                  |      |
| (c) In Third Slurry                                                                                                                                         |                   |                             |                      |                              |                                  |      |
| (d) Total Slurry Volume Pumped (cu.ft.)                                                                                                                     | <b>1225</b>       |                             |                      |                              |                                  |      |
| 17. Calculated Annular Height of Cement Slurry behind Pipe (ft.)                                                                                            | <b>3119</b>       |                             |                      |                              |                                  |      |
| 18. Was cement circulated to ground surface (or bottom of cellar) outside casing? (Yes or No)                                                               | <b>YES</b>        |                             |                      |                              |                                  |      |

| CEMENTING TO PLUG AND ABANDON DATA:                     | PLUG NO. 1 | PLUG NO. 2 | PLUG NO. 3 | PLUG NO. 4 | PLUG NO. 5 | PLUG NO. 6 |
|---------------------------------------------------------|------------|------------|------------|------------|------------|------------|
| 19. Cementing Date                                      |            |            |            |            |            |            |
| *20. Size of Hole or Pipe in which Plug Placed (inches) |            |            |            |            |            |            |
| *21. Depth to Bottom of Tubing or Drill Pipe (ft.)      |            |            |            |            |            |            |
| 22. Sacks of Cement Used (each plug)                    |            |            |            |            |            |            |
| 23. Slurry Volume Pumped (cu. ft.)                      |            |            |            |            |            |            |
| 24. Calculated Top of Plug (ft.)                        |            |            |            |            |            |            |
| *25. Measured Top of Plug (if tagged) (ft.)             |            |            |            |            |            |            |

(CEMENTING COMPANY AND OPERATOR MUST COMPLY WITH THE INSTRUCTIONS ON REVERSE SIDE HEREOF.)

- OVER -

\* Designates items to be completed by Operator. Items not so designated shall be completed by Cementing Company.



26. Remarks:

A. 555 HLC, 3# SALT, 1/4# FLOCELS

B. 100 "C" WITH 2% C. C.

\*27. Remarks:

**CEMENTING COMPANY**

I declare under penalties prescribed in Article 6036c, R. C. S., that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete to the best of my knowledge. This certification covers cementing data only.

Signature of Cementer or Authorized Representative

**J. B. BLEVINS, JR--CEMENTER**

Name of Person and Title (type or print)

**HALLIBURTON SERVICES**

Cementing Company

**DRAWER "Y"**

Street Address or P.O. Box

**MONAHANS, TEXAS**

**79756**

City, State

Zip Code

Telephone **915** **943-2721**

Area Code

Date

**1/21/77**

**\*OPERATOR**

I declare under penalties prescribed in Article 6036c, R. C. S., that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete to the best of my knowledge. This certification covers all well data and information presented herein.

Signature of Operator or Authorized Representative

**Agent - Marcell Sledge**

Name of Person and Title (type or print)

**Hanover Management Company**

Operator

**2001 Bryan Tower, Suite 1100**

Street Address or P.O. Box

**Dallas, TX 75201**

City, State

Zip Code

Telephone **214** **742-1681**

Area Code

Date

**INSTRUCTIONS**

1. A. This form shall be filed by the operator in the RRC District Office with:
  - (1) Each copy of an initial Form G-1 or W-2 if a cementing report is required by Statewide or Special Rules, or if exception is needed to cementing requirements in Statewide or Special Rules;
  - (2) Each copy of Form W-3;
  - (3) Each copy of Form W-4 if a multiple parallel casing completion.B. At least an original and one copy of this form shall be filed for each cementing company used on a well.  
C. The cementing of different casing strings on a well by one cementing company may be consolidated on one form (to be filed in duplicate).
2. Cementing Company and Operator shall comply with the applicable portions of Statewide Rules 8, 13, and 14. For offshore operations, Cementing Company and Operator shall comply with Statewide Rule 13(E).
3. If setting **FULL AMOUNT OF SURFACE CASING**:
  - A. Depth to protect fresh water determined by:
    - (1) Field Rule
    - (2) Texas Water Development Board, if no Field Rule
  - B. Set surface casing below depth to be protected and cement from casing shoe to ground surface.
4. IF SETTING ANYTHING OTHER THAN THE FULL AMOUNT OF SURFACE CASING, PERMISSION SHALL BE OBTAINED FROM THE RAILROAD COMMISSION.
5. If setting **NO SURFACE CASING** (See Item 4 above.):
  - A. If no multi-stage tool is used, the next deeper casing string shall be cemented from the casing shoe to the surface.
  - B. If using the multi-stage tool on the next deeper string, cement from the depth that protects fresh water sands to the surface.
6. If setting **SHORT SURFACE CASING** (See Item 4 above.):
  - A. Cement short surface casing from the shoe to the surface.
  - B. Whether the multi-stage tool is or is not used on the next deeper casing string, cement from the depth that protects fresh water sands to:
    - (1) the surface, or
    - (2) a point midway between shoe of surface string and the surface. Compliance will be considered if a temperature survey shows that the top of the cement is at least one-third of the distance from the shoe of the surface string to the surface.
7. Setting **PRODUCTION STRING** of Casing: (Statewide Rules; Special Rules may vary.)
  - A. Cement to a point at least 600 feet above the casing shoe.
  - B. When 3,000 feet or more of pipe is set for the production or protecting string, a minimum of 30 feet of cement shall be left inside the pipe.
8. **PLUGGING and ABANDONING**:
  - A. Cement plugs shall be placed in the well bore as required by Rules and Regulations of the Commission plus any additional plugs as may be specified by the RRC District Director.
  - B. The minimum amount of cement normally used in each plug shall be a slurry volume equal to the amount necessary to fill the calculated volume of 100 feet of the hole in which the plug is placed.
  - C. A 10 foot cement plug is required to be placed in the top of the well.



RAILROAD COMMISSION OF TEXAS  
OIL AND GAS DIVISION

Form W-15  
(Rev. 11-1-69)

**CEMENTING REPORT**

# 102140

|                                                                                            |                              |
|--------------------------------------------------------------------------------------------|------------------------------|
| *1. Field Name (as per RRC Records or Wildcat)<br><b>Ken Regan (Delaware)</b>              | *2. RRC District<br><b>8</b> |
| *3. Operator<br><b>HANOVER MANAGEMENT</b>                                                  | *4. County<br><b>REEVES</b>  |
| *5. Lease Name(s) and RRC Lease Number(s) or I. D. Number(s)<br><b>ARCO STATE</b>          | *6. Well Number<br><b>#1</b> |
| *7. Location (Section, Block, and Survey)<br><b>Section 12, Blk. 56, T-3, T &amp; P RR</b> |                              |

| CASING CEMENTING DATA:                                                                                                                                      | SURFACE CASING    | INTER-MEDIATE CASING | PRODUCTION CASING |                           | MULTI-STAGE CEMENTING PROCESS |                   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------------------|-------------------|---------------------------|-------------------------------|-------------------|
|                                                                                                                                                             |                   |                      | Single String     | Multiple Parallel Strings | Tool                          | Shoe              |
| *8. Cementing Date                                                                                                                                          |                   |                      | 1/28/77           |                           |                               |                   |
| *9. (a) Size of Drill Bit (inches)                                                                                                                          |                   |                      | 6 1/4"            |                           |                               |                   |
| (b) Estimated % Wash or Hole Enlargement Used in Calculations.                                                                                              |                   |                      |                   |                           |                               |                   |
| *10. Size of Casing (inches O.D.)                                                                                                                           |                   |                      | 4 1/2"            |                           |                               |                   |
| *11. Top of Liner (if liner used) (ft.)                                                                                                                     |                   |                      |                   |                           |                               |                   |
| *12. Setting Depth of Casing (ft.)                                                                                                                          |                   |                      | 3,421             |                           |                               |                   |
| 13. Type API Class Cement & Amount of Additives Used:<br>(a) In First (Lead) or Only Slurry (If additional space is needed, use "REMARKS" on reverse side.) |                   |                      | SEE 26A           |                           |                               |                   |
| (b) In Second Slurry                                                                                                                                        |                   |                      |                   |                           |                               |                   |
| (c) In Third Slurry                                                                                                                                         |                   |                      |                   |                           |                               |                   |
| 14. Sacks of Cement Used:<br>(a) In First (Lead) or Only Slurry                                                                                             |                   |                      | 150               |                           |                               |                   |
| (b) In Second Slurry                                                                                                                                        |                   |                      |                   |                           |                               |                   |
| (c) In Third Slurry                                                                                                                                         |                   |                      |                   |                           |                               |                   |
| (d) Total Sacks of Cement Used.                                                                                                                             |                   |                      | 150               |                           |                               |                   |
| 15. Slurry Volume per Sack of Cement (cu.ft./sack):<br>(a) In First (Lead) or Only Slurry                                                                   |                   |                      | 1.43              |                           |                               |                   |
| (b) In Second Slurry                                                                                                                                        |                   |                      |                   |                           |                               |                   |
| (c) In Third Slurry                                                                                                                                         |                   |                      |                   |                           |                               |                   |
| 16. Volume of Slurry Pumped: (cu. ft.) (Item 14 x Item 15)<br>(a) In First (Lead) or Only Slurry                                                            |                   |                      | 214.5             |                           |                               |                   |
| (b) In Second Slurry                                                                                                                                        |                   |                      |                   |                           |                               |                   |
| (c) In Third Slurry                                                                                                                                         |                   |                      |                   |                           |                               |                   |
| (d) Total Slurry Volume Pumped (cu.ft.)                                                                                                                     |                   |                      | 214.5             |                           |                               |                   |
| 17. Calculated Annular Height of Cement Slurry behind Pipe (ft.)                                                                                            |                   |                      | 2090              |                           |                               |                   |
| 18. Was cement circulated to ground surface (or bottom of cellar) outside casing? (Yes or No)                                                               |                   |                      | NO                |                           |                               |                   |
| <b>CEMENTING TO PLUG AND ABANDON DATA:</b>                                                                                                                  | <b>PLUG NO. 1</b> | <b>PLUG NO. 2</b>    | <b>PLUG NO. 3</b> | <b>PLUG NO. 4</b>         | <b>PLUG NO. 5</b>             | <b>PLUG NO. 6</b> |
| 19. Cementing Date                                                                                                                                          |                   |                      |                   |                           |                               |                   |
| *20. Size of Hole or Pipe in which Plug Placed (inches)                                                                                                     |                   |                      |                   |                           |                               |                   |
| *21. Depth to Bottom of Tubing or Drill Pipe (ft.)                                                                                                          |                   |                      |                   |                           |                               |                   |
| 22. Sacks of Cement Used (each plug)                                                                                                                        |                   |                      |                   |                           |                               |                   |
| 23. Slurry Volume Pumped (cu. ft.)                                                                                                                          |                   |                      |                   |                           |                               |                   |
| 24. Calculated Top of Plug (ft.)                                                                                                                            |                   |                      |                   |                           |                               |                   |
| *25. Measured Top of Plug (if tagged) (ft.)                                                                                                                 |                   |                      |                   |                           |                               |                   |

(CEMENTING COMPANY AND OPERATOR MUST COMPLY WITH THE INSTRUCTIONS ON REVERSE SIDE HEREOF.)

- OVER -

\* Designates items to be completed by Operator. Items not so designated shall be completed by Cementing Company.



26. Remarks:

A. 150 SACKS CLASS C, 2% CC & 1/4# FLOCELE;

\*27. Remarks:

CEMENTING COMPANY

I declare under penalties prescribed in Article 6036c, R. C. S., that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete to the best of my knowledge. This certification covers cementing data only.

*J. L. Tabor*  
Signature of Cementer or Authorized Representative

J. L. TABOR, CEMENTER

Name of Person and Title (type or print)

HALLIBURTON SERVICES

Cementing Company

DRAWER "Y"

Street Address or P.O. Box

MONAHANS, TEXAS

79756

City, State

Zip Code

Telephone 915 943-2721 (943-2721)

Area Code

1/28/77

Date

\* OPERATOR

I declare under penalties prescribed in Article 6036c, R. C. S., that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete to the best of my knowledge. This certification covers all well data and information presented herein.

*John B. Hastings*  
Signature of Operator or Authorized Representative

John B. Hastings, Vice President

Name of Person and Title (type or print)

Hanover Management Company

\*Operator

2001 Bryan Tower, Suite 1100

\*Street Address or P.O. Box

Dallas, TX 75201

\*City, State

Zip Code

Telephone 214- 742-1681

Area Code

\*Date

INSTRUCTIONS

1. A. This form shall be filed by the operator in the RRC District Office with:
  - (1) Each copy of an initial Form G-1 or W-2 if a cementing report is required by Statewide or Special Rules, or if exception is needed to cementing requirements in Statewide or Special Rules;
  - (2) Each copy of Form W-3;
  - (3) Each copy of Form W-4 if a multiple parallel casing completion.
- B. At least an original and one copy of this form shall be filed for each cementing company used on a well.
- C. The cementing of different casing strings on a well by one cementing company may be consolidated on one form (to be filed in duplicate).
2. Cementing Company and Operator shall comply with the applicable portions of Statewide Rules 8, 13, and 14. For offshore operations, Cementing Company and Operator shall comply with Statewide Rule 13(E).
3. If setting FULL AMOUNT OF SURFACE CASING:
  - A. Depth to protect fresh water determined by:
    - (1) Field Rule
    - (2) Texas Water Development Board, if no Field Rule
  - B. Set surface casing below depth to be protected and cement from casing shoe to ground surface.
4. IF SETTING ANYTHING OTHER THAN THE FULL AMOUNT OF SURFACE CASING, PERMISSION SHALL BE OBTAINED FROM THE RAILROAD COMMISSION.
5. If setting NO SURFACE CASING (See Item 4 above.):
  - A. If no multi-stage tool is used, the next deeper casing string shall be cemented from the casing shoe to the surface.
  - B. If using the multi-stage tool on the next deeper string, cement from the depth that protects fresh water sands to the surface.
6. If setting SHORT SURFACE CASING (See Item 4 above.):
  - A. Cement short surface casing from the shoe to the surface.
  - B. Whether the multi-stage tool is or is not used on the next deeper casing string, cement from the depth that protects fresh water sands to:
    - (1) the surface, or
    - (2) a point midway between shoe of surface string and the surface. Compliance will be considered if a temperature survey shows that the top of the cement is at least one-third of the distance from the shoe of the surface string to the surface.
7. Setting PRODUCTION STRING of Casing: (Statewide Rules; Special Rules may vary.)
  - A. Cement to a point at least 600 feet above the casing shoe.
  - B. When 3,000 feet or more of pipe is set for the production or protecting string, a minimum of 30 feet of cement shall be left inside the pipe.
8. PLUGGING and ABANDONING:
  - A. Cement plugs shall be placed in the well bore as required by Rules and Regulations of the Commission plus any additional plugs as may be specified by the RRC District Director.
  - B. The minimum amount of cement normally used in each plug shall be a slurry volume equal to the amount necessary to fill the calculated volume of 100 feet of the hole in which the plug is placed.
  - C. A 10 foot cement plug is required to be placed in the top of the well.



5

M. F. 74593

WELL # 1 COMPLETION REPORT  
BOB ARMSTRONG, COMMISSIONER

FILED 3-30-77 BY MHD

2004

HANOVER GAS SYSTEMS, INC.

2001 BRYAN TOWER, SUITE 1100

DALLAS, TEXAS 75201

(214) 742-1681

121

April 12, 1977

TO THE INTEREST OWNERS -

Re: Arco-State #1  
Section 12-Block 56,  
Township 3, T & P Ry. Co.  
Survey, Abstract 3379,  
Reeves County, Texas

Gentlemen:

We are enclosing two copies of Hanover Management Company's division order covering the captioned well, together with our instruction sheet as to their completion.

After completion, please return one copy of this division order to us, retaining one copy for your files.

Very truly yours,

HANOVER GAS SYSTEMS, INC.

*W. Gantos*  
W. Gantos

WG:cca  
Enclosures



HANOVER MANAGEMENT COMPANY

2001 BRYAN TOWER, SUITE 1100

DALLAS, TEXAS 75201

(214) 742-1681

TO ALL INTERESTED PARTIES:

According to our records you own an interest in production attributable to the property covered by the enclosed Division Order.

Please examine the interest credited to you and if you are in agreement, sign the Division Order and return one (1) copy to us. The remaining copy may be retained for your files.

Upon receipt of the Division Order, properly signed in accordance with the instructions noted below, the interest credited to you will be placed in line for payment at such time as we receive the proceeds from the purchaser of production.

INSTRUCTIONS FOR EXECUTION OF DIVISION ORDERS

1. Please sign your name as shown on the division order.
2. All married women must be joined by their husbands in executing a Division Order. Any other woman executing must indicate after her name whether she is a "feme sole" or a "widow".
3. Division Orders for corporations must be executed by an authorized officer, attested by the secretary or the assistant secretary and the corporate seal affixed thereto.
4. Division Orders for partnerships must be executed by all partners or by an authorized partner.
5. All signatures other than those for corporations must be witnessed by at least two persons not related to the party signing.
6. Federal regulations require that we report payments of this nature to the Internal Revenue Service. Therefore be certain to clearly indicate your Social Security or Taxpayer's Identification Number by your signature.
7. Please be sure that your correct mailing address including your zip code number is shown in order that you will be assured of receiving checks addressed to you.

HANOVER MANAGEMENT COMPANY  
GAS DIVISION ORDER NO. 090200

Effective 7 a.m. FIRST RUNS, 19  .

TO: HANOVER MANAGEMENT COMPANY  
Suite 1100, 2001 Bryan Tower  
Dallas, Texas 75201

Each of the undersigned represents that he is the owner of the interest set out below opposite his name in the oil and gas (defined herein to include all substances contained in such oil and gas) produced from or allocated to the land described hereinafter; and until further written notice, hereby authorizes you or your designated agent to receive and measure such production in accordance with applicable governmental rules and regulations, giving credit as directed below. The land is located in Reeves County, Texas, is known as Arco-State #1, and is described as follows:

SE/4 of Section 12, Block 56, Township 3  
T & P Ry. Co. Survey, Abstract 3379, Reeves  
County, Texas, to a depth of 3,500 feet below  
the surface of the earth.

OWNER

INTEREST

FROM DATE OF FIRST PRODUCTION TO 7:00 a.m. OF THE FIRST DAY OF  
THE MONTH FOLLOWING THE MONTH IN WHICH THE WORKING INTEREST SHALL  
HAVE RECOVERED FROM ITS SHARE OF THE PROCEEDS OF OIL AND GAS PRO-  
DUCED FROM THE SOUTHEAST QUARTER (SE/4) OF SECTION 12 ABOVE 3,500  
FEET ITS DEVELOPMENT AND OPERATING EXPENSES:

|                                                           |           |    |
|-----------------------------------------------------------|-----------|----|
| Custer Oil Company                                        | .24609375 | WI |
| Cochran Company                                           | .07031250 | WI |
| Hawn Brothers                                             | .14062500 | WI |
| F. B. Rooke & Sons                                        | .07031250 | WI |
| Carlson Petroleum Company                                 | .15000000 | WI |
| Thomas C. Carlson                                         | .03750000 | WI |
| Marcell Sledge                                            | .03515625 | WI |
| Commissioner of the General Land Office<br>State of Texas | .12500000 | RI |
| Atlantic Richfield Company                                | .12500000 | RI |

ON OR AFTER 7:00 a.m. OF THE FIRST DAY OF THE MONTH FOLLOWING  
THE MONTH IN WHICH THE WORKING INTEREST SHALL HAVE RECOVERED  
FROM ITS SHARE OF THE PROCEEDS OF OIL AND GAS PRODUCED FROM THE  
SOUTHEAST QUARTER (SE/4) OF SECTION 12 ABOVE 3,500 FEET ITS  
DEVELOPMENT AND OPERATING EXPENSES:

|                                                           |           |    |
|-----------------------------------------------------------|-----------|----|
| Custer Oil Company                                        | .21875000 | WI |
| Cochran Company                                           | .06250000 | WI |
| Hawn Brothers                                             | .12500000 | WI |
| F. B. Rooke & Sons                                        | .06250000 | WI |
| Carlson Petroleum Company                                 | .13333333 | WI |
| Thomas C. Carlson                                         | .03333334 | WI |
| Marcell Sledge                                            | .03125000 | WI |
| Commissioner of the General Land Office<br>State of Texas | .16666667 | RI |
| Atlantic Richfield Company                                | .16666666 | RI |



The oil purchased by you shall become your property when run from the lease tanks or through other lease measuring facilities by you or any carrier or agency designated by you and settlements therefor shall be based on your posted per barrel (42 U. S. Gallons) price for similar oil for the field where produced in effect on the date of each respective run; provided that, during any period in which you have no posted price in effect for the field for similar oil, settlements shall be based upon the posted per barrel related price shown on the face of this division order in effect on the date of each respective run. In the event the oil is sold to another purchaser at the lease or at a designated marketing point in or near the field, settlements shall be based on the same net per barrel price realized at the wells by you. For settlement purposes, the term "oil" shall include condensate.

Settlement for gas shall be based on the net proceeds received by you at the point the gas is sold. You are authorized to make a fair and reasonable charge for compressing and making merchantable the gas produced and sold from said property and said charge shall be a proper deduction from the gross amount received to determine the price at which settlement shall be made.

You are hereby authorized to withhold from the proceeds of production the amount of any tax placed thereon, or on the production thereof, by any governmental authority and to pay the same on behalf of the undersigned.

Settlements shall be made monthly by your check mailed to the respective parties set out above; however, if the proceeds for any one month amount to less than \$10.00, you may defer settlements until the accruals total that sum, provided that if no payment has been made during the calendar year, payment of accumulated amounts shall be made in the month of December of that year.

You are hereby relieved of any responsibility for determining when any interest herein, set forth has been increased, decreased, terminated, or transferred and the undersigned agree to give written notice to you of any such change and to hold you harmless from all loss or expense that may result from any incorrect payment in the absence of such written notice.

In case of an adverse claim or dispute which affects the title of any ownership credited hereunder to said land and/or wells or the gas or other substances produced therefrom, the parties credited hereon with such affected ownership severally authorize you to withhold payments accruing to such affected ownership without obligation to pay interest on the amount so withheld until corporate indemnity bond acceptable to you shall be furnished or until the claim or dispute is settled. The oil, gas and mineral leases covering the lands above described shall continue in full force and effect during the period of such withholding. If suit is filed in any court affecting the title or interest of any of the undersigned in the lands and/or wells described above or the production of gas or other substances therefrom, the undersigned shall immediately notify you of the filing of such suit.

In the event all or any portion of the land described herein or any formation underlying same be included in one or more units now or hereafter formed or revised by order of any appropriate governmental authority or in one or more duly authorized voluntary units now or hereafter formed or revised, it is agreed that this division order shall be subject to such unit or units so formed or revised, and that settlements shall be made in accordance with the production allocated to said tract or formation without requiring the execution of additional division orders.

It is expressly understood that the execution of this division order relates solely to the purchase by you of oil and gas attributable to the interest of the undersigned in the above described lands or leases, and shall never be construed as altering or amending any lease, contract or agreement of any kind relating to the rights or interests of the undersigned.

This division order may be executed in counterparts and shall be binding on and shall inure to the benefit of all signers hereto, their heirs, successors, and assigns whether or not it is executed by all parties named herein.

Signature of Witnesses:

Signature and Address of Owners:

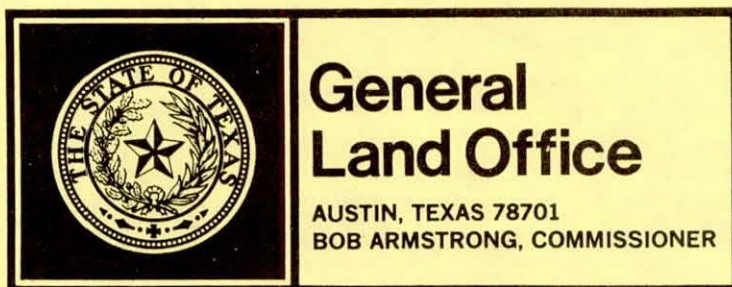
Tax Identification No.

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April 28, 1977

Hanover Gas Systems, Inc.  
2001 Bryan Tower, Suite 1100  
Dallas, Texas 75201

RE: State Lease M-74593  
ARCO-State #1  
SE/4 Sec. 12, Blk 56, T-3, T&P Ry. Co. Survey  
Reeves County, Texas  
Gas Division Order 090200

Gentlemen:

This letter is issued in lieu of the ordinary form of "Division Order" prepared by the oil companies primarily for execution by the individual royalty owner.

Inasmuch as the statutes provide the royalties the State shall receive, it is felt that it would not be in conformity with the law on the subject for this Division to execute your division order and thereby attempt to bind the State by the provisions contained therein.

This Division, insofar as permitted under the law, acquiesces in the sale of the oil and/or gas to you from this lease, which oil and/or gas shall become your property when the State has been paid for same, as prescribed by law and under the terms and conditions as set out in the lease covering the area in question.

Very truly yours,

Barbara Fry, Attorney  
Energy Resources  
Phone: 512-475-6749  
Enclosure



(6)

M. F. 74593  
CORRESPONDENCE FILE

To Hanover Gas System

~~From~~

Dated 4-28-77



HANOVER GAS SYSTEMS, INC.

2001 BRYAN TOWER, SUITE 1100

DALLAS, TEXAS 75201

(214) 742-1681

~~121~~ 121

May 17, 1977

TO ALL INTEREST OWNERS -

Re: Arco-State #1  
Section 12, Block 56,  
Township 3, T & P Ry. Co.  
Survey, Reeves Co., Texas

Gentlemen:

We are enclosing two copies of our Gas Division Order covering production from the captioned well. These division orders replace Hanover Management Company division orders previously furnished you in which some of you have executed and returned to us.

Please return one executed copy of this division order for the completion of our files.

Very truly yours,

HANOVER GAS SYSTEMS, INC.

*W. Santos*  
W. Santos

WG:cca  
Enclosure

68723  
74593  
69681



HANOVER GAS SYSTEMS, INC.

2001 BRYAN TOWER, SUITE 1100

DALLAS, TEXAS 75201

(214) 742-1681

TO ALL INTERESTED PARTIES:

According to our records you own an interest in production attributable to the property covered by the enclosed Division Order.

Please examine the interest credited to you and if you are in agreement, sign the Division Order and return one (1) copy to us. The remaining copy may be retained for your files.

Upon receipt of the Division Order, properly signed in accordance with the instructions noted below, the interest credited to you will be placed in line for payment at such time as we receive the proceeds from the purchaser of production.

INSTRUCTIONS FOR EXECUTION OF DIVISION ORDERS

1. Please sign your name as shown on the division order.
2. All married women must be joined by their husbands in executing a Division Order. Any other woman executing must indicate after her name whether she is a "feme sole" or a "widow".
3. Division Orders for corporations must be executed by an authorized officer, attested by the secretary or the assistant secretary and the corporate seal affixed thereto.
4. Division Orders for partnerships must be executed by all partners or by an authorized partner.
5. All signatures other than those for corporations must be witnessed by at least two persons not related to the party signing.
6. Federal regulations require that we report payments of this nature to the Internal Revenue Service. Therefore be certain to clearly indicate your Social Security or Taxpayer's Identification Number by your signature.
7. Please be sure that your correct mailing address including your zip code number is shown in order that you will be assured of receiving checks addressed to you.



HANOVER GAS SYSTEMS, INC.

DIVISION ORDER

To: Hanover Gas Systems, Inc.  
2001 Bryan Tower, Suite 1100  
Dallas, Texas 75201

Date: May 11, 1977

Division Order No. 090200

The undersigned, and each of us, certify and guarantee that we are the legal owners in the proportions set out below (or on the schedule attached hereto and made a part hereof) of an interest in the gas and casinghead gas, and are authorized to sell such interest in all gas produced from the hereinafter described land, including the royalty interest, which may be purchased by you from wells now or hereafter completed on the following described land:

SE/4 of Section 12, Block 56, Township 3, T & P  
Ry. Co. Survey, Abstract 3379, Reeves County,  
Texas, to a depth of 3,500 feet below the surface of the earth, and is known as the Arco-State #1.

Reeves County, State of Texas

It is the intention of Hanover Gas Systems, Inc. to employ Hanover Management Company as agent for the purpose of making distribution of funds.

Effective FIRST RUNS and until further written notice from you or us, you are hereby authorized to take into your pipeline the gas and casinghead gas produced from the above described acreage and make payment therefor as follows, in accordance with the terms of that certain Gas Purchase Agreement between Hanover Gas Systems, Inc., and Custer Oil Company, et al, dated March 4, 1977, and all renewals or modifications thereof, subject to the following conditions as to payment:

FROM DATE OF FIRST PRODUCTION TO 7:00 a.m. OF THE FIRST DAY OF THE MONTH FOLLOWING THE MONTH IN WHICH THE WORKING INTEREST SHALL HAVE RECOVERED FROM ITS SHARE OF THE PROCEEDS OF GAS PRODUCED FROM THE SOUTHEAST QUARTER (SE/4) OF SECTION 12 ABOVE 3,500 FEET ITS DEVELOPMENT AND OPERATING EXPENSES:

|                                         |           |    |
|-----------------------------------------|-----------|----|
| Custer Oil Company                      | .24609375 | WI |
| Cochran Company                         | .07031250 | WI |
| Hawn Brothers                           | .14062500 | WI |
| F. B. Rooke & Sons                      | .07031250 | WI |
| Carlson Petroleum Company               | .15000000 | WI |
| Thomas C. Carlson                       | .03750000 | WI |
| Marcell Sledge                          | .03515625 | WI |
| Commissioner of the General Land Office |           |    |
| State of Texas                          | .12500000 | RI |
| Atlantic Richfield Company              | .12500000 | RI |

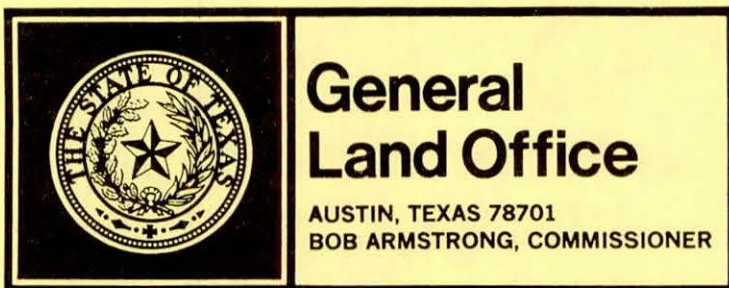
ON OR AFTER 7:00 a.m. OF THE FIRST DAY OF THE MONTH FOLLOWING THE MONTH IN WHICH THE WORKING INTEREST SHALL HAVE RECOVERED FROM ITS SHARE OF THE PROCEEDS OF GAS PRODUCED FROM THE SOUTHEAST QUARTER (SE/4) OF SECTION 12 ABOVE 3,500 FEET ITS DEVELOPMENT AND OPERATING EXPENSES:

|                                         |           |    |
|-----------------------------------------|-----------|----|
| Custer Oil Company                      | .21875000 | WI |
| Cochran Company                         | .06250000 | WI |
| Hawn Brothers                           | .12500000 | WI |
| F. B. Rooke & Sons                      | .06250000 | WI |
| Carlson Petroleum Company               | .13333333 | WI |
| Thomas C. Carlson                       | .03333334 | WI |
| Marcell Sledge                          | .03125000 | WI |
| Commissioner of the General Land Office |           |    |
| State of Texas                          | .16666667 | RI |
| Atlantic Richfield Company              | .16666666 | RI |









May 23, 1977

Hanover Gas Systems, Inc.  
2001 Bryan Tower, Suite 1100  
Dallas, Texas 75201

RE: State Lease M-74593  
Arco-State #1  
SE/4 Sec. 12, Blk 56, T-2, T&P Ry. Co. Survey  
Reeves County, Texas  
Gas Division Order 090200

Gentlemen:

This letter is issued in lieu of the ordinary form of "Division Order" prepared by the oil companies primarily for execution by the individual royalty owner.

Inasmuch as the statutes provide the royalties the State shall receive, it is felt that it would not be in conformity with the law on the subject for this Division to execute your division order and thereby attempt to bind the State by the provisions contained therein.

This Division, insofar as permitted under the law, acquiesces in the sale of the oil and/or gas to you from this lease, which oil and/or gas shall become your property when the State has been paid for same, as prescribed by law and under the terms and conditions as set out in the lease covering the area in question.

Very truly yours,

Barbara Fry, Attorney  
Energy Resources  
Phone: 512-475-6749  
Enclosure



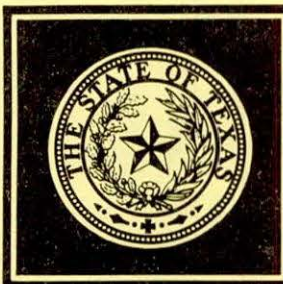
M. F. 74593  
CORRESPONDENCE FILE

(7)

To Hanover

From

Dated 5-22-77



## General Land Office

AUSTIN, TEXAS 78701  
BOB ARMSTRONG, COMMISSIONER

May 2, 1977

Hanover Gas Systems  
2001 Bryan Tower, Suite 1100  
Dallas, Texas 75201

ATTENTION: Raymond Price  
Vice President

RE: State Lease M-74593  
Arco - State #1  
Reeves County, Texas

Gentlemen:

In accordance with the provisions set forth in our Oil or Gas Lease Form and/or the statutes, we ask that you furnish this office with a copy of the Contract covering gas sales from the above lease.

The Contract is needed by this office in order to conduct an audit of your gas royalty reports and payments.

In addition to furnishing us with a copy of the Contract under which the gas is sold or processed please complete the attached "Gas Contract Brief".

If this Gas Contract covers more than one lease and/or mineral file number, one brief and copy of the contract will be sufficient, but the specific General Land Office lease and/or mineral file number must be noted in the appropriate spaces provided in the Contract Brief.

This information is needed by this office at your earliest convenience.

Sincerely yours,

Harry T. Finnell, Supervisor Gas Contracts  
Resource Accounting  
Telephone No. 512-475-4541  
HF/glc  
Enclosure

cc: University Oil And Gas Production Auditor



(8) 77593

CORRESPONDENCE FILE

To Harold Gas

From

Dated 5-2-77



# Exploration and Development

## Lease Status Report

DO NOT DESTROY

DATE

NAME

TO: Mineral Acctg. 4-1-77

M. H. JANSZEN

I.F. No. 74593

Lease ARCO STATE #1

County REEVES

Operator HANOVER MANAGEMENT COMPANY

FIELD: KEN REAGAN (DELAWARE)

Effective Date

☐ P & A (Last Well on Lease)

☒ First Producing Well on Lease 3-19-77

☐ Commingle Production

☐ Unit & Pooling Agreements

☐ Amendments to Units

☐ Other: Note Below

OIL WELL POT: 44 BOPD + 156 BW

20  
4/1/77



## ENERGY RESOURCES

## WELL/LEASE STATUS REPORT INFORMATION

TO Jack Davis FROM B.F. Underwood  
DATE ACTION INITIATED 4/1/77 DATE ACTION COMPLETED 5/26/77  
ORIGINATING SOURCE Pete Janszen DATA SOURCE RRC  
NAME OF OPERATOR Hanover Management Co. OPERATOR NO. 355090  
RRC DISTRICT 08 FIELD Ken Regan (Delaware) FIELD CODE 48754500  
LEASE Arco-State LEASE NO. OR WELL ID NO. 24482  
OIL WELL ☒ GAS WELL ☐ WELL NO. 1  
COMPLETION DATE 3/19/77 DEPTH 3421  
POTENTIAL 44 BOPD + 156 BW G.L.O. MINERAL FILE NO. 74593  
OTHER INFORMATION Rever County

## REPLY

DATE OF INITIAL PRODUCTION 3/77  
GATHERER OF GAS \_\_\_\_\_  
GATHERER OF CONDENSATE/CRUDE OIL Scurlock  
OTHER INFORMATION OIL IS TRUCKED

## PRODUCTION INFORMATION

| PERIOD      | GAS PRODUCTION (MCF) | CONDENSATE/CRUDE OIL PRODUCTION (BBLs) |
|-------------|----------------------|----------------------------------------|
| <u>3/77</u> | <u>160</u>           | <u>1420</u>                            |
| _____       | _____                | _____                                  |
| _____       | _____                | _____                                  |
| _____       | _____                | _____                                  |
| _____       | _____                | _____                                  |
| _____       | _____                | _____                                  |

M. F. 74593

CORRESPONDENCE FILE

~~To~~ Status Report

~~From~~ 4-7-1977

Dated ~~6-15-77~~

(9)



North American Producing Division  
Land Department  
Post Office Box 2819  
Dallas, Texas 75221  
Telephone 214 651-5028

Peter K. Bacon, Manager  
Lease Records Group

121



April 29, 1977

42-389-019545  
HANOVER MANAGEMENT COMPANY -  
#1 ARCO-State  
Reeves County, Texas

TO ALL INTEREST OWNERS:

Division Order covering the lease or unit named above is enclosed in duplicate. If your interest is correctly shown, please execute and/or secure the execution of the original order in the space provided and return it to this company at P. O. Box 2819, Dallas, Texas 75221, retaining the copy for your file.

The number(s) shown with the lease or unit name in this order should be retained for identification of payments. On your checks the dashes will be filled by Internal Accounting Code Numbers, however, the numbers shown will identify your lease or unit payments. The file number above should be used for correspondence.

If the interest in question is in the name of a married person, then both said person and his or her spouse should execute the Division Order. If the interest in question is in the name of an unmarried person, then that person's single status should be recited after the signature of said person on the Division Order. The signature of each person executing the order individually should be witnessed by two competent witnesses.

If the interest is owned by a corporation, it should be executed by the proper official, attested and sealed; and if the property covered is in the State of Louisiana, the official's signature should be witnessed also by two competent witnesses. If the order is executed by an attorney in fact, a photographic copy of the executed Power of Attorney should be enclosed when the order is returned.

Please show your Social Security Number or Tax Identification Number as required by Public Law 87-397, on the attached division order.

If the address shown for you is incorrect, please change it. Also, if you can supply the addresses omitted on the order, if any, please do so.

Yours truly,

*Anne Redding*  
(Mrs.) Anne Redding

AR:tj  
Encl.



April 29, 1977

To: Atlantic Richfield Company  
P. O. Box 2819, Dallas, Texas 75221

|                         |
|-------------------------|
| Division Order Number   |
| 42-389-019545           |
| Property identification |
| 062---0436----          |
|                         |
|                         |

Each of the undersigned hereby warrants that he is the owner of the interest set out below opposite his name in the oil produced from the HANOVER MANAGEMENT COMPANY - #1 ARCO-State

located in the County or Parish of Reeves State of Texas described as follows:

SE/4 of SE/4 of Section 12, Block 56, T-3,  
T&P Ry. Co. Survey, LIMITED to a depth of  
3,500 feet below the surface

and commencing FIRST PRODUCTION at 7:00 a.m. and until further written notice either from you or from us, you are authorized to receive production therefrom, purchase it and pay therefor as follows:

Credit to

Interest

Address

## (FOR DIVISION OF INTEREST SEE PAGE 2.)

Oil received and purchased hereunder shall become your property when delivered to you or your nominee or to any public or private carrier designated by you. Such oil shall be credited to the respective owners in proportion to their interests shown above at your posted price in effect on the date of delivery for the same kind and quality of oil in the field in which said lease or unit is located, or, if sold by you from the lease or unit to another purchaser, at the price received by you for such oil on the basis of the volume computations made by such purchaser, less, in both contingencies, trucking or barging expense, if any, to the point of delivery designated by the purchaser. Oil received by you in any calendar month shall be paid for (less any tax paid or payable by you for account of the undersigned with respect to such oil or the proceeds thereof, whether or not validly imposed) during the next following month by checks mailed to the above parties. If the amount accruing to the interest of any party hereto shall be less than \$15.00 for any month, you are hereby authorized to accumulate the monthly accruals to such interest and to make payment when such accumulations equal or exceed \$15.00. All accounts will be paid at least annually regardless of the amount.

Quantities and qualities of oil received hereunder shall be determined by the practice prevailing in the area in which the oil is produced and in accordance with rules and regulations of the governmental agency or commission having recognized jurisdiction or control of the production and handling of crude oil in such area. You or your nominee will receive only oil, which, in the exclusive opinion of you or your nominee is merchantable and may require well owners to treat or steam any unmerchantable oil at well owner's expense, before acceptance thereof.

You will not be responsible for any change of ownership in the absence of actual notice and satisfactory proof thereof. Each signer hereof agrees to notify you in writing of any change in his ownership and agrees that any transfer, assignment, or conveyance of any of his interest hereunder shall be made subject to this division order and effective at 7:00 a.m. on the first day of the calendar month in which notice is received. Without regard to whether any contingency is expressly stated in this division order, you are hereby relieved of any responsibility for determining when any of the interests herein shall increase, diminish, be extinguished or revert to other parties as a result of the completion or discharge of money or other payments from said interest, or as a result of the expiration of any time or term limitation (either definite or indefinite), and until you receive notice in writing to the contrary, you are hereby authorized to continue to remit pursuant to the above division of interest. In the event said written notice is not received by you, you shall be held harmless for error resulting in over or under payment, or a wrong payment of any such sum or sums.

Evidence of title satisfactory to you will be furnished you as of the effective date hereof and at any time thereafter when requested by you. If such evidence of title is not furnished, or in the event of a claim or controversy, which, in your opinion, concerns title to any interest hereunder, you may hold, without interest and without any liability, the amount credited to said owner until indemnity satisfactory to you has been furnished, or until such claim or controversy is settled to your satisfaction.

Each of the undersigned agrees to protect and indemnify you and/or your nominee from and against any loss or expense which you and/or your said nominee may suffer or sustain or become liable for by reason of you and/or your nominee's purchase, pursuant hereto, of said undersigned's interest in said oil and the payment therefor to said undersigned, regardless of how the same may arise and including (not to the exclusion of any causes not herein expressly set out) the following: Any judgment rendered in an action or suit affecting the title to either the real property above described or the oil produced therefrom; all reasonable costs or expenses incurred in defending in such suit or action your position or that of your nominee receiving the oil; any claim or claims, or judgment arising therefrom, for any tax which may be asserted by any taxing authority against you or your nominee in connection with, incident or in any manner related to any sum or sums of money held in suspense by you or either of you during the existence of any claim or controversy.

This Division Order shall become valid and binding upon each and every owner above named as soon as signed by him, her or it, regardless of whether or not any of the other above named or any other owners have so signed.

Witnesses:

Owners Sign Below

Taxpayer No.

AR:tj



| <u>NAME</u>                                                                                                                                                                                                                                                   | <u>INTEREST</u> | <u>ADDRESS</u>                                                 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|----------------------------------------------------------------|
| PART I: to 7:00 a.m. of the first day of the month following the month in which the working interest shall have recovered from its share of the proceeds of oil and gas production from the SE/4 Sec. 12 above 3,500' its development and operating expenses: |                 |                                                                |
| Commissioner of General Land Office<br>State of Texas                                                                                                                                                                                                         | .12500000 RI    | Austin, Texas 78701                                            |
| Atlantic Richfield Company                                                                                                                                                                                                                                    | .12500000 RI    |                                                                |
| Custer Oil Company                                                                                                                                                                                                                                            | .24609375 WI    | 307 Comet<br>Austin, Tx. 78734                                 |
| Cochran Company                                                                                                                                                                                                                                               | .07031250 WI    | 101 North Shoreline,<br>Suite 400<br>Corpus Christi, Tx. 78401 |
| Hawn Brothers                                                                                                                                                                                                                                                 | .14062500 WI    | 101 North Shoreline,<br>Suite 400<br>Corpus Christi, Tx. 78401 |
| F. B. Rooke & Sons                                                                                                                                                                                                                                            | .07031250 WI    | Box 7<br>Woodsboro, Tx. 78393                                  |
| Carlson Petroleum Company                                                                                                                                                                                                                                     | .15000000 WI    | 2001 Bryan Tower,<br>Suite 1100<br>Dallas, Tx. 75201           |
| Thomas C. Carlson                                                                                                                                                                                                                                             | .03750000 WI    | 2001 Bryan Tower<br>Suite 1100<br>Dallas, Texas 75201          |
| Marcell Sledge                                                                                                                                                                                                                                                | .03515625 WI    | Box 1123<br>Kermit, Tx. 79746                                  |

PART II: On and after 7:00 a.m. of said day:

|                                                       |              |
|-------------------------------------------------------|--------------|
| Commissioner of General Land Office<br>State of Texas | .16666667 RI |
| Atlantic Richfield Company                            | .16666666 RI |
| Custer Oil Company                                    | .21875000 WI |
| Cochran Oil Company                                   | .06250000 WI |
| Hawn Brothers                                         | .12500000 WI |
| F. B. Rooke & Sons                                    | .06250000 WI |
| Carlson Petroleum Company                             | .13333333 WI |
| Thomas C. Carlson                                     | .03333334 WI |
| Marcell Sledge                                        | .03125000 WI |



August 24, 1977

Atlantic Richfield Company  
P.O. Box 2819  
Dallas, Texas 75221

RE: State Lease M-74593  
Hanover Management Co. - #1 ARCO State  
SE/4 SE/4 Sec. 12, Blk 56, T-3, T&P Ry. Co.  
Reeves County, Texas  
Oil Division Order No.42-389-019545

Gentlemen:

This letter is issued in lieu of the ordinary form of "Division Order" prepared by the oil companies primarily for execution by the individual royalty owner.

Inasmuch as the statutes provide the royalties the State shall receive, it is felt that it would not be in conformity with the law on the subject for this Division to execute your division order and thereby attempt to bind the State by the provisions contained therein.

This Division, insofar as permitted under the law, acquiesces in the sale of the oil and/or gas to you from this lease, which oil and/or gas shall become your property when the State has been paid for same, as prescribed by law and under the terms and conditions as set out in the lease covering the area in question.

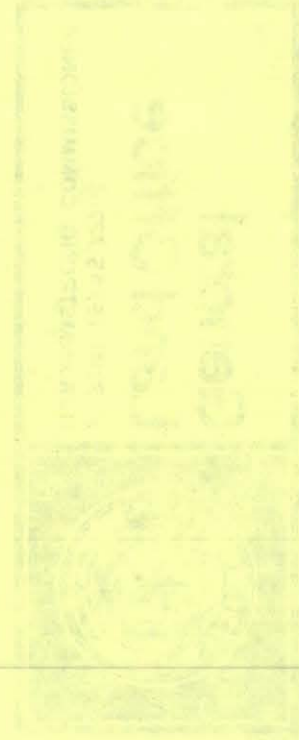
Very truly yours,

Barbara Fry, Attorney  
Energy Resources  
Phone: 512-475-6749  
Enclosure



M. F. 74543 (10)  
CORRESPONDENCE FILE

To  
ARCO  
From  
Dated 8-24-77



REEVES  
API NO.

DIST. 8  
42 389 30316

RAILROAD COMMISSION OF TEXAS  
OIL AND GAS DIVISION

FORM W-1  
(12-22-75)

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

Check one: ☒ DRILL ☐ DEEPEN (Below Casing) ☐ DEEPEN (Within Casing) ☐ PLUG BACK ☐ OTHER (Specify)

If Amended Application, explain fully in Remarks or Attach Separate Page.

1. Operator  
Hanover Management Company  
2. Address (Including City and Zip Code)  
2001 Bryan Tower, Suite 1100  
Dallas, Texas 75201  
3. Is Form P-5 (Organization Report) in Exact Operator Name Filed?  
YES ☒ NO ☐ (Instruction (2) on back side.)

4. Lease Name  
Arco State  
5. Location (Sec., Blk., Survey)  
330' FEL & 1650' FSL  
Sec. 12, Blk. 56, T-3, T&P RR Survey  
6. This well is to be located \_\_\_\_\_ miles \_\_\_\_\_ SW  
Direction from \_\_\_\_\_  
Nearest Post Office or Town, \_\_\_\_\_

7. R.R.C. District  
8  
8. County  
Reeves  
9. Well Number  
2  
10. Number of Acres in Lease  
160  
11. Distance from Proposed Location to Nearest Property or Lease Line (ft.)  
330'  
12. Total Depth  
3500'

EACH PROPOSED COMPLETION

REFER TO INSTRUCTIONS ON BACK SIDE. READ CAREFULLY AND FURNISH COMPLETE DATA.

| 13.                                                                                                                        | 14.              | 15.                                                                    | 16.                                                                             | 17.                                                                      | 18.                                                                   | 19.                                                                                                       | 20.                                                                                                                     | 21.                                                                             | 22.                                    | 23.                                                                                                                   |
|----------------------------------------------------------------------------------------------------------------------------|------------------|------------------------------------------------------------------------|---------------------------------------------------------------------------------|--------------------------------------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| FIELD NAME (Exactly as shown on R. R. C. Front on Schedule including Reservoir if applicable.) If Wildcat, so state below. | Completion Depth | All Prior Rule 37 Case Numbers for this wellbore. If none, State None. | Applicable Field Rules Specifying Pattern, If any. Rules, State 467-1200. (ft.) | Applicable Field Rules Density Pattern, If any. Rules, State 40. (acres) | Number of Acres in Drilling Unit for this Well AND DESIGNATE ON PLAT. | Is this acreage presently assigned to another well in same field? (Yes or No. If yes explain in remarks.) | Distance from proposed location to nearest drilling completed or applied for well in same reservoir or same lease (ft.) | Is this a 1. Regular or 2. Rule 37 Location? Check the appropriate box.         | Oil, Gas, or other Type Well (Specify) | Number of Wells or Permitted Locations on this Lease in same Reservoir for which this Permit is Requested:<br>OIL GAS |
| Ken Regan (Delaware)<br>48754500                                                                                           | 3500             | None                                                                   | 330/660                                                                         | 40                                                                       | 40                                                                    | No                                                                                                        | 1320                                                                                                                    | Regular <input checked="" type="checkbox"/><br>Rule 37 <input type="checkbox"/> | O/L                                    | 1 0                                                                                                                   |
|                                                                                                                            |                  |                                                                        |                                                                                 |                                                                          |                                                                       |                                                                                                           |                                                                                                                         | Regular <input type="checkbox"/><br>Rule 37 <input type="checkbox"/>            |                                        |                                                                                                                       |
|                                                                                                                            |                  |                                                                        |                                                                                 |                                                                          |                                                                       |                                                                                                           |                                                                                                                         | Regular <input type="checkbox"/><br>Rule 37 <input type="checkbox"/>            |                                        |                                                                                                                       |
|                                                                                                                            |                  |                                                                        |                                                                                 |                                                                          |                                                                       |                                                                                                           |                                                                                                                         | Regular <input type="checkbox"/><br>Rule 37 <input type="checkbox"/>            |                                        |                                                                                                                       |

24. PERPENDICULAR LOCATION FROM TWO DESIGNATED LEASE LINES AND SURVEY LINES AND DISTANCE AND DIRECTION TO NEAREST WELL IN SAME FIELD.  
330' FEL & 1650' FSL of Lease, 10,230' FSL & 14,190' FSL of Block 56, T-3; 1320' N from Hanover Management Company Arco State #1

NOTICE

NO ALLOWABLE WILL BE ASSIGNED TO any well which does not have sufficient surface casing to protect all fresh water sands. Where Commission rules do not specify surface casing requirements, it will be necessary to contact Texas Water Development Board, Austin, Texas, to ascertain the depth to which fresh water sands must be protected.

REMARKS:

Comp: 7-12-77 (W-2)  
pts: 3441-48  
1 PF: 45 BOPD + SBW, 126 x CK  
72: 3444

CERTIFICATE

I declare under penalties prescribed in Article 6036c, K. C. S., that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.

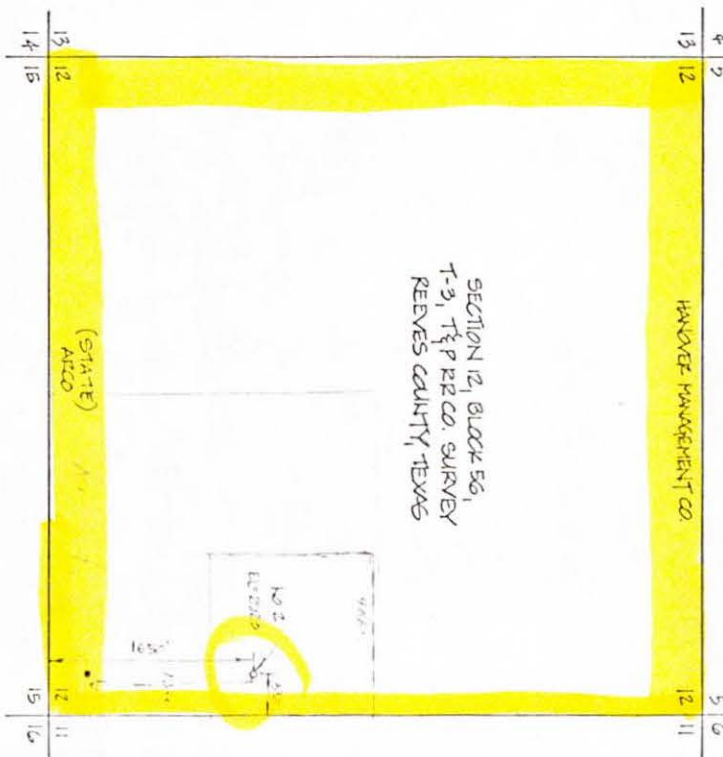
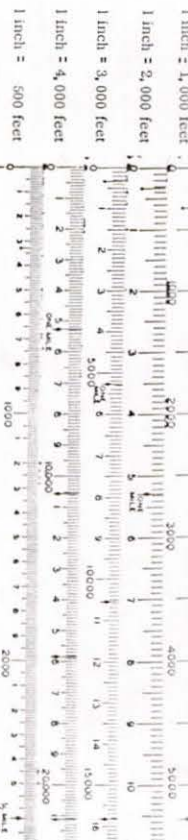
Signature  
Robert H. Vick, Consultant

Title  
May 18, 1977

Date  
Telephone: Area Code 214 742-1681

READ INSTRUCTIONS ON BACK SIDE AND FURNISH COMPLETE DATA.

SCALE OF MAP



I, Fred P. Armstrong, a Registered Public Surveyor of the State of Texas do hereby certify that the foregoing plat represents a survey as made by me on the ground this date, according to law.  
JUN 2 1977  
MIDLAND, TEXAS



HANOVER MANAGEMENT COMPANY

2001 BRYAN TOWER, SUITE 1100

DALLAS, TEXAS 75201

(214) 742-1681

May 19, 1977

161

State of Texas  
General Land Office  
1700 North Congress Avenue  
Austin, Texas 78701

Re: Drill and Complete  
Arco State #2  
Arco State "A" #1  
(Alternate) Bollinger #5

Gentlemen:

We are enclosing the following information for your files.

1. Railroad Commission of Texas Form W-1 for the Arco State #2, Arco State "A" #1 and Bollinger #5 wells.
2. Plats showing location for Arco State #2, Arco State "A" #1 and Bollinger #5 wells.
3. Copy of our letter of May 18, 1977 to the working interest owners.

The tentative spud date for the Arco State #2 will be on or before June 12, 1977 with sequence of additional drilling being as indicated on the enclosed copy of cover letter to the working interest owners.

If you have any questions, please feel free to contact me.

Yours very truly,

HANOVER MANAGEMENT COMPANY

*Robert H. Vick*

Robert H. Vick  
Consultant

RHV:lem  
Encls.

HANOVER MANAGEMENT COMPANY

2001 BRYAN TOWER, SUITE 1100

DALLAS, TEXAS 75201

(214) 742-1681

May 18, 1977

To: Working Interest Owners  
Ken Regan Field Area  
Reeves County, Texas

Re: Drill and Complete  
Arco State #2  
Arco State A #1  
(Alternate) Bollinger #5

Gentlemen:

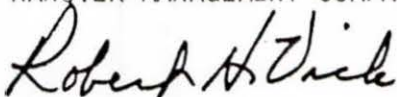
Enclosed are separate AFE's for the above listed locations. Contingent to your approval commitment has been made with Roy H. Smith Drilling Company for a two-well deal. The first location will be the Arco State #2. If this location proves productive, the second location would be Arco State A #1. If the Arco State #2 were non-productive, then it is recommended the Bollinger #5 location be drilled.

The Arco State #1 well is currently producing 42 BOPD. The present oil price is \$11.55 per barrel.

If you concur, please return one executed copy of each of the attached AFE's to Hanover Management Company.

Yours very truly,

HANOVER MANAGEMENT COMPANY



Robert H. Vick  
Consultant

RHV:lem  
Encls.



RAILROAD COMMISSION OF TEXAS  
OIL AND GAS DIVISIONFORM W-1  
(12-22-75)API Well No. 42  
Instruction (7a & b) on back side.

## APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

\* Check one: ☒ DRILL ☐ DEEPEN (Below Casing) ☐ DEEPEN (Within Casing) ☐ PLUG BACK ☐ OTHER (Specify) \_\_\_\_\_

If Amended Application, explain fully in Remarks or Attach Separate Page.

|                                                                                                                                                                           |                                                                                                 |                                                                                     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| 1. Operator<br>Hanover Management Company                                                                                                                                 | 4. Lease Name<br>Arco State                                                                     | 7. RRC District<br>8                                                                |
| 2. Address (Including City and Zip Code)<br>2001 Bryan Tower, Suite 1100<br>Dallas, Texas 75201                                                                           | 5. Location (Sec., Blk., Survey) 330' FEL & 1650' FSL<br>Sec. 12, Blk. 56, T-3, T&P RR Survey   | 8. County<br>Reeves                                                                 |
| 3. Is Form P-5 (Organization Report) in Exact Operator Name Filed?<br>YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> (Instruction (2) on back side.) | 6. This well is to be located 7 miles SW<br>Direction from Orla<br>Nearest Post Office or Town. | 9. Well Number<br>2                                                                 |
|                                                                                                                                                                           |                                                                                                 | 10. Number of Acres in Lease<br>160                                                 |
|                                                                                                                                                                           |                                                                                                 | 11. Distance from Proposed Location to Nearest Property or Lease Line (ft.)<br>330' |
|                                                                                                                                                                           |                                                                                                 | 12. Total Depth<br>3500'                                                            |

## EACH PROPOSED COMPLETION

REFER TO INSTRUCTIONS ON BACK SIDE. READ CAREFULLY AND FURNISH COMPLETE DATA.

| 13.                                                                                                                       | 14.              | 15.                                                                    | 16.                                                                        | 17.                                                                    | 18.                                                                   | 19.                                                                                                       | 20.                                                                                                                     | 21.                                                                                 | 22.                                    | 23.                                                                                                                        |
|---------------------------------------------------------------------------------------------------------------------------|------------------|------------------------------------------------------------------------|----------------------------------------------------------------------------|------------------------------------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| FIELD NAME (Exactly as shown on R.R.C. Proration Schedule including Reservoir if applicable.) If Wildcat, so state below. | Completion Depth | All Prior Rule 37 Case Numbers for this wellbore. If none, State None. | Applicable Field Rules Spacing Pattern. If no Rules, State 467-1200. (ft.) | Applicable Field Rules Density Pattern. If no Rules, State 40. (acres) | Number of Acres in Drilling Unit for this Well AND DESIGNATE ON PLAT. | Is this acreage presently assigned to another well in same field? (Yes or No. If yes explain in remarks.) | Distance from proposed location to nearest drilling completed or applied for well in same reservoir on same lease (ft.) | Is this a 1. Regular or 2. Rule 37 Location? Check the appropriate box.             | Oil, Gas, or other Type Well (Specify) | Number of Wells or Permitted locations on this Lease in same Reservoir for which this Permit is Requested?<br>OIL      GAS |
| Ken Regan (Delaware)                                                                                                      | 3500             | None                                                                   | 330/660                                                                    | 40                                                                     | 40                                                                    | No                                                                                                        | 1320                                                                                                                    | Regular 1 <input checked="" type="checkbox"/><br>Rule 37 2 <input type="checkbox"/> | 0                                      | 1      0                                                                                                                   |
|                                                                                                                           |                  |                                                                        |                                                                            |                                                                        |                                                                       |                                                                                                           |                                                                                                                         | Regular 1 <input type="checkbox"/><br>Rule 37 2 <input type="checkbox"/>            |                                        |                                                                                                                            |
|                                                                                                                           |                  |                                                                        |                                                                            |                                                                        |                                                                       |                                                                                                           |                                                                                                                         | Regular 1 <input type="checkbox"/><br>Rule 37 2 <input type="checkbox"/>            |                                        |                                                                                                                            |
|                                                                                                                           |                  |                                                                        |                                                                            |                                                                        |                                                                       |                                                                                                           |                                                                                                                         | Regular 1 <input type="checkbox"/><br>Rule 37 2 <input type="checkbox"/>            |                                        |                                                                                                                            |

24. PERPENDICULAR LOCATION FROM TWO DESIGNATED LEASE LINES AND SURVEY LINES AND DISTANCE AND DIRECTION TO NEAREST WELL IN SAME FIELD.  
330' FEL & 1650' FSL of Lease. 10,230' FWL & 14,190' FNL of Block 56, T-3: 1320' N from  
Hanover Management Company Arco State #1

## NOTICE

NO ALLOWABLE WILL BE ASSIGNED to any well which does not have sufficient surface casing to protect all fresh water sands. Where Commission rules do not specify surface casing requirements, it will be necessary to contact Texas Water Development Board, Austin, Texas, to ascertain the depth to which fresh water sands must be protected.

REMARKS: \_\_\_\_\_

## CERTIFICATE

I declare under penalties prescribed in Article 6036c, R. C. S., that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.

Signature

Robert H. Vick, Consultant

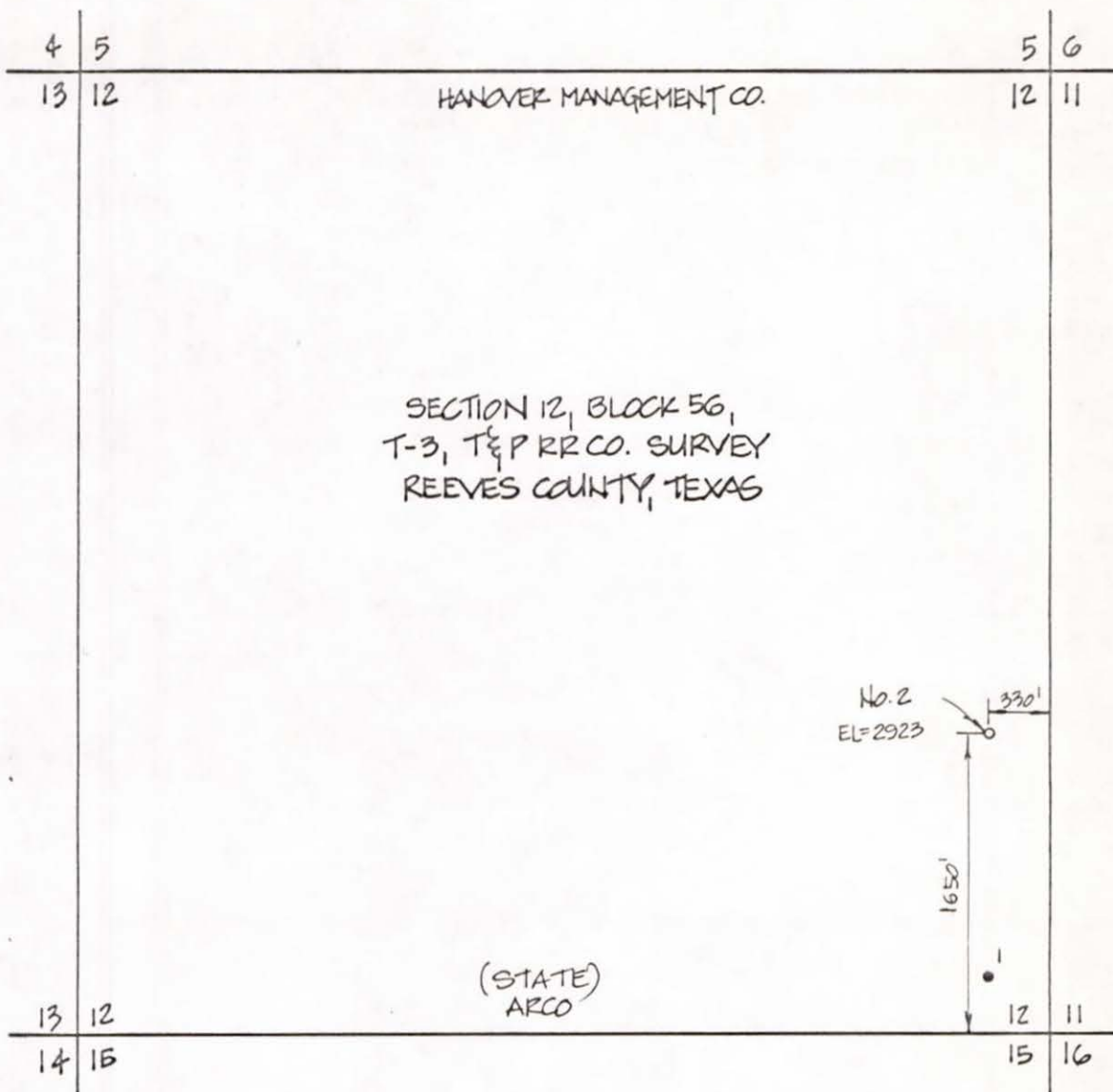
Title

May 18, 1977

Date

Telephone: Area Code 214 742-1681

READ INSTRUCTIONS ON BACK SIDE AND FURNISH COMPLETE DATA.



PLAT OF HANOVER MANAGEMENT CO.'S NO. 2 ARCO-STATE, LOCATED 1650' FSL AND 330' FEL OF SECTION 12, BLOCK 56, T-3, T & P RR CO. SURVEY, REEVES COUNTY, TEXAS.

Scale: 1" = 1000'

Date: May 4, 1977

I, Fred P. Armstrong, a Registered Public Surveyor of the State of Texas do hereby certify that the foregoing plat represents a survey as made by me on the ground this date, according to law.

*Fred P. Armstrong*  
REGISTERED PUBLIC SURVEYOR





WELL STATUS REPORT

OPERATOR Hanover Management Co.

STATE LEASE NO. M-74593 FEE        R.A.L. Yes FREE ROYALTY       

OFFSET, APPROX.        FT. FROM STATE LEASE       

LEASE Arco State WELL NO. 2

FIELD NAME Ken Regan Delaware WILDCAT        COUNTY Reeves

REPORT NO. 1st SPUD DATE 6-15-77 DRILLING DEPTH 3269 feet

COMPLETION DATE        TOTAL DEPTH       

PERFS        1ST COMPLETION: YES        NO       

POTENTIAL/TEST: OIL        GAS        D&A       

REMARKS:       

BA/jmh/gs

2-25-75

  
INSPECTOR

DATE June 20, 1977

WELL STATUS REPORT

OPERATOR Hanover Management Co.

STATE LEASE NO. M-74593 FEE \_\_\_\_\_ R.A.L. Yes FREE ROYALTY \_\_\_\_\_

OFFSET, APPROX. \_\_\_\_\_ FT. FROM STATE LEASE \_\_\_\_\_

LEASE Arco State WELL NO. 2

FIELD NAME Ken Regan Delaware WILDCAT \_\_\_\_\_ COUNTY Reeves

REPORT NO. 2nd SPUD DATE 6-15-77 DRILLING DEPTH \_\_\_\_\_

COMPLETION DATE \_\_\_\_\_ TOTAL DEPTH 3440 feet

PERFS 3341-3348 feet 1ST COMPLETION: YES \_\_\_\_\_ NO \_\_\_\_\_

POTENTIAL/TEST: OIL \_\_\_\_\_ GAS \_\_\_\_\_ D&A \_\_\_\_\_

REMARKS: They have a well service unit rig on this location this date ?

BA/jmh/gs

2-25-75

  
INSPECTOR

DATE July 21, 1977



(11)

M. F. 74593

APPLICATION TO DRILL

WELL # 2

FILED 7-30 19 77

BOB ARMSTRONG, COMMISSIONER

BY: MH

HANOVER MANAGEMENT COMPANY

2001 BRYAN TOWER, SUITE 1100

DALLAS, TEXAS 75201

(214) 742-1681

July 28, 1977

161

Railroad Commission of Texas  
District 8  
Box 2110  
Midland, Texas 79701

M-74593

Re: Arco State #2  
Section 12, Block 56, T-3  
T&P RR Co. Survey  
Reeves County, Texas

Gentlemen:

Attached are the following forms relative to completion on the above well.

1. Form P-15 "Statement of Productive Acreage Assigned to Production Units", and copy of plat.
2. Form W-2 "Oil Well Potential Test Completion Report".
3. Form W-12 "Inclination Report" Is not included since the drilling contractor has signed the W-2 Form.
4. Form W-15 "Cementing Affidavit" for surface and production casing.

If additional data is required, please inform Hanover Management Company.

Yours very truly,

HANOVER MANAGEMENT COMPANY

*Robert H. Vick*

Robert H. Vick  
Consultant

RHV:lem  
Encls.

bc: Mr. W. C. Beardsley (with enclosures)  
P. O. Box 2286  
Austin, Texas 78768

✓ General Land Office (with enclosures)  
1700 North Congress Ave.  
Austin, Texas 78711



RAILROAD COMMISSION OF TEXAS  
OIL AND GAS DIVISION

Form W-2  
Rev. 6/30/75

OIL WELL POTENTIAL TEST  
COMPLETION OR RECOMPLETION REPORT AND LOG

|                                                                            |  |                                                                                        |  |                                                                                                              |
|----------------------------------------------------------------------------|--|----------------------------------------------------------------------------------------|--|--------------------------------------------------------------------------------------------------------------|
| 1. FIELD NAME (as per RRC Records or Wildcat)<br>Ken Regan (Delaware)      |  | 2. LEASE NAME<br>ARCO STATE                                                            |  | 7. RRC District<br>8                                                                                         |
| 3. OPERATOR<br>Hanover Management Company                                  |  |                                                                                        |  | 8. RRC Lease Number                                                                                          |
| 4. ADDRESS<br>2001 Bryan Tower, Suite 1100, Dallas, TX 75201               |  |                                                                                        |  | 9. Well Number<br>2                                                                                          |
| 5. If Operator has changed within last 60 Days -- Give former Operator     |  |                                                                                        |  | 10. County<br>HOOVES                                                                                         |
| 6a. LOCATION (Section, Block, and Survey)<br>Sec. 12, Blk. 56, T-3, T&P RR |  | 6b. Distance and Direction to nearest town in this county.<br>9 miles S. from Orla, TX |  | 11. Purpose of Test<br>Initial Potential <input checked="" type="checkbox"/> Retest <input type="checkbox"/> |
| 12. If Workover -- Give former Field (with Reservoir)                      |  | 13. Type of Electric or other Log run<br>Sonic                                         |  | 14. Completion Date<br>7-12-77                                                                               |

Section I

POTENTIAL TEST DATA

|                                                                                                                                         |                                                                 |                                                                                              |                                  |                         |
|-----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|----------------------------------------------------------------------------------------------|----------------------------------|-------------------------|
| 15. Date of Test<br>7-21-77                                                                                                             | 16. No. of Hours Tested<br>24                                   | 17. Production Method (Flowing, Gas Lift, Jetting, Pumping - Size & Type of Pump)<br>Flowing |                                  | 18. Choke Size<br>12/64 |
| 19. Production During Test Period<br>Oil - BBLs 45.0<br>Gas - MCF 33.8<br>Water - BBLs 5.0<br>Gas - Oil Ratio 752                       | Flowing Tubing Pressure<br>40 PSI                               |                                                                                              |                                  |                         |
| 20. Calculated 24 Hour Rate<br>Oil - BBLs 45.0<br>Gas - MCF 33.8<br>Water - BBLs 5.2<br>Oil Gravity - API - 60° 22                      | Casing Pressure<br>pk. PSI                                      |                                                                                              |                                  |                         |
| 21. Was Swab or Artificial Flowing Device Used During this Test?<br>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> | 22. Oil Produced Prior to Test (New & Reworked Wells)<br>155 BO |                                                                                              | 23. Injection Gas-Oil Ratio<br>- |                         |

NOTE: TEST SHOULD BE FOR 24 HOURS UNLESS OTHERWISE SPECIFIED IN FIELD RULES

INSTRUCTIONS: All potential test Forms, with all information requested thereon filled in, shall be filed in the District Office of the Railroad Commission not later than ten (10) days after the test is completed and, should the operator fail to file potential test in an acceptable Form within the ten (10) days as specified, then the effective date of the allowable resulting from such test shall not extend back more than ten (10) days prior to receipt and acceptance of the potential test Form in the District Office. This Ten-Day provision shall govern regardless of whether the potential test is taken during the month in which it is received in the District Office or any prior month. Fill in only the front of this Form when reporting only a potential test; if well is newly completed or recompleted, fill in reverse side also.

EACH WITNESS MUST PERSONALLY SIGN.

Yes, the undersigned, witnessed this test, by observation of meter readings, or the top and bottom gauges of each tank, whichever is applicable, into which production was run during duration of this test.

*Robert H. Vick* Robert H. Vick  
Signature: REPRESENTATIVE OF COMPANY MAKING TEST  
List of Offset Operators Notified and Date Notified:

Signature: REPRESENTATIVE OF RAILROAD COMMISSION  
List of Offset Operators Notified and Date Notified:

An inclination survey has been run in accordance with Statewide Rule 11 and the results are available upon request. Maximum horizontal displacement was 60.54 feet at a measured depth of 3440 feet.

*Lana Rapp* Lana Rapp  
Signature of Authorized Representative

ROY H. SMITH DRILLING COMPANY  
Name of Company Conducting Survey

I have knowledge that the cementing operations, as reflected by the information found on the reverse side of this form, were performed as indicated by such information.

W-15 Forms Attached

Signature of Cementer or Authorized Representative

Name of Cementing Company

CERTIFICATE:

I declare under penalties prescribed in Article 6036c, R.C.S., that I am authorized to make this report, that this report was prepared by me or under my supervision and direction and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.

*Robert H. Vick* Robert H. Vick  
REPRESENTATIVE OF COMPANY

Consultant  
TITLE

July 22, 1977  
DATE



## DATA ON WELL COMPLETION AND LOG (Not Required on Retest)

| CASING RECORD (Report All Strings Set in Well) |           |           |                           |                                 |           |                  |                        |
|------------------------------------------------|-----------|-----------|---------------------------|---------------------------------|-----------|------------------|------------------------|
| CASING SIZE                                    | WT #/ FT. | DEPTH SET | MULTI STAGE<br>TOOL DEPTH | TYPE & AMOUNT<br>CEMENT (Sacks) | HOLE SIZE | TOP OF<br>CEMENT | SLURRY VOL.<br>cu. ft. |
| 7"                                             | 26#       | 1214      | -                         | 750 sx Cl C                     | 11"       | Circ.            |                        |
| 4-1/2"                                         | 10.5      | 3440      | -                         | 200 sx Cl C                     | 6-1/4"    | 1286             |                        |
|                                                |           |           |                           |                                 |           |                  |                        |
|                                                |           |           |                           |                                 |           |                  |                        |

[illegible]

| Size  | Depth Set | Packer Set | From | To   |
|-------|-----------|------------|------|------|
| 2-3/8 | 3267      | 3236       | 3441 | 3448 |
|       |           |            | From | To   |
|       |           |            | From | To   |
|       |           |            | From | To   |

| Depth Interval | Amount and Kind of Material Used                                      |
|----------------|-----------------------------------------------------------------------|
| 3441-48        | 250 Gal. BDA Acid Plus 5000 Gal. Gelled Oil<br>with 5000# 20/40 sand. |
|                |                                                                       |
|                |                                                                       |
|                |                                                                       |

| Formations   | Depth | Formations | Depth |
|--------------|-------|------------|-------|
| Base of Salt | 3092  |            |       |
| Lamar Ls.    | 3267  |            |       |
| Delaware Sd. | 3341  |            |       |
|              |       |            |       |
|              |       |            |       |
|              |       |            |       |

REMARKS



**RAILROAD COMMISSION OF TEXAS**  
**OIL AND GAS DIVISION**

Form W-15  
(Rev. 11-1-69)

**CEMENTING REPORT**

# 168188

|                                                                                                                          |                              |
|--------------------------------------------------------------------------------------------------------------------------|------------------------------|
| *1. Field Name (as per RRC Records or Wildcat)<br><b>Ken Regan</b>                                                       | *2. RRC District<br><b>8</b> |
| *3. Operator<br><b>HANOVER MANAGEMENT CO.</b>                                                                            | *4. County<br><b>REEVES</b>  |
| *5. Lease Name(s) and RRC Lease Number(s) or I. D. Number(s)<br><b>ARCO STATE</b>                                        | *6. Well Number<br><b>#2</b> |
| *7. Location (Section, Block, and Survey)<br><b>330' FEL &amp; 1650' FSL, Sec. 12, Blk. 56, T-3, T &amp; P RR Survey</b> |                              |

| CASING CEMENTING DATA:                                                                                                                                       | SURFACE CASING    | INTER-MEDIATE CASING | PRODUCTION CASING |                           | MULTI-STAGE CEMENTING PROCESS |                   |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------------------|-------------------|---------------------------|-------------------------------|-------------------|
|                                                                                                                                                              |                   |                      | Single String     | Multiple Parallel Strings | Tool                          | Shoe              |
| 8. Cementing Date                                                                                                                                            | 6/16/77           |                      |                   |                           |                               |                   |
| *9. (a) Size of Drill Bit (inches)                                                                                                                           | 11"               |                      |                   |                           |                               |                   |
| ... (b) Estimated % Wash or Hole Enlargement Used in Calculations.                                                                                           | 200%              |                      |                   |                           |                               |                   |
| *10. Size of Casing (inches O.D.)                                                                                                                            | 7"                |                      |                   |                           |                               |                   |
| *11. Top of Liner (if liner used) (ft.)                                                                                                                      |                   |                      |                   |                           |                               |                   |
| *12. Setting Depth of Casing (ft.)                                                                                                                           | 1,200             |                      |                   |                           |                               |                   |
| *13. Type API Class Cement & Amount of Additives Used:<br>(a) In First (Lead) or Only Slurry (If additional space is needed, use "REMARKS" on reverse side.) | SEE 26A           |                      |                   |                           |                               |                   |
| (b) In Second Slurry                                                                                                                                         | SEE 26B           |                      |                   |                           |                               |                   |
| (c) In Third Slurry                                                                                                                                          |                   |                      |                   |                           |                               |                   |
| 14. Sacks of Cement Used:<br>(a) In First (Lead) or Only Slurry                                                                                              | 650               |                      |                   |                           |                               |                   |
| (b) In Second Slurry                                                                                                                                         | 100               |                      |                   |                           |                               |                   |
| (c) In Third Slurry                                                                                                                                          |                   |                      |                   |                           |                               |                   |
| (d) Total Sacks of Cement Used                                                                                                                               | 750               |                      |                   |                           |                               |                   |
| 15. Slurry Volume per Sack (cu.ft./sack):<br>(a) In First (Lead) or Only Slurry                                                                              | 1.97              |                      |                   |                           |                               |                   |
| (b) In Second Slurry                                                                                                                                         | 1.32              |                      |                   |                           |                               |                   |
| (c) In Third Slurry                                                                                                                                          |                   |                      |                   |                           |                               |                   |
| 16. Volume of Slurry Pumped (cu.ft.) (Item 14 x Item 15)<br>(a) In First (Lead) or Only Slurry                                                               | 858               |                      |                   |                           |                               |                   |
| (b) In Second Slurry                                                                                                                                         | 132               |                      |                   |                           |                               |                   |
| (c) In Third Slurry                                                                                                                                          |                   |                      |                   |                           |                               |                   |
| (d) Total Slurry Volume Pumped (cu.ft.)                                                                                                                      | 990               |                      |                   |                           |                               |                   |
| 17. Calculated Annular Height of Cement Slurry behind Pipe (ft.)                                                                                             | circ.             |                      |                   |                           |                               |                   |
| 18. Was cement circulated to ground surface (or bottom of cellar) outside casing? (Yes or No)                                                                |                   |                      |                   |                           |                               |                   |
| <b>CEMENTING TO PLUG AND ABANDON DATA:</b>                                                                                                                   | <b>PLUG NO. 1</b> | <b>PLUG NO. 2</b>    | <b>PLUG NO. 3</b> | <b>PLUG NO. 4</b>         | <b>PLUG NO. 5</b>             | <b>PLUG NO. 6</b> |
| 19. Cementing Date                                                                                                                                           |                   |                      |                   |                           |                               |                   |
| *20. Size of Hole or Pipe in which Plug Placed (inches)                                                                                                      |                   |                      |                   |                           |                               |                   |
| *21. Depth to Bottom of Tubing or Drill Pipe (ft.)                                                                                                           |                   |                      |                   |                           |                               |                   |
| 22. Sacks of Cement Used (each plug)                                                                                                                         |                   |                      |                   |                           |                               |                   |
| 23. Slurry Volume Pumped (cu. ft.)                                                                                                                           |                   |                      |                   |                           |                               |                   |
| 24. Calculated Top of Plug (ft.)                                                                                                                             |                   |                      |                   |                           |                               |                   |
| *25. Measured Top of Plug (if tagged) (ft.)                                                                                                                  |                   |                      |                   |                           |                               |                   |

(CEMENTING COMPANY AND OPERATOR MUST COMPLY WITH THE INSTRUCTIONS ON REVERSE SIDE HEREOF.)

- OVER -

\* Designates items to be completed by Operator. Items not so designated shall be completed by Cementing Company.



26. Remarks:

- A. 650 SKS HLC, 1/4# FLOCELE & 3# SALT;  
B. 100 CLASS C WITH 2% C. C.;

\*27. Remarks:

**CEMENTING COMPANY**

I declare under penalties prescribed in Article 6036c, R. C. S., that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete to the best of my knowledge. This certification covers cementing data only.

Signature of Cementer or Authorized Representative

JONNIE R. SPURGIN, CEMENTER

Name of Person and Title (type or print)

HALLIBURTON SERVICES

Cementing Company

DRAWER "Y"

Street Address or P.O. Box

MONAHANS, TEXAS

79756

City, State

Zip Code

Telephone

915

943-2721

Area Code

6/16/77

Date

**\* OPERATOR**

I declare under penalties prescribed in Article 6036c, R. C. S., that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete to the best of my knowledge. This certification covers all well data and information presented herein.

Signature of Operator or Authorized Representative

M. Sledge

Name of Person and Title (type or print)

HANOVER MANAGEMENT COMPANY

Operator

2001 Bryan Tower, Suite 1100

Street Address or P.O. Box

Dallas, TX 75201

City, State

Zip Code

Telephone

214

742-1681

Area Code

6-27-77

Date

**INSTRUCTIONS**

1. A. This form shall be filed by the operator in the RRC District Office with:
  - (1) Each copy of an initial Form G-1 or W-2 if a cementing report is required by Statewide or Special Rules, or if exception is needed to cementing requirements in Statewide or Special Rules;
  - (2) Each copy of Form W-3;
  - (3) Each copy of Form W-4 if a multiple parallel casing completion.
- B. At least an original and one copy of this form shall be filed for each cementing company used on a well.
- C. The cementing of different casing strings on a well by one cementing company may be consolidated on one form (to be filed in duplicate).
2. Cementing Company and Operator shall comply with the applicable portions of Statewide Rules 8, 13, and 14. For offshore operations, Cementing Company and Operator shall comply with Statewide Rule 13(E).
3. If setting FULL AMOUNT OF SURFACE CASING:
  - A. Depth to protect fresh water determined by:
    - (1) Field Rule
    - (2) Texas Water Development Board, if no Field Rule
  - B. Set surface casing below depth to be protected and cement from casing shoe to ground surface.
4. IF SETTING ANYTHING OTHER THAN THE FULL AMOUNT OF SURFACE CASING, PERMISSION SHALL BE OBTAINED FROM THE RAILROAD COMMISSION.
5. If setting NO SURFACE CASING (See Item 4 above.):
  - A. If no multi-stage tool is used, the next deeper casing string shall be cemented from the casing shoe to the surface.
  - B. If using the multi-stage tool on the next deeper string, cement from the depth that protects fresh water sands to the surface.
6. If setting SHORT SURFACE CASING (See Item 4 above.):
  - A. Cement short surface casing from the shoe to the surface.
  - B. Whether the multi-stage tool is or is not used on the next deeper casing string, cement from the depth that protects fresh water sands to:
    - (1) the surface, or
    - (2) a point midway between shoe of surface string and the surface. Compliance will be considered if a temperature survey shows that the top of the cement is at least one-third of the distance from the shoe of the surface string to the surface.
7. Setting PRODUCTION STRING of Casing: (Statewide Rules; Special Rules may vary.)
  - A. Cement to a point at least 600 feet above the casing shoe.
  - B. When 3,000 feet or more of pipe is set for the production or protecting string, a minimum of 30 feet of cement shall be left inside the pipe.
8. PLUGGING and ABANDONING:
  - A. Cement plugs shall be placed in the well bore as required by Rules and Regulations of the Commission plus any additional plugs as may be specified by the RRC District Director.
  - B. The minimum amount of cement normally used in each plug shall be a slurry volume equal to the amount necessary to fill the calculated volume of 100 feet of the hole in which the plug is placed.



RAILROAD COMMISSION OF TEXAS  
OIL AND GAS DIVISION

Form W-15  
(Rev. 11-1-69)

CEMENTING REPORT

#242080

|                                                                                                                          |                              |
|--------------------------------------------------------------------------------------------------------------------------|------------------------------|
| *1. Field Name (as per RRC Records or Wildcat)<br><b>Ken Regan</b>                                                       | *2. RRC District<br><b>8</b> |
| *3. Operator<br><b>HANOVER MANAGEMENT CO.</b>                                                                            | *4. County<br><b>REEVES</b>  |
| *5. Lease Name(s) and RRC Lease Number(s) or I. D. Number(s)<br><b>ARCO STATE</b>                                        | *6. Well Number<br><b>2</b>  |
| *7. Location (Section, Block, and Survey)<br><b>330' FEL &amp; 1650' FSL, Sec. 12, Blk. 56, T-3, T &amp; P RR Survey</b> |                              |

| CASING CEMENTING DATA:                                                                                                                                       | SURFACE CASING    | INTER-MEDIATE CASING | PRODUCTION CASING |                           | MULTI-STAGE CEMENTING PROCESS |                   |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------------------|-------------------|---------------------------|-------------------------------|-------------------|
|                                                                                                                                                              |                   |                      | Single String     | Multiple Parallel Strings | Tool                          | Shoe              |
| 8. Cementing Date                                                                                                                                            |                   |                      | 6/22/77           |                           |                               |                   |
| *9. (a) Size of Drill Bit (inches)                                                                                                                           |                   |                      | 6 1/4"            |                           |                               |                   |
| ... (b) Estimated % Wash or Hole Enlargement Used in Calculations.                                                                                           |                   |                      | 90%               |                           |                               |                   |
| *10. Size of Casing (inches O.D.)                                                                                                                            |                   |                      | 4 1/2"            |                           |                               |                   |
| *11. Top of Liner (if liner used) (ft.)                                                                                                                      |                   |                      |                   |                           |                               |                   |
| *12. Setting Depth of Casing (ft.)                                                                                                                           |                   |                      | 3,440             |                           |                               |                   |
| *13. Type API Class Cement & Amount of Additives Used:<br>(a) In First (Lead) or Only Slurry (If additional space is needed, use "REMARKS" on reverse side.) |                   |                      | SEE 26A           |                           |                               |                   |
| ... (b) In Second Slurry                                                                                                                                     |                   |                      |                   |                           |                               |                   |
| ... (c) In Third Slurry                                                                                                                                      |                   |                      |                   |                           |                               |                   |
| 14. Sacks of Cement Used:<br>(a) In First (Lead) or Only Slurry                                                                                              |                   |                      | 200               |                           |                               |                   |
| ... (b) In Second Slurry                                                                                                                                     |                   |                      |                   |                           |                               |                   |
| ... (c) In Third Slurry                                                                                                                                      |                   |                      |                   |                           |                               |                   |
| ... (d) Total Sacks of Cement Used                                                                                                                           |                   |                      | 200               |                           |                               |                   |
| 15. Slurry Volume per Sack (cu.ft./sack):<br>(a) In First (Lead) or Only Slurry                                                                              |                   |                      | 1.32              |                           |                               |                   |
| ... (b) In Second Slurry                                                                                                                                     |                   |                      |                   |                           |                               |                   |
| ... (c) In Third Slurry                                                                                                                                      |                   |                      |                   |                           |                               |                   |
| 16. Volume of Slurry Pumped (cu.ft.) (Item 14 x Item 15)<br>(a) In First (Lead) or Only Slurry                                                               |                   |                      | 236               |                           |                               |                   |
| ... (b) In Second Slurry                                                                                                                                     |                   |                      |                   |                           |                               |                   |
| ... (c) In Third Slurry                                                                                                                                      |                   |                      |                   |                           |                               |                   |
| ... (d) Total Slurry Volume Pumped (cu.ft.)                                                                                                                  |                   |                      | 236               |                           |                               |                   |
| 17. Calculated Annular Height of Cement Slurry behind Pipe (ft.)                                                                                             |                   |                      | 2300              |                           |                               |                   |
| 18. Was cement circulated to ground surface (or bottom of cellar) outside casing? (Yes or No)                                                                |                   |                      | NO                |                           |                               |                   |
| <b>CEMENTING TO PLUG AND ABANDON DATA:</b>                                                                                                                   | <b>PLUG NO. 1</b> | <b>PLUG NO. 2</b>    | <b>PLUG NO. 3</b> | <b>PLUG NO. 4</b>         | <b>PLUG NO. 5</b>             | <b>PLUG NO. 6</b> |
| 19. Cementing Date                                                                                                                                           |                   |                      |                   |                           |                               |                   |
| *20. Size of Hole or Pipe in which Plug Placed (inches)                                                                                                      |                   |                      |                   |                           |                               |                   |
| *21. Depth to Bottom of Tubing or Drill Pipe (ft.)                                                                                                           |                   |                      |                   |                           |                               |                   |
| 22. Sacks of Cement Used (each plug)                                                                                                                         |                   |                      |                   |                           |                               |                   |
| 23. Slurry Volume Pumped (cu. ft.)                                                                                                                           |                   |                      |                   |                           |                               |                   |
| 24. Calculated Top of Plug (ft.)                                                                                                                             |                   |                      |                   |                           |                               |                   |
| *25. Measured Top of Plug (if tagged) (ft.)                                                                                                                  |                   |                      |                   |                           |                               |                   |

(CEMENTING COMPANY AND OPERATOR MUST COMPLY WITH THE INSTRUCTIONS ON REVERSE SIDE HEREOF.)

- OVER -

\* Designates items to be completed by Operator. Items not so designated shall be completed by Cementing Company.

26. Remarks:

A. 200 SKS CLASS C WITH 2% CC;

\* 27. Remarks:

**CEMENTING COMPANY**

I declare under penalties prescribed in Article 6036c, R. C. S., that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete to the best of my knowledge. This certification covers cementing data only.

*M. W. Harbin*  
\*Signature of Cementer or Authorized Representative

**M. W. HARBIN, CEMENTER**  
\*Name of Person and Title (type or print)

**HALLIBURTON SERVICES**  
\*Cementing Company

**DRAWER "Y"**  
\*Street Address or P.O. Box

**MONAHANS, TEXAS 79756**  
\*City, State Zip Code

Telephone **915 943-2721**  
\*Area Code

**6/22/77**  
\*Date

**\* OPERATOR**

I declare under penalties prescribed in Article 6036c, R. C. S., that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete to the best of my knowledge. This certification covers all well data and information presented herein.

*M. Sledge*  
\*Signature of Operator or Authorized Representative

**M. Sledge**  
\*Name of Person and Title (type or print)

**HANOVER MANAGEMENT COMPANY**  
\*Operator

**2001 Bryan Tower, Suite 1100**  
\*Street Address or P.O. Box

**Dallas, Texas 75201**  
\*City, State Zip Code

Telephone **214 742-1681**  
\*Area Code

**7-5-77**  
\*Date

**INSTRUCTIONS**

1. A. This form shall be filed by the operator in the RRC District Office with:
  - (1) Each copy of an initial Form G-1 or W-2 if a cementing report is required by Statewide or Special Rules, or if exception is needed to cementing requirements in Statewide or Special Rules;
  - (2) Each copy of Form W-3;
  - (3) Each copy of Form W-4 if a multiple parallel casing completion.B. At least an original and one copy of this form shall be filed for each cementing company used on a well.  
C. The cementing of different casing strings on a well by one cementing company may be consolidated on one form (to be filed in duplicate).
2. Cementing Company and Operator shall comply with the applicable portions of Statewide Rules 8, 13, and 14. For offshore operations, Cementing Company and Operator shall comply with Statewide Rule 13(E).
3. If setting FULL AMOUNT OF SURFACE CASING:
  - A. Depth to protect fresh water determined by:
    - (1) Field Rule
    - (2) Texas Water Development Board, if no Field Rule
  - B. Set surface casing below depth to be protected and cement from casing shoe to ground surface.
4. IF SETTING ANYTHING OTHER THAN THE FULL AMOUNT OF SURFACE CASING, PERMISSION SHALL BE OBTAINED FROM THE RAILROAD COMMISSION.
5. If setting NO SURFACE CASING (See Item 4 above.):
  - A. If no multi-stage tool is used, the next deeper casing string shall be cemented from the casing shoe to the surface.
  - B. If using the multi-stage tool on the next deeper string, cement from the depth that protects fresh water sands to the surface.
6. If setting SHORT SURFACE CASING (See Item 4 above.):
  - A. Cement short surface casing from the shoe to the surface.
  - B. Whether the multi-stage tool is or is not used on the next deeper casing string, cement from the depth that protects fresh water sands to:
    - (1) the surface, or
    - (2) a point midway between shoe of surface string and the surface. Compliance will be considered if a temperature survey shows that the top of the cement is at least one-third of the distance from the shoe of the surface string to the surface.
7. Setting PRODUCTION STRING of Casing: (Statewide Rules; Special Rules may vary.)
  - A. Cement to a point at least 600 feet above the casing shoe.
  - B. When 3,000 feet or more of pipe is set for the production or protecting string, a minimum of 30 feet of cement shall be left inside the pipe.
8. PLUGGING and ABANDONING:
  - A. Cement plugs shall be placed in the well bore as required by Rules and Regulations of the Commission plus any additional plugs as may be specified by the RRC District Director.
  - B. The minimum amount of cement normally used in each plug shall be a slurry volume equal to the amount necessary to fill the calculated volume of 100 feet of the hole in which the plug is placed.



(12)

M. F. 74593

WELL # 2 COMPLETION REPORT  
BOB ARMSTRONG, COMMISSIONER

FILED 7-30-77 BY MHJ

5004

November 2, 1977

Hanover Management Company  
2001 Bryan Tower, Suite 1100  
Dallas, Texas 75201

ATTENTION: Accounting Manager

RE: State Lease M-74593  
Arco State Lease  
Ken Regan (Del) Field  
Reeves County, Texas

Gentlemen:

Your Oil and Condensate Report (Form MA-1) for March, 1977 indicates 323 barrels opening stock on the subject lease.

It appears that production was obtained prior to March, 1977. If production was secured before this date, please file Oil and Condensate Reports (Form MA-1) for each month from the initial production to March, 1977.

Please direct your reply to the attention of the undersigned Supervisor.

Sincerely yours,

Billy R. Lancaster, Supervisor  
Resource Accounting  
Telephone No. 512-475-4524

JJD/lsg



(13)

M. F. 74593

CORRESPONDENCE FILE

To Genover Management Co

From

Dated 11-2-77 lsq



(121)

November 2, 1977

Hanover Management Company  
2001 Bryan Tower, Suite 1100  
Dallas, Texas 75201

ATTENTION: Accounting Manager

RE: State Lease M-74593  
Arco State Lease  
Ken Regan (Del) Field  
Reeves County, Texas

B file

Gentlemen:

Your Oil and Condensate Report (Form MA-1) for March, 1977 indicates 323 barrels opening stock on the subject lease.

It appears that production was obtained prior to March, 1977. If production was secured before this date, please file Oil and Condensate Reports (Form MA-1) for each month from the initial production to March, 1977.

Please direct your reply to the attention of the undersigned Supervisor.

Sincerely yours,

*Billy R. Lancaster*  
Billy R. Lancaster, Supervisor  
Resource Accounting  
Telephone No. 512-475-4524

JJD/lsg

{ ATTACHED IS CORRECTION REPORT.



(131/2)

M. F. 74593

CORRESPONDENCE FILE

To ~~Handover Management C~~

From

Dated 11-5-77 159

TT. 211



December 6, 1977

Custer Oil Company  
307 Comet  
Austin, Texas 78734

RE: State Lease M-74593  
SE/4 Sec. 12 Blk. 56  
T-3 T & P Ry.  
Reeves County, Texas

Gentlemen:

Our records show the statutory 10¢ per acre rental in the amount of \$16.00 on the subject lease was due on **October 20, 1977.**

This minimum rental is due the State although the lease is producing.

At an early date, please forward your check in the amount of \$16.00 to pay the minimum rental due on the subject lease.

Sincerely yours,

A. J. Wallis, Supervisor  
Resource Accounting  
Telephone No. 512-475-2856  
NS/glc



14

M. F. 74593

CORRESPONDENCE FILE

To Custer Oil

From

Dated 12-6-77



# Exploration and Development

## Lease Status Report

DO NOT DESTROY

DATE

NAME

TO: Mineral Acctg. 10-3-77 M. H. JANSZEN

I.F. No. 74593

Lease ARCO STATE #2

County REEVES

Operator HANDOVER MANAGEMENT CO.

FIELD: Ken Reagan (D-12)

Effective Date

☐ P & A (Last Well on Lease) \_\_\_\_\_

☒ First Producing Well on Lease 7-12-77

☐ Commingle Production \_\_\_\_\_

☐ Unit & Pooling Agreements \_\_\_\_\_

☐ Amendments to Units \_\_\_\_\_

☐ Other: Note Below \_\_\_\_\_

OIL WELL POT: 45 BOPD

44  
203/11



MS

ENERGY RESOURCES

OK  
gas Reports rec'd  
DM  
JDD

WELL/LEASE STATUS REPORT INFORMATION

TO Duke Martin FROM D.F. Underwood  
DATE ACTION INITIATED 10-3-77 DATE ACTION COMPLETED 10-14-77  
ORIGINATING SOURCE Pete Janszen DATA SOURCE RRC  
NAME OF OPERATOR Shaver Mgmt Co. OPERATOR NO. 355090  
RRC DISTRICT 08 FIELD Ken Reagan (Dele) FIELD CODE 48754500  
LEASE Arco State LEASE NO. OR WELL ID NO. 24482  
OIL WELL ☒ GAS WELL ☐ WELL NO. 2 COUNTY Reeves  
COMPLETION DATE 7-12-77 DEPTH 3444  
POTENTIAL 45 BOPD G.L.O. MINERAL FILE NO. 74593  
OTHER INFORMATION \_\_\_\_\_

REPLY

DATE OF INITIAL PRODUCTION 7/77  
GATHERER OF GAS \_\_\_\_\_  
GATHERER OF CONDENSATE/CRUDE OIL Scurlock  
OTHER INFORMATION There are two wells on this lease as of 7-12-77  
Therefore inf. below is prod. from both wells -

PRODUCTION INFORMATION

| PERIOD      | GAS PRODUCTION (MCF) | CONDENSATE/CRUDE OIL PRODUCTION (BBLS) |
|-------------|----------------------|----------------------------------------|
| <u>7/77</u> | <u>783</u>           | <u>1216</u>                            |
| _____       | _____                | _____                                  |
| _____       | _____                | _____                                  |
| _____       | _____                | _____                                  |
| _____       | _____                | _____                                  |
| _____       | _____                | _____                                  |

(15)

M. F. 74593

CORRESPONDENCE FILE

To Well/Lease Status  
Report Information

From

Dated 10-14-77 15g



# RENTAL RECEIPT

Commissioner of the General Land Office,  
State of Texas  
Austin, Texas 78701

Dallas, Texas, December 12, 1977  
File No. Arco State #1 Lease No. M-74593  
Check No. \_\_\_\_\_

GENTLEMEN:

We are attaching our above numbered check in your favor for the sum of \$ 16.00, ~~including \$ \_\_\_\_\_ service charge~~  
~~with the request that \$ \_\_\_\_\_ be deposited by you to the credit of~~

in full payment of the rental, for the period from October 20, 1977 to October 20, 1978  
due under that certain oil and gas lease executed on October 20, 1976, by  
Atlantic Richfield Company  
in favor of Custer Oil Company in so far as said lease covers the following described acreage  
in the County of Reeves, State of Texas, to-wit:

**SE/4 Section 12, Block 56, T-3, T&P Ry. Co. Survey, to a depth of 3,500 feet  
below the surface of the earth.**

and recorded in Volume 340, page 574, of the \_\_\_\_\_ Records of said county.

This letter is sent to you in triplicate. Kindly execute and return the original and duplicate to us for our receipt and retain the triplicate for your files.

Very truly yours, HANOVER MANAGEMENT COMPANY

By U. Gentes

The above described check has this day been received and deposited by us as above requested.

TO BE RETURNED TO \_\_\_\_\_

By \_\_\_\_\_

Title or Position, \_\_\_\_\_

Date \_\_\_\_\_

①6 M-74593

Rental Payment

12-15-78

Austin, Texas 78701

Atlantic Rental Company  
Customer ID: 011  
Newnes

HANOVER MANAGEMENT COMPANY



HANOVER GAS SYSTEMS, INC.

2001 BRYAN TOWER, SUITE 1100

DALLAS, TEXAS 75201

(214) 742-1681

~~FILE~~  
FILE

121

January 16, 1978

Mr. Harry T. Finnell  
Resource Accounting  
General Land Office  
Austin, Texas 78701

Re: Gas Purchase Contract No. 5241-RE  
Covering Arco State Lease (Your No. M-74593)  
Bollinger Lease (Your No. M-67636) et al,  
Ken Regan (Delaware) Field  
Reeves County, Texas

Dear Mr. Finnell:

Enclosed is copy of executed amendment to the referenced Gas Purchase Contract showing the new price effective January 1, 1978 of \$2.033332 per MMBTU.

If you need further information, please let us know.

Yours very truly,

HANOVER GAS SYSTEMS, INC.

*Lallie McGuire*

Lallie McGuire  
Production Clerk

LMc:lem  
Encl.

(17)  
M. F. 74593

CORRESPONDENCE FILE

To *Hanover Gas Syst.*  
From

Dated 1-18-78

RECEIVED  
JAN 19 1978  
HANOVER GAS SYSTEM  
1000 W. 10TH AVE. S.W.  
MINNEAPOLIS, MN 55404

77040



RENTAL RECEIPT

Commissioner, General Land Office  
State of Texas

Austin, Texas 78701

Kermit, Texas Oct. 12, 1978

File No. Arco State Lse. #M-74593

Check No. 1086

GENTLEMEN:

We are attaching our above numbered check in your favor for the sum  
of \$ 16.00

in full payment of the rental, for the period from October 20, 1978 to  
October 20, 1979 due under that certain oil and gas lease executed on  
October 20, 1976, by Atlantic Richfield Company  
in favor of Custer Oil Company in so far as said lease  
covers the following described acreage in the County of Reeves,

State of Texas, to-wit:

**12526**

SE/4 Section 12, Block 56, T-3, T&P Ry. Co. Survey, to a depth of  
3500 feet below the surface of the earth.

and recorded in Volume 340, page 574, of the  
Records of said county,

This letter is sent to you in triplicate. Kindly execute and return the  
original and duplicate to us for our receipt and retain the triplicate for  
your files.

Very truly yours, SLEDGE OIL & GAS, INC.

By [Signature]

The above described check has this day been received and deposited by  
us as above requested.

TO BE RETURNED TO

By \_\_\_\_\_  
Title or position

Date \_\_\_\_\_

ORIGINAL

(19) M-74593  
Rental Payment  
10-20-78

70.50.00



Comp. 11/16/78

ENERGY RESOURCES

M-74593 (B)

Information Services Request Form

To: B.F. UNDERWOOD Room # \_\_\_\_\_  
From: PETE BRADY Room # \_\_\_\_\_  
Date: 11-16-78 Priority Yes ☐ No ☒

Nature of Information Requested Data Used on lease and gas produced.

Name of Producer HANOVER MANAGEMENT COMPANY (\*)  
Railroad Commission District No. 8 County REEVES  
Lease Name ARCO STATE Field KEN REGAN (DELAWARE)  
Designated Oil or Gas Well OIL Mineral File # 74593  
Railroad Commission Lease No. or Well I.D. No. 24482  
Well Number 2 wells  
Month & Year of First Production 3/77 Last Production current  
Period for which Information is Requested 3/77 TO 7/77

Check Applicable Blocks Below

- ☐ Crude Oil Production
- ☐ Crude Oil Runs
- ☐ Casinghead Gas Sales
- ☐ Gas Well Gas Production
- ☐ Gas Well Gas Sales
- ☐ Condensate Production
- ☐ Condensate Runs
- ☐ Scrubber Oil Charged Back
- ☐ Tank Cleaning Permit (ES-A)
- ☐ Allowable
- ☐ Plugging Report
- ☐ Copy of P-1 (Producers' Monthly Report of Oil Wells)
- ☐ Copy of P-2 (Producers' Monthly Report of Gas Wells)
- ☐ Copy of P-4 (Producers' Certificate of Compliance and Authorization)
- ☐ Copy of P-5 (Organization Report)
- ☐ Copy of W-1 (Application For Permit to Drill, Deepen, or Plug Back)
- ☐ Other \_\_\_\_\_

(\*) SLEDGE OIL & GAS AS OF 7/78

Sledge Oil + Gas

Box 1123

Kenmit, Tx. 79745

ARCO-State Ken Regan (Dellaware) Fred

| # | 24482 | Well # | <u>DAILY Allow</u> |            | <u>Months snowed</u> |            |
|---|-------|--------|--------------------|------------|----------------------|------------|
|   |       |        | <u>OIL</u>         | <u>GAS</u> | <u>Oil</u>           | <u>Gas</u> |
|   |       | # 1    | 7                  | 168        | 196                  | 4704       |
|   |       | # 2    | 16                 | 168        | 448                  | 4704       |



Operator: Hanover Management Co.  
 Field: Ken Regan (Delaware)  
 Lease: Arco State Lease # 24482

*Per ACC*

| 1           |   | 2                   |      | 3 |  | 4 |  |
|-------------|---|---------------------|------|---|--|---|--|
| No of Wells |   | CH Gas Produced mcf |      |   |  |   |  |
| 1           | 1 | 3/77                | 160  | ✓ |  |   |  |
| 2           | 1 | 4                   | 255  | ✓ |  |   |  |
| 3           | 1 | 5                   | 1268 | ✓ |  |   |  |
| 4           | 1 | 6                   | 833  | ✓ |  |   |  |
| 5           | 2 | 7                   | 783  | ✓ |  |   |  |

*Reported OK*



RAILROAD COMMISSION OF TEXAS  
OIL AND GAS DIVISIONCORRECTED REPORT ☐

FORM P-1A & 2A  
(Rev. 9-19-56)

Month JUNE 19 77

Page Number 1

See reverse side  
for instructions - >  
Please read carefully

**CERTIFICATE:** I declare under penalties prescribed in Article 6038e, R. C. S., that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.

Signature *Lallie McGuire* Lallie McGuire  
Date *7-18-77* Title Production Clerk



PRODUCER'S MONTHLY REPORT  
OF GAS DISPOSITION

☒ Casinghead and Gas Lift Gas from Oil Wells  
☐ Gas Well Gas from Gas Wells

RAILROAD COMMISSION OF TEXAS  
OIL AND GAS DIVISION

CORRECTED  
REPORT ☐

FORM P-1A & 2A  
(Rev. 5-15-65)

Operator Hanover Management Company  
Address 2001 Bryan Tower, Suite 1100, Dallas, TX 75201

Month JULY, 19 77  
Page Number 1

| RAILROAD COMMISSION DISTRICT<br>FIELD<br>1 | Lease<br>&<br>Field Fuel<br>Systems<br>2 | Gas<br>Lift<br>3 | Repairs<br>and<br>Pressure<br>Maintenance<br>4 | Transmission<br>Line<br>5 | Processing<br>Plant<br>6 | Carbon<br>Black<br>7 | Under-<br>ground<br>Storage<br>8 | vented<br>or<br>Flared<br>9 | Field<br>Separation<br>Retraction<br>Loss -- Gas<br>Wells Only<br>10 | TOTAL<br>PRODUCTION<br>11 |
|--------------------------------------------|------------------------------------------|------------------|------------------------------------------------|---------------------------|--------------------------|----------------------|----------------------------------|-----------------------------|----------------------------------------------------------------------|---------------------------|
| <u>DISTRICT 8</u><br><br>Ken Regan Field   | ✓ 1,756                                  |                  |                                                | 8,380                     |                          |                      |                                  | 1,959                       |                                                                      | 12,095                    |

See reverse side  
for instructions - -  
Please read carefully

CERTIFICATE: I declare under penalties prescribed in Article 6086c, R. C. S., that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.

Signature Lallie M. McGuire  
Date 8-23-77

Title

Lallie McGuire  
Production Clerk

(21.)

M-74593

RRC Information

11-17-78





IMPORTANT: RETAIN WHITE COPY AND  
RETURN BLUE COPY WITH  
SEPARATE CHECK FOR TOTAL  
DUE.

April 18, 1979

Sledge Oil and Gas  
P. O. Box 1123  
Kermit, Texas 79745

ATTENTION: ACCOUNTING MANAGER

RE: State Leases M-67636 & M-74593  
Bollinger & Arco State Leases  
Ken Regan (Delaware) Field  
Reeves County, Texas

Gentlemen:

The above captioned oil and gas leases have been brought to my attention by our Accounting Division regarding underpayment of gas royalty totalling \$8913.91. Please refer to the enclosed copies of the letters and schedules previously sent to you in this matter.

To date we have received no response to our letters and these leases have been referred to the Legal Division for appropriate action.

As pointed out in our previous letters, the State's royalty must be paid on the gross value of the gas and oil without deductions. Accordingly please remit your check for \$9886.90 to pay the royalty due and the required statutory delinquency penalty.

Please note that failure to pay royalties timely and in full subjects the leases to forfeiture.

Your immediate attention to correct this royalty underpayment is requested to avoid forfeiture of the leases.

Yours truly,

Bob Armstrong

By: Max J. Werkenthin, Attorney  
Energy Resources  
Phone: 512 475-6749  
Enclosures

M. F. 74593  
CORRESPONDENCE FILE

To Sledge Oil + Gas

~~From~~

Dated 4-18-79



RENTAL RECEIPT

Commissioner, General Land Office  
State of Texas  
Austin, Texas 78701

Kermit, Texas Sept. 18, 1979  
File No. Arco-State Lse. #M-74593  
Check No. 1675

GENTLEMEN:

We are attaching our above numbered check in your favor for the sum  
of \$ 16.00

in full payment of the rental, for the period from October 20, 1979 to  
October 20, 1980 due under that certain oil and gas lease executed on

October 20, 1976, by Atlantic Richfield Company  
in favor of Custer Oil Company in so far as said lease  
covers the following described acreage in the County of Reeves,  
State of Texas, to-wit:

Se/4 Section 12, Block 56, T-3, T&P Ry. Co. Survey, to a depth of  
3,500 feet below the surface of the earth.

4635

and recorded in Volume 340, page 574, of the  
Records of said county,

This letter is sent to you in triplicate. Kindly execute and return the  
original and duplicate to us for our receipt and retain the triplicate for  
your files.

Very truly yours, Sledge Oil & Gas, Inc.

By

*Jo Sledge*

M-74593

The above described check has this day been received and deposited by  
us as above requested.

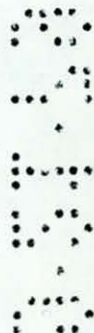
TO BE RETURNED TO

By \_\_\_\_\_  
Title or position

Date \_\_\_\_\_

ORIGINAL

(24) M-74593  
Rental Payment  
9-21-79





RENTAL RECEIPT

Commissioner, General Land Office  
State of Texas  
Austin, Texas 78701

Kermit, Texas Oct. 9, 19 80  
File No. Arco-State Lse. #M-74593  
Check No. #2529

GENTLEMEN:

We are attaching our above numbered check in your favor for the sum  
of \$ 16.00

in full payment of the rental, for the period from October 20, 1980 to  
October 20, 1981 due under that certain oil and gas lease executed on

October 20, 1976, by Atlantic Richfield Co.

in favor of Custer Oil Company in so far as said lease

covers the following described acreage in the County of Reeves,

State of Texas, to-wit:

SE/4 Section 12, Block 56, T-3, T&P Ry. Co. Survey, to a depth of  
3,500 feet below the surface of the earth.

and recorded in Volume 340, page 574, of the  
Records of said county, 13798

This letter is sent to you in triplicate. Kindly execute and return the  
original and duplicate to us for our receipt and retain the triplicate for  
your files.

Very truly yours, Sledge Oil & Gas, Inc.

By

*Jo Sledge*

The above described check has this day been received and deposited by  
us as above requested.

TO BE RETURNED TO

By

Title or position

Date

ORIGINAL

(25) M-74593  
Rental Payment  
10-17-80

10.15.00



**SLEDGE**

OIL AND GAS INC.

P.O. Box 1123      Kermit, Texas 79745

9 5 5 1

Commissioner,  
General Land Office  
Austin, Texas    78701



P A Y E E DETACH THIS STATEMENT BEFORE DEPOSITING

✓ SLEDGE OIL &amp; GAS, INC., KERMIT, TEXAS 79745 ✓

| DATE | ACCOUNT OR INVOICE NO. | DESCRIPTION                                          | AMOUNT | DISCOUNT OR DEDUCTION | NET AMOUNT       |
|------|------------------------|------------------------------------------------------|--------|-----------------------|------------------|
|      | M-74593                | Arco-State(Rental)<br>Oct. 81- Oct. 82<br><i>121</i> | 16.00  | <b>1445</b>           | <del>16.00</del> |

EMPLOYEE'S NAME

SLEDGE OIL &amp; GAS, INC., KERMIT, TEXAS 79745

| PAY PERIOD ENDING | HOURS | RATE | GROSS EARNINGS | FICA | FED WITH TAX | STATE WITH TAX |  |             | NET EARNINGS PAID |
|-------------------|-------|------|----------------|------|--------------|----------------|--|-------------|-------------------|
|                   |       |      |                |      |              |                |  | <b>1445</b> |                   |
| REG. T.<br>O.T.   |       |      |                |      |              |                |  |             |                   |

DEDUCTIONS

EMPLOYEE: THIS IS A STATEMENT OF YOUR EARNINGS AND DEDUCTIONS FOR PERIOD INDICATED. KEEP THIS FOR YOUR PERMANENT RECORD.



RENTAL RECEIPT

Commissioner, General Land Office  
State of Texas  
Austin, Texas 78701

Kermit, Texas Sept. 2, 19 81  
File No. Arco-State Lse. #M-74593  
Check No. #3127

GENTLEMEN:

We are attaching our above numbered check in your favor for the sum of \$ 16.00

in full payment of the rental, for the period from October 20, 1981 to October 20, 1982 due under that certain oil and gas lease executed on October 20, 1976, by Atlantic Richfield Company

in favor of Custer Oil Company in so far as said lease covers the following described acreage in the County of Reeves, State of Texas, to-wit:

SE/4 Section 12, Block 56, T-3, T&P Ry. Co. Survey, to a depth of 3,500 feet below the surface of the earth.

and recorded in Volume 340, page 574, of the 1445 Records of said county,

This letter is sent to you in triplicate. Kindly execute and return the original and duplicate to us for our receipt and retain the triplicate for your files.

Very truly yours, Sledge Oil & Gas, Inc.

By (Mrs.) Jo Sledge

The above described check has this day been received and deposited by us as above requested.

TO BE RETURNED TO

By Title or position

Date

ORIGINAL

(26) M-74593

Rental Payment

9-5-81

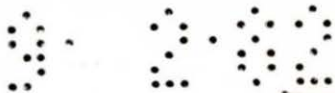




# SLEDGE

OIL AND GAS INC.

P.O. Box 1123 — Kermit, Texas 79745



P A Y E E : DETACH THIS STATEMENT BEFORE DEPOSITING

✓ SLEDGE OIL &amp; GAS, INC., KERMIT, TEXAS 79745

| DATE       | ACCOUNT OR<br>INVOICE NO. | DESCRIPTION                                        | AMOUNT | DISCOUNT OR<br>DEDUCTION | NET AMOUNT       |
|------------|---------------------------|----------------------------------------------------|--------|--------------------------|------------------|
| 12/30/1982 | M-74593                   | Arco-State(Rental)<br>Oct. 1982 - Oct. 1983<br>121 | 16.00  |                          | 00376<br>X 16.00 |

EMPLOYEE'S  
NAME

SLEDGE OIL &amp; GAS, INC., KERMIT, TEXAS 79745

| PAY PERIOD<br>ENDING | HOURS           | RATE | GROSS<br>EARNINGS | F.I.C.A.   | FED. WITH<br>TAX | STATE WITH<br>TAX | NET<br>EARNINGS<br>PAID |
|----------------------|-----------------|------|-------------------|------------|------------------|-------------------|-------------------------|
|                      |                 |      |                   |            |                  |                   |                         |
|                      | REG. T.<br>O.T. |      |                   | DEDUCTIONS |                  |                   |                         |

EMPLOYEE: THIS IS A STATEMENT OF YOUR EARNINGS AND DEDUCTIONS FOR PERIOD INDICATED. KEEP THIS FOR YOUR PERMANENT RECORD.



RENTAL RECEIPT

Commissioner, General Land Office  
State of Texas  
Austin, Texas 78701

Kermit, Texas Aug. 30 19 82  
File No. Arco-State Lse. #M74593  
Check No. #3781

GENTLEMEN:

We are attaching our above numbered check in your favor for the sum of \$ 16.00

in full payment of the rental, for the period from October 20, 1982 to October 20, 1983 due under that certain oil and gas lease executed on October 20, 1976, by Atlantic Richfield Company

in favor of Custer Oil Company in so far as said lease

covers the following described acreage in the County of Reeves,

State of Texas, to-wit:

SE/4 Section 12, Block 56, T-3, T&P Ry. Co. Survey, to a depth of 3,500 feet below the surface of the earth.

00376

and recorded in Volume 340, page 574, of the Records of said county,

This letter is sent to you in triplicate. Kindly execute and return the original and duplicate to us for our receipt and retain the triplicate for your files.

Very truly yours, Sledge Oil & Gas, Inc.

By (Mrs.) Jo Sledge

The above described check has this day been received and deposited by us as above requested.

TO BE RETURNED TO

By Title or position

Date

ORIGINAL

(27) M-74593

Rental Payment

9-2-82





MEMORANDUM

TO: M-31461, M-43061, M-67636, M-74593  
FROM: L. Giebert

DATE: Dec. 21, 1982

SUBJECT: Gathering System - Hanover Gas System  
Ken Reagan Field -

On March 23, 1979, Mr. Walter Reagan, Attorney with Stullman, McRae & al (Austin office) submitted documentary proof that the operators within the Ken Reagan Field Gas System had no gas gathering system within the field until 1976, and that they accepted the most favorable of 3 offers to install a system. Had they not accepted the most favorable offer of the 3 (Hanover), there would have been no facilities for gathering. Under the most favorable offer available, the operators sold to Hanover, who in turn sold to Dallas - Texas Utilities at a price which was enhanced by gathering costs.

Having reviewed the material, I agree that the operators accepted their most favorable option [after due diligence in soliciting three offers] and that the first sale (from the operators to Hanover) is the sale upon which we should receive our royalty, and that the producers are receiving market value from Hanover and that the operators are paying the proper royalty if paying the State's prescribed royalty on the price received from Hanover. For royalty calculation, we should disregard the second sale from Hanover to FOVaca -

This involves at least the following operators: Jack May, Hanover Bros., Custer oil, Hedger Oil & Gas, & Donald W. Oliver, & Thomas C. Carlson.

David Huest, G-10, Attorney

M 74593

Memo

File Dated 12-21-82

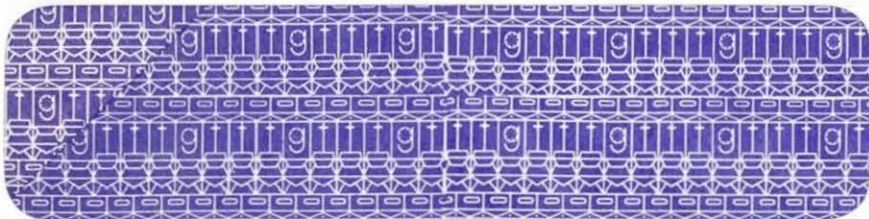
Bob Armstrong, Commissioner,



# SLEDGE

OIL AND GAS INC.

P.O. Box 4123 Kermit, Texas 79745  
TAR RT. W. Hwy 302



RENTAL RECEIPT

Commissioner, General Land Office  
State of Texas

Austin, Texas 78701

Kermit, Texas 9/14 1983

File No. Arco-State Lse. #M74593

Check No. #004313

GENTLEMEN:

We are attaching our above numbered check in your favor for the sum of \$ 16.00

in full payment of the rental, for the period from October 20, 1983 to October 20, 1984 due under that certain oil and gas lease executed on October 20, 1976, by Atlantic Richfield Company in favor of Custer Oil Company in so far as said lease covers the following described acreage in the County of Reeves, State of Texas, to-wit:

SE/4 Section 12, Block 56, T-3, T&P Ry. Co. Survey, to a depth of 3,500 feet below the surface of the earth.

and recorded in Volume 340, page 574, of the Records of said county,

This letter is sent to you in triplicate. Kindly execute and return the original and duplicate to us for our receipt and retain the triplicate for your files.

Very truly yours, Sledge Oil & Gas, Inc.

By Marjorie Jamison  
Marjorie Jamison

The above described check has this day been received and deposited by us as above requested.

TO BE RETURNED TO

By \_\_\_\_\_ Title or position

Date \_\_\_\_\_

ORIGINAL



(30) M - 74593  
Rental Payment  
9-17-83

# SLEDGE

OIL AND GAS INC.

Star Rt. W. Hwy. 302 Kermit, TX. 79745

Commissioner,  
General Land Office  
Austin, Texas 78701



21004





P A Y E E : DETACH THIS STATEMENT BEFORE DEPOSITING

✓ SLEDGE OIL AND GAS INC.

KERMIT, TEXAS 79745

| DATE                                              | ACCOUNT OR INVOICE NO. | DESCRIPTION                                          | AMOUNT | DISCOUNT OR DEDUCTION | NET AMOUNT                |
|---------------------------------------------------|------------------------|------------------------------------------------------|--------|-----------------------|---------------------------|
| 1984<br>.....<br>.....<br>.....<br>.....<br>..... | M-74593                | Arco-State (Rental)<br>Oct. 20, 1984 - Oct. 20, 1985 | 16.00  |                       | <del>03977</del><br>16.00 |

EMPLOYEE'S NAME

SLEDGE OIL AND GAS INC.

KERMIT, TEXAS 79745

| PAY PERIOD ENDING | HOURS | RATE | GROSS EARNINGS | F.I.C.A. | FED. WITH TAX | STATE WITH TAX |  |  |  | NET EARNINGS PAID |
|-------------------|-------|------|----------------|----------|---------------|----------------|--|--|--|-------------------|
| REG. T.<br>O.T.   |       |      |                |          |               |                |  |  |  |                   |

DEDUCTIONS

EMPLOYEE: THIS IS A STATEMENT OF YOUR EARNINGS AND DEDUCTIONS FOR PERIOD INDICATED. KEEP THIS FOR YOUR PERMANENT RECORD.

RENTAL RECEIPT

Commissioner, General Land Office  
State of Texas

Austin, Texas 78701

Kermit, Texas 9/10 1984

File No. Arco-State Lse. #N74593

Check No. #004871

GENTLEMEN:

We are attaching our above numbered check in your favor for the sum of \$ 16.00

in full payment of the rental, for the period from October 20, 1984 to October 20, 1985 due under that certain oil and gas lease executed on October 20, 1976, by Atlantic Richfield Company

in favor of Custer Oil Company in so far as said lease covers the following described acreage in the County of Raevs, State of Texas, to-wit:

SE/4 Section 12, Block 56, T-3, T&P Ry. Co. Survey, to a depth of 3,500 feet below the surface of the earth.

and recorded in Volume 340, page 574, of the Records of said county,

This letter is sent to you in triplicate. Kindly execute and return the original and duplicate to us for our receipt and retain the triplicate for your files.

Very truly yours, Sledge Oil & Gas, Inc.

By Mary Ann Mason  
Mary Ann Mason

The above described check has this day been received and deposited by us as above requested.

TO BE RETURNED TO

By \_\_\_\_\_ Title or position

Date \_\_\_\_\_

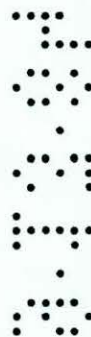
ORIGINAL



(31) M-74593

Rental Payment

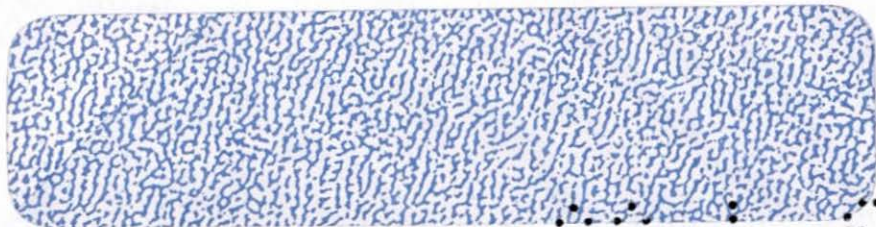
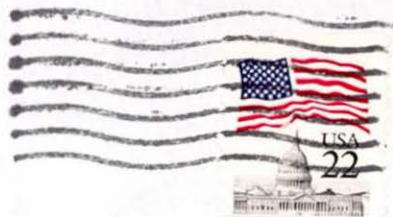
9-13-84



# SLEDGE

OIL AND GAS INC.

Star Rt. W. Hwy. 302 Kermit, TX. 79745





P A Y E E : DETACH THIS STATEMENT BEFORE DEPOSITING

SLEDGE OIL AND GAS INC.

KERMIT, TEXAS 79745

| DATE | ACCOUNT OR INVOICE NO. | DESCRIPTION                                                                  | AMOUNT                  | DISCOUNT OR DEDUCTION | NET AMOUNT                |
|------|------------------------|------------------------------------------------------------------------------|-------------------------|-----------------------|---------------------------|
|      |                        | Lease Rental for Oct. 20, 1985 thru Oct. 20, 1986 - Arco-State Lse. #M 74593 | <del>171</del><br>16.00 |                       | <del>01137</del><br>16.00 |

EMPLOYEE'S NAME

SLEDGE OIL AND GAS INC.

KERMIT, TEXAS 79745

| PAY PERIOD ENDING | HOURS           | RATE | GROSS EARNINGS | F I C A | FED. WITH TAX | STATE WITH TAX |  |  |  | NET EARNINGS PAID |
|-------------------|-----------------|------|----------------|---------|---------------|----------------|--|--|--|-------------------|
|                   | REG. T.<br>O.T. |      |                |         |               |                |  |  |  |                   |

DEDUCTIONS

EMPLOYEE: THIS IS A STATEMENT OF YOUR EARNINGS AND DEDUCTIONS FOR PERIOD INDICATED. KEEP THIS FOR YOUR PERMANENT RECORD.

RENTAL RECEIPT

Commissioner, General Land Office  
State of Texas

Austin, Texas 78701

Kermit, Texas 9/7/ 198

File No. Arco-State Lse. #M 74593

Check No. #005297

GENTLEMEN:

We are attaching our above numbered check in your favor for the sum of \$ 16.00

in full payment of the rental, for the period from October 20, 1985 to

October 20, 1986 due under that certain oil and gas lease executed on  
October 20, 1976, by Atlantic Richfield Co.

in favor of Custer Oil Company in so far as said lease

covers the following described acreage in the County of Reeves

State of Texas, to-wit:

SE/4 Section 12, Block 56, T-3, T&P Ry. Co. Survey, to a depth  
of 3,500 feet below the surface of the earth.

and recorded in Volume 340, page 574, of the  
Records of said county,

This letter is sent to you in triplicate. Kindly execute and return the  
original and duplicate to us for our receipt and retain the triplicate for  
your files.

Very truly yours, Sledge Oil & Gas, Inc.

By Mary Ann Mason  
Mary Ann Mason

The above described check has this day been received and deposited by  
us as above requested.

TO BE RETURNED TO

Sledge Oil & Gas, Inc.  
Star Rt. West Hwy. 302  
Kermit, Texas 79745

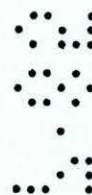
By \_\_\_\_\_  
Title or position

Date \_\_\_\_\_

ORIGINAL



(32) N-74593  
Rental Payment  
9-7-85



P A Y E E : DETACH THIS STATEMENT BEFORE DEPOSITING CHECK

SLEDGE OIL AND GAS INC.

| DATE | ACCOUNT OR<br>INVOICE NO. | DESCRIPTION                                                                                                    | AMOUNT | DISCOUNT OR<br>DEDUCTION | NET AMOUNT     |
|------|---------------------------|----------------------------------------------------------------------------------------------------------------|--------|--------------------------|----------------|
|      | M 74593                   | State Rental<br>Arco-State <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">121</span> | 16.00  |                          |                |
|      |                           |                                                                                                                |        | X                        | 00697<br>16.00 |

EMPLOYEE'S  
NAME

SLEDGE OIL AND GAS INC.

| PAY PERIOD<br>ENDING | HOURS            | RATE | GROSS<br>EARNINGS |          |                   |                    |  |  |  | NET<br>EARNINGS<br>PAID |
|----------------------|------------------|------|-------------------|----------|-------------------|--------------------|--|--|--|-------------------------|
|                      |                  |      |                   | F.I.C.A. | FED. WITH.<br>TAX | STATE WITH.<br>TAX |  |  |  |                         |
|                      | REG. T.<br>O. T. |      |                   |          |                   |                    |  |  |  |                         |

EMPLOYEE: THIS IS A STATEMENT OF YOUR EARNINGS AND DEDUCTIONS FOR PERIOD INDICATED. KEEP THIS FOR YOUR PERMANENT RECORD.



RENTAL RECEIPT

Commissioner, General Land Office  
State Of Texas

Kermit, Texas Sept. 3, 19 86

Austin, Texas 78701

File No. Arco-State Lse. #M 74593

Check No. #5713

GENTLEMEN:

We are attaching our above numbered check in your favor for the sum of \$ 16.00.

in full payment of the rental, for the period from October 20, 1986 to October 20, 1987 due under that certain oil and gas lease executed on October 20, 1976, by Atlantic Richfield Co. in favor of Custer Oil Co. in so far as said lease covers the following described acreage in the County of Reeves, State of Texas, to-wit:

SE/4 Section 12, Block 56, T-3, T&P Ry. Co. Survey, to a depth of 3,500 feet below the surface of the earth.

and recorded in Volume 340, page 574, of the Records of said county.

This letter is sent to you in duplicate. Kindly execute and return the original to us for our receipt and retain the duplicate for your files.

Very truly yours, Sledge Oil & Gas, Inc.

By Mary Ann Mason  
Mary Ann Mason

The above described check has this day been received and deposited by us as above requested.

TO BE RETURNED TO:

Sledge Oil & Gas, Inc.  
Star Rt. West Hwy. 302  
Kermit, Texas 79745

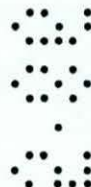
By \_\_\_\_\_  
Title \_\_\_\_\_

Date \_\_\_\_\_

(33) M-74593

Rental Payment

9-5-86





# SLEDGE

OIL AND GAS INC.

Phone (915)-586-6709

~~P.O. Box 123~~ Kermit, Texas 79745 -9709  
Star Rt. Box 286

May 1, 1987

General Land Office  
Attn: Carl Mullen  
Stephen F. Austin Bldg.  
1700 North Congress Ave.  
Austin, Texas 78701

Dear Mr. Mullen,

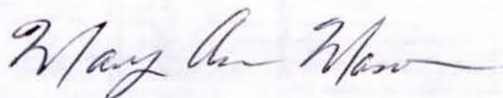
Enclosed you will find the information needed for compliance with item 3 of your letter dated March 12, 1987. The Permian Corporation has supplied Division of Interest Statements for lease numbers MF031461, MF056068, and MF067636, attached. Division of Interest for lease number MF074593 is as follows:

|                     |           |
|---------------------|-----------|
| State               | .16666667 |
| Atlantic Richfield  | .16666666 |
| F.B. Cochran        | .06250000 |
| Thomas Carlson      | .03333334 |
| Carlson Petroleum   | .13333333 |
| Hawn Brothers       | .12500000 |
| F.B. Rooke & Sons   | .06250000 |
| Marcell Sledge      | .03125000 |
| Marcell & Jo Sledge | .21875000 |

1.00000000

The addresses for all the above names may be found on the statement for lease #MF067636, except for Atlantic Richfield Company which is: P.O. Box 688 Dallas, Tx. 75221. If we can be of any further help, please call (915) 586-3264.

Sincerely,



Mary Ann Mason

State Lease # MF 031461

(CODIP271) 03/31/87

THE PERMIAN CORPORATION - DIVISION OF INTEREST - STATEMENT OF LEASE OWNERSHIP

PAGE 1

| LEASE NO | LEASE NAME    | COUNTY | STATE | OPERATOR                                                     |
|----------|---------------|--------|-------|--------------------------------------------------------------|
| 377900   | A W NORCOP DX | REEVES | TEX   | SLEDGE OIL AND GAS INC<br>P O BOX 1123<br>KERMIT TEXAS 79745 |

\*\*\*\*\*  
\* THE PERMIAN CORPORATION ASSUMES NO LIABILITY FOR THE ACCURACY OR CORRECTNESS OF THE INFORMATION HEREIN SET OUT \*  
\*\*\*\*\*

| ALT | OWNER NO | ** | INTEREST | OWNER | ***** | DECIMAL | KIND | STATUS | ALT | OWNER NO | ** | INTEREST | OWNER | ***** | DECIMAL | KIND | STATUS |
|-----|----------|----|----------|-------|-------|---------|------|--------|-----|----------|----|----------|-------|-------|---------|------|--------|
|-----|----------|----|----------|-------|-------|---------|------|--------|-----|----------|----|----------|-------|-------|---------|------|--------|

|        |                     |    |          |    |  |  |  |  |        |                |    |          |    |     |
|--------|---------------------|----|----------|----|--|--|--|--|--------|----------------|----|----------|----|-----|
| 000085 | STATE OF TEXAS      |    | .0625000 | RI |  |  |  |  | 101702 | MARCELL SLEDGE |    | .0769043 | WI | PAY |
|        | GENERAL LAND OFFICE |    |          |    |  |  |  |  |        | BOX 1123       |    |          |    |     |
|        | AUSTIN              | TX |          |    |  |  |  |  |        | KERMIT         | TX |          |    |     |
|        | 78701               |    |          |    |  |  |  |  |        | 79745-1123     |    |          |    |     |

|        |                        |    |          |    |     |  |  |  |        |                       |    |          |    |     |
|--------|------------------------|----|----------|----|-----|--|--|--|--------|-----------------------|----|----------|----|-----|
| 106762 | REPUBLICBANK 1ST NATL  |    | .0208333 | RI | PAY |  |  |  | 106763 | REPUBLICBANK 1ST NATL |    | .0208334 | RI | PAY |
|        | MIDLAND TRST FOR       |    |          |    |     |  |  |  |        | MIDLAND AS AGENT &    |    |          |    |     |
|        | GREGORY NORCOP TR #572 |    |          |    |     |  |  |  |        | ATTY-IN-FACT FOR      |    |          |    |     |
|        | P O BOX 270            |    |          |    |     |  |  |  |        | ALBERT NORCOP TR #573 |    |          |    |     |
|        | MIDLAND                | TX |          |    |     |  |  |  |        | P O BOX 270           |    |          |    |     |
|        | 79702-0270             |    |          |    |     |  |  |  |        | MIDLAND               | TX |          |    |     |

|        |                         |    |          |    |     |  |  |  |        |                      |    |          |    |     |
|--------|-------------------------|----|----------|----|-----|--|--|--|--------|----------------------|----|----------|----|-----|
| 106764 | REPUBLICBANK FIRST NATL |    | .0208333 | RI | PAY |  |  |  | 144844 | MARCELL SLEDGE ET UX |    | .5383301 | WI | PAY |
|        | MIDLAND TRST FOR LENNA  |    |          |    |     |  |  |  |        | A JO SLEDGE          |    |          |    |     |
|        | MARIE DARCY TR #571     |    |          |    |     |  |  |  |        | STAR RT              |    |          |    |     |
|        | P O BOX 270             |    |          |    |     |  |  |  |        | KERMIT               | TX |          |    |     |
|        | MIDLAND                 | TX |          |    |     |  |  |  |        | 79745                |    |          |    |     |

|        |                       |    |          |       |     |  |  |  |        |                    |    |          |    |     |
|--------|-----------------------|----|----------|-------|-----|--|--|--|--------|--------------------|----|----------|----|-----|
| 157931 | SUN EXPLORATION &     |    | .0546875 | OR/OP | PAY |  |  |  | 668280 | PATOIL CORPORATION |    | .2050781 | WI | PAY |
|        | PRODUCTION COMPANY    |    |          |       |     |  |  |  |        | 1442 MILAM BLDG    |    |          |    |     |
|        | F/T/B/O SUN OPERATING |    |          |       |     |  |  |  |        | SAN ANTONIO        | TX |          |    |     |
|        | LTD PARTNERSHIP       |    |          |       |     |  |  |  |        | 79702              |    |          |    |     |
|        | P O BOX 200211        |    |          |       |     |  |  |  |        |                    |    |          |    |     |
|        | HOUSTON               | TX |          |       |     |  |  |  |        |                    |    |          |    |     |

TOTAL 1.0000000



State Lse #MF056068

(CODIP271) 03/31/87

THE PERMIAN CORPORATION - DIVISION OF INTEREST - STATEMENT OF LEASE OWNERSHIP

PAGE 1

| LEASE NO | LEASE NAME | COUNTY | STATE | OPERATOR                                                     |
|----------|------------|--------|-------|--------------------------------------------------------------|
| 426060   | PIERCE     | REEVES | TEX   | SLEDGE OIL AND GAS INC<br>P O BOX 1123<br>KERMIT TEXAS 79745 |

\*\*\*\*\*  
\* THE PERMIAN CORPORATION ASSUMES NO LIABILITY FOR THE ACCURACY OR CORRECTNESS OF THE INFORMATION HEREIN SET OUT \*  
\*\*\*\*\*

ALT OWNER NO \*\* INTEREST OWNER \*\*\*\*\* DECIMAL KIND STATUS ALT OWNER NO \*\* INTEREST OWNER \*\*\*\*\* DECIMAL KIND STATUS

|        |                     |          |    |  |        |          |    |      |
|--------|---------------------|----------|----|--|--------|----------|----|------|
| 000085 | STATE OF TEXAS      | .0625000 | RI |  | 000111 | .0156250 | RI | SUSP |
|        | GENERAL LAND OFFICE |          |    |  |        |          |    |      |
|        | AUSTIN              |          | TX |  |        |          |    |      |
|        | 78701               |          |    |  |        |          |    |      |

|        |                |          |    |     |        |                          |          |    |     |
|--------|----------------|----------|----|-----|--------|--------------------------|----------|----|-----|
| 101702 | MARCELL SLEDGE | .0820313 | WI | PAY | 124814 | MARTHA LOUISE PIERCE     | .0234375 | RI | PAY |
|        | BOX 1123       |          |    |     |        | INDP EXECX OF THE EST    |          |    |     |
|        | KERMIT         |          | TX |     |        | OF JOHN WENTWORTH PIERCE |          |    |     |
|        | 79745-1123     |          |    |     |        | 3520 MILTON              |          |    |     |
|        |                |          |    |     |        | DALLAS                   |          | TX |     |
|        |                |          |    |     |        | 75205-1222               |          |    |     |

|        |                        |          |    |     |        |                        |          |    |     |
|--------|------------------------|----------|----|-----|--------|------------------------|----------|----|-----|
| 133484 | LAURA JEAN PIERCE CALL | .0078125 | RI | PAY | 133484 | LAURA JEAN PIERCE CALL | .0156250 | RI | PAY |
|        | 9004 CHARWOOD CT       |          |    |     |        | 9004 CHARWOOD CT       |          |    |     |
|        | AUSTIN                 |          | TX |     |        | AUSTIN                 |          | TX |     |
|        | 78729                  |          |    |     |        | 78729                  |          |    |     |

|        |                      |          |    |     |        |                    |          |    |     |
|--------|----------------------|----------|----|-----|--------|--------------------|----------|----|-----|
| 144844 | MARCELL SLEDGE ET UX | .5742187 | WI | PAY | 668280 | PATOIL CORPORATION | .2187500 | WI | PAY |
|        | A JO SLEDGE          |          |    |     |        | 1442 MILAM BLDG    |          |    |     |
|        | STAR RT              |          |    |     |        | SAN ANTONIO        |          | TX |     |
|        | KERMIT               |          | TX |     |        | 79702              |          |    |     |
|        | 79745                |          |    |     |        |                    |          |    |     |

TOTAL 1.0000000

State Lease #MF067636

(CODIP271) 03/31/87

THE PERMIAN CORPORATION - DIVISION OF INTEREST - STATEMENT OF LEASE OWNERSHIP

| LEASE NO | LEASE NAME | COUNTY | STATE | OPERATOR                                                     |
|----------|------------|--------|-------|--------------------------------------------------------------|
| 475527   | BOLLINGER  | REEVES | TEX   | SLEDGE OIL AND GAS INC<br>P O BOX 1123<br>KERMIT TEXAS 79745 |

\*\*\*\*\*  
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\*\*\*\*\*

ALT OWNER NO \*\* INTEREST OWNER \*\*\*\*\* DECIMAL KIND STATUS ALT OWNER NO \*\* INTEREST OWNER \*\*\*\*\* DECIMAL KIND STATUS

|        |                                                             |          |    |  |        |                                                       |          |    |     |
|--------|-------------------------------------------------------------|----------|----|--|--------|-------------------------------------------------------|----------|----|-----|
| 000085 | STATE OF TEXAS<br>GENERAL LAND OFFICE<br>AUSTIN TX<br>78701 | .0625000 | RI |  | 101702 | MARCELL SLEDGE<br>BOX 1123<br>KERMIT TX<br>79745-1123 | .0380860 | WI | PAY |
|--------|-------------------------------------------------------------|----------|----|--|--------|-------------------------------------------------------|----------|----|-----|

|        |                                                                              |          |    |     |        |                                                                                             |          |    |     |
|--------|------------------------------------------------------------------------------|----------|----|-----|--------|---------------------------------------------------------------------------------------------|----------|----|-----|
| 138806 | GATOGORDO OIL CO<br>602 PARK PLAZA<br>4500 ROLAND<br>DALLAS TX<br>75219-1628 | .0782437 | WI | PAY | 139715 | THOMAS C CARLSON<br>800 ST. PAUL PLACE<br>750 NORTH ST. PAUL ST.<br>DALLAS TX<br>75201-3222 | .0406250 | WI | PAY |
|--------|------------------------------------------------------------------------------|----------|----|-----|--------|---------------------------------------------------------------------------------------------|----------|----|-----|

same address  
for Carlson  
Retirement

|        |                                                                      |          |    |     |        |                                                                                  |          |    |     |
|--------|----------------------------------------------------------------------|----------|----|-----|--------|----------------------------------------------------------------------------------|----------|----|-----|
| 144844 | MARCELL SLEDGE ET UX<br>A JO SLEDGE<br>STAR RT<br>KERMIT TX<br>79745 | .2666010 | WI | PAY | 152079 | F B COCHRAN INC<br>101 N SHORELINE<br>STE 400<br>CORPUS CHRISTI TX<br>78401-2824 | .0761720 | WI | PAY |
|--------|----------------------------------------------------------------------|----------|----|-----|--------|----------------------------------------------------------------------------------|----------|----|-----|

|        |                                                                      |          |    |     |        |                                                                      |          |    |     |
|--------|----------------------------------------------------------------------|----------|----|-----|--------|----------------------------------------------------------------------|----------|----|-----|
| 154362 | ALTON R FOSTER JR<br>804 ANDERSON ST<br>GARDEN CITY KS<br>67846-6209 | .0208333 | RI | PAY | 154363 | B LEROY FOSTER<br>2013 EAST KINGS HWY<br>SHREVEPORT LA<br>71105-3736 | .0208333 | RI | PAY |
|--------|----------------------------------------------------------------------|----------|----|-----|--------|----------------------------------------------------------------------|----------|----|-----|

|        |                                                            |          |    |     |        |                                                                |          |       |     |
|--------|------------------------------------------------------------|----------|----|-----|--------|----------------------------------------------------------------|----------|-------|-----|
| 154364 | JAMES B FOSTER<br>P O BOX 548<br>HARRISON AR<br>72602-0548 | .0208334 | RI | PAY | 154366 | JOHN DOUGLAS MAY<br>PO BOX 250<br>FT STOCKTON TX<br>79735-0250 | .0078125 | OR/OP | PAY |
|--------|------------------------------------------------------------|----------|----|-----|--------|----------------------------------------------------------------|----------|-------|-----|



LEASE NO LEASE NAME COUNTY STATE  
475527 BOLLINGER REEVES TEX

\*\*\*\*\*  
\* THE PERMIAN CORPORATION ASSUMES NO LIABILITY FOR THE ACCURACY OR CORRECTNESS OF THE INFORMATION HEREIN SET OUT \*  
\*\*\*\*\*

ALT OWNER NO \*\* INTEREST OWNER \*\*\*\*\* DECIMAL KIND STATUS ALT OWNER NO \*\* INTEREST OWNER \*\*\*\*\* DECIMAL KIND STATUS

154367 JUDITH ANN MAY WIEST .0078125 OR/OP PAY  
C/O PECOS COUNTY STATE  
BANK  
FOR DEPOSIT TO ACCOUNT  
FORT STOCKTON TX  
79735

186983 CHARLOTTE M. CHANDLER .0312500 OR/OP PAY  
1503 FARGO STREET  
ODESSA TX  
79761-3207

217849 J. HARRISON BEAL .0060125 WI PAY  
P O BOX 1986  
KNOXVILLE TN  
37901-1986

217850 RAYMOND PRICE .0782438 WI PAY  
UNITED FOUNDERS TOWER  
5900 MOSTELLER DRIVE  
SUITE 550  
OKLAHOMA CITY OK  
73112-4607

388800 HAWN BROTHERS .1523440 WI PAY  
SUITE 600  
101 N. SHORELINE  
CORPUS CHRISTI TX  
78401

543925 JOHN L MAY .0156250 OR/OP PAY  
BOX 252  
FT STOCKTON TX  
79735-0252

756167 F B ROOKE & SONS .0761720 WI PAY  
PO BOX 7  
WOODSBORO TX  
78393-0007

TOTAL 1.0000000

Garry Mauro  
Commissioner  
General Land Office



March 12, 1987

Attention: Division Order Department

Dear Reporting Company:

Our records indicate your company is currently reporting and/or paying royalties to the State on the leases indicated on the attachment.

For each lease, please supply the Land Office the following information:

1. - Current lessee(s) assignee(s) name(s) and address(es);
2. - Surface owner(s) name and address(es) to which you are currently making payments;
3. - Division Order reflecting 100% interest in the lease and Division of Interest.

This information should be returned to this office to the attention of Carl Mullen, (no later than 45 days from date of letter). If you have any questions, please feel free to call Carl Mullen at (512) 463-5042.

Thank you for your cooperation.

Sincerely,

A handwritten signature in cursive script that reads "John Hall".

John Hall  
Deputy Commissioner  
Energy Resources

JH/TB/jlw

Enclosure



## TOTAL RAL LEASES BY PAYING COMPANY

COMPANY NAME: SLEDGE OIL & GAS INC  
ADDRESS : STAR RT WEST HWY 302  
KERMIT TX 79745

COMPANY TAXID: 3000289891100

CONTACT PERSON: MASON MARY A  
PHONE NUMBER: (915)586-6709

## RAL LEASES

LEASE NUMBER COMPANY LEASE NAME

|          |            |
|----------|------------|
| MF031461 | AWNORCOP   |
| MF056068 | PIERCE     |
| MF067636 | BOLLINGER  |
| MF074593 | ARCO-STATE |

MF# 74593

DIVISION ORDER

10/28/88



34

34



P A Y E E: DETACH THIS STATEMENT BEFORE DEPOSITING CHECK

SLEDGE OIL AND GAS INC. ✓

| DATE                             | ACCOUNT OR INVOICE NO. | DESCRIPTION                                                    | AMOUNT | DISCOUNT OR DEDUCTION             | NET AMOUNT                |
|----------------------------------|------------------------|----------------------------------------------------------------|--------|-----------------------------------|---------------------------|
| •••••<br>•••••<br>•••••<br>••••• |                        | State Rental Lse.#M-74593<br>Oct. 89 thru Oct. 1990<br><br>121 | 16.00  | <br><br><br><br><br>90007323<br>X | <br><br><br><br><br>16.00 |

| EMPLOYEE'S NAME         |                  |      |                |          |                |                 |  |  |  | SLEDGE OIL AND GAS INC. |  |
|-------------------------|------------------|------|----------------|----------|----------------|-----------------|--|--|--|-------------------------|--|
| PAY PERIOD ENDING       | HOURS            | RATE | GROSS EARNINGS | F.I.C.A. | FED. WITH. TAX | STATE WITH. TAX |  |  |  | NET EARNINGS PAID       |  |
| •••••<br>•••••<br>••••• | REG. T.<br>O. T. |      |                |          |                |                 |  |  |  |                         |  |

EMPLOYEE: THIS IS A STATEMENT OF YOUR EARNINGS AND DEDUCTIONS FOR PERIOD INDICATED. KEEP THIS FOR YOUR PERMANENT RECORD.

RENTAL RECEIPT

Commissioner, General Land Office  
State Of Texas

Kermit, Texas Sept. 29, 1989

Austin, Texas 78701

File No. Arco-State Lse.#M-74593

Check No. 6788

GENTLEMEN:

We are attaching our above numbered check in your favor for the sum of \$ 16.00 **90007323**

in full payment of the rental, for the period from October 20, 1989 to October 20, 1990 due under that certain oil and gas lease executed on October 20, 1976, by Atlantic Richfield Co.

in favor of Custer Oil co. in so far as said lease covers the following described acreage in the County of Reeves, State of Texas, to-wit:

SE/4 Section 12, Blk 56, T-3, T&P Ry. Co. Survey, to a depth of 3,500 feet below the surface of the earth.

and recorded in Volume 340, page 574, of the Records of said county.

This letter is sent to you in duplicate. Kindly execute and return the original to us for our receipt and retain the duplicate for your files.

Very truly yours, Sledge Oil & Gas, Inc.

By

Mary Ann Mason

The above described check has this day been received and deposited by us as above requested.

TO BE RETURNED TO:

Sledge Oil & Gas, Inc.  
Star Rt. ~~West Hwy 302~~ Box 286  
Kermit, Texas 79745

By

Title

Date



35 M-74593  
Rental Payment  
10-13-89

35  
M-74593  
Rental Payment  
10-13-89

P A Y E E : DETACH THIS STATEMENT BEFORE DEPOSITING CHECK

SLEDGE OIL and GAS INC.

| DATE | ACCOUNT OR<br>INVOICE NO. | DESCRIPTION                                                   | AMOUNT | DISCOUNT OR<br>DEDUCTION        | NET AMOUNT |
|------|---------------------------|---------------------------------------------------------------|--------|---------------------------------|------------|
|      |                           | State Rental/ Arco-State Lse.<br>10/90 to 10/91<br><i>121</i> |        | <del>X</del><br><b>91007228</b> | \$16.00    |

EMPLOYEE'S  
NAME

SLEDGE OIL and GAS INC.

| PAY PERIOD<br>ENDING | HOURS   | RATE | GROSS<br>EARNINGS |          |                   |                    |  |  |  | NET<br>EARNINGS<br>PAID |
|----------------------|---------|------|-------------------|----------|-------------------|--------------------|--|--|--|-------------------------|
|                      |         |      |                   | F.I.C.A. | FED. WITH.<br>TAX | STATE WITH.<br>TAX |  |  |  |                         |
|                      | REG. T. |      |                   |          |                   |                    |  |  |  |                         |
|                      | O. T.   |      |                   |          |                   |                    |  |  |  |                         |

VPR

EMPLOYEE: THIS IS A STATEMENT OF YOUR EARNINGS AND DEDUCTIONS FOR PERIOD INDICATED. KEEP THIS FOR YOUR PERMANENT RECORD.



RENTAL RECEIPT

Commissioner, General Land Office  
State Of Texas

Kermit, Texas 10/5 1990

Austin, Texas 78701

File No. \_\_\_\_\_

Check No. 07067

GENTLEMEN:

We are attaching our above numbered check in your favor for the sum of \$ 16.00.

in full payment of the rental, for the period from 10/90  
to 10/90 due under that certain oil and gas lease executed  
on October 20, 1976, by Atlantic Richfield Company  
in favor of Custer Oil Company in so far as said lease covers the  
following described acreage in the County of Reeves,  
State of Texas, to-wit:

*M-74593*

**91007228**

and recorded in Volume 340, page 574, of the Records of said  
county.

This letter if sent to you in duplicate. Kindly execute and re-  
turn the original to us for our receipt and retain the duplicate for  
your files.

Very truly yours, Sledge Oil & Gas, Inc.

By *J. Sledge*

The above described check has this day been received and deposited  
by us as above requested.

TO BE RETURNED TO:

Sledge Oil & Gas, Inc.  
Star Rt. West Hwy. 302  
Kermit, Texas 79745

By \_\_\_\_\_  
Title

Date \_\_\_\_\_

RENTAL RECEIPT

Commissioner, General Land Office  
State Of Texas

Kermit, Texas 10/5 1990

Austin, Texas 78701

File No. \_\_\_\_\_

Check No. 07067

GENTLEMEN:

We are attaching our above numbered check in your favor for the sum of \$ 16.00.

in full payment of the rental, for the period from 10/90  
to 10/90 due under that certain oil and gas lease executed  
on October 20, 1976, by Atlantic Richfield Company  
in favor of Custer Oil Company in so far as said lease covers the  
following described acreage in the County of Reeves,  
State of Texas, to-wit:

**91007228**

and recorded in Volume 340, page 574, of the Records of said  
county.

This letter is sent to you in duplicate. Kindly execute and re-  
turn the original to us for our receipt and retain the duplicate for  
your files.

Very truly yours, Sledge Oil & Gas, Inc.

By

*J. Sledge*

The above described check has this day been received and deposited  
by us as above requested.

TO BE RETURNED TO:

Sledge Oil & Gas, Inc.  
Star Rt. West Hwy. 302  
Kermit, Texas 79745

By \_\_\_\_\_  
Title

Date \_\_\_\_\_



36 M-74593  
Rental Payment  
10-11-90

21061328

3  
4  
5  
6

P A Y E E : DETACH THIS STATEMENT BEFORE DEPOSITING CHECK

SLEDGE OIL and GAS INC.

124

| DATE | ACCOUNT OR INVOICE NO. | DESCRIPTION                               | AMOUNT | DISCOUNT OR DEDUCTION | NET AMOUNT |
|------|------------------------|-------------------------------------------|--------|-----------------------|------------|
|      |                        | Annual lease rental<br>#M74593 Arco-State |        | X                     | 16.00      |
|      |                        |                                           |        |                       | 92023741   |

EMPLOYEE'S  
NAME

SLEDGE OIL and GAS INC.

| PAY PERIOD<br>ENDING | HOURS   | RATE | GROSS<br>EARNINGS | F.I.C.A. | FED. WITH.<br>TAX | STATE WITH.<br>TAX | NET<br>EARNINGS<br>PAID |  |  |
|----------------------|---------|------|-------------------|----------|-------------------|--------------------|-------------------------|--|--|
|                      |         |      |                   |          |                   |                    |                         |  |  |
|                      | REG. T. |      |                   |          |                   |                    |                         |  |  |
|                      | O. T.   |      |                   |          |                   |                    |                         |  |  |

VPR

EMPLOYEE: THIS IS A STATEMENT OF YOUR EARNINGS AND DEDUCTIONS FOR PERIOD INDICATED. KEEP THIS FOR YOUR PERMANENT RECORD.



## RENTAL RECEIPT

92023741

Commissioner, General Land Office  
State Of Texas

Kermit, Texas 10/5 1991

Austin, Texas 78701

File No. App. State Lse # M-74593

Check No. 07262

GENTLEMEN:

We are attaching our above numbered check in your favor for the sum of \$ 1600.

in full payment of the rental, for the period from 10/91 to 10/92 due under that certain oil and gas lease executed on Oct 20, 1976, by Atlantic Richfield Company in favor of Custer Oil Co. in so far as said lease covers the following described acreage in the County of Reeves, State of Texas, to-wit:

and recorded in Volume 340, page 574, of the Records of said county.

This letter is sent to you in duplicate. Kindly execute and return the original to us for our receipt and retain the duplicate for your files.

Very truly yours, Sledge Oil & Gas, Inc.

By J. Sledge

The above described check has this day been received and deposited by us as above requested.

TO BE RETURNED TO:

Sledge Oil & Gas, Inc.  
Star Rt. West Hwy. 302  
Kermit, Texas 79745

By \_\_\_\_\_  
Title

Date \_\_\_\_\_

92023741

## RENTAL RECEIPT

Commissioner, General Land Office  
State Of Texas

Kermit, Texas 10/5 1991

Austin, Texas 78701

File No. App. State Lse # M-74593

Check No. 07262

GENTLEMEN:

We are attaching our above numbered check in your favor for the sum of \$ 1600.

in full payment of the rental, for the period from 10/91  
to 10/92 due under that certain oil and gas lease executed  
on Oct 20, 1976, by Atlantic Richfield Company  
in favor of Custer Oil Co. in so far as said lease covers the  
following described acreage in the County of Reeves,  
State of Texas, to-wit:

and recorded in Volume 340, page 574, of the Records of said  
county.

This letter if sent to you in duplicate. Kindly execute and re-  
turn the original to us for our receipt and retain the duplicate for  
your files.

Very truly yours, Sledge Oil & Gas, Inc.

By J. Sledge

The above described check has this day been received and deposited  
by us as above requested.

TO BE RETURNED TO:

Sledge Oil & Gas, Inc.  
Star Rt. West Hwy. 302  
Kermit, Texas 79745

By \_\_\_\_\_  
Title

Date \_\_\_\_\_





P A Y E E : DETACH THIS STATEMENT BEFORE DEPOSITING CHECK

✓ SLEDGE OIL and GAS INC.

| DATE | ACCOUNT OR<br>INVOICE NO. | DESCRIPTION                               | AMOUNT | DISCOUNT OR<br>DEDUCTION | NET AMOUNT     |
|------|---------------------------|-------------------------------------------|--------|--------------------------|----------------|
|      |                           | State Rental: #M-74593<br>Arco-State Lse. |        |                          | X 16.00<br>121 |

EMPLOYEE'S  
NAME

ENERGY RESOURCES

SLEDGE OIL and GAS INC.

| PAY PERIOD<br>ENDING | HOURS   | RATE | GROSS<br>EARNINGS | F.I.C.A. | FED. WITH.<br>TAX | STATE WITH.<br>TAX |  |  | NET<br>EARNINGS<br>PAID |
|----------------------|---------|------|-------------------|----------|-------------------|--------------------|--|--|-------------------------|
|                      |         |      |                   |          |                   |                    |  |  |                         |
|                      | REG. T. |      |                   |          |                   |                    |  |  |                         |
|                      | O. T.   |      |                   |          |                   |                    |  |  |                         |

VPR

EMPLOYEE: THIS IS A STATEMENT OF YOUR EARNINGS AND DEDUCTIONS FOR PERIOD INDICATED. KEEP THIS FOR YOUR PERMANENT RECORD.



RENTAL RECEIPT

Commissioner, General Land Office  
State Of Texas

Austin, Texas 78701

Kermit, Texas 10/5/1992

File No. Arco State Lse # M-74593

Check No. 07376

GENTLEMEN:

We are attaching our above numbered check in your favor for the sum of \$\_\_\_\_\_.

in full payment of the rental, for the period from 10/92  
to 10/93 due under that certain oil and gas lease executed  
on Oct 20, 1976, by Atlantic Richfield Co.  
in favor of Custer Oil Co. in so far as said lease covers the  
following described acreage in the County of Reeves,  
State of Texas, to-wit:

and recorded in Volume 340, page 574, of the Records of said  
county.

This letter is sent to you in duplicate. Kindly execute and re-  
turn the original to us for our receipt and retain the duplicate for  
your files.

Very truly yours, Sledge Oil & Gas, Inc.

By [Signature]

The above described check has this day been received and deposited  
by us as above requested.

TO BE RETURNED TO:

Sledge Oil & Gas, Inc.  
Star Rt. West Hwy. 302  
Kermit, Texas 79745

By \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

93016256

RENTAL RECEIPT

Commissioner, General Land Office  
State Of Texas

Kermit, Texas 10/5/1992

Austin, Texas 78701

File No. Area State Lse # M-74593

Check No. 07376

GENTLEMEN:

We are attaching our above numbered check in your favor for the sum of \$\_\_\_\_\_.

in full payment of the rental, for the period from 10/92  
to 10/93 due under that certain oil and gas lease executed  
on Oct 20, 1976, by Atlantic Richfield Co.  
in favor of Custer Oil Co. in so far as said lease covers the  
following described acreage in the County of Reeves,  
State of Texas, to-wit:

and recorded in Volume 340, page 574, of the Records of said  
county.

This letter is sent to you in duplicate. Kindly execute and re-  
turn the original to us for our receipt and retain the duplicate for  
your files.

Very truly yours, Sledge Oil & Gas, Inc.

By J. Sledge

The above described check has this day been received and deposited  
by us as above requested.

TO BE RETURNED TO:

Sledge Oil & Gas, Inc.  
Star Rt. West Hwy. 302  
Kermit, Texas 79745

By \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

93016256



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. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100. 101. 102. 103. 104. 105. 106. 107. 108. 109. 110. 111. 112. 113. 114. 115. 116. 117. 118. 119. 120. 121. 122. 123. 124. 125. 126. 127. 128. 129. 130. 131. 132. 133. 134. 135. 136. 137. 138. 139. 140. 141. 142. 143. 144. 145. 146. 147. 148. 149. 150. 151. 152. 153. 154. 155. 156. 157. 158. 159. 160. 161. 162. 163. 164. 165. 166. 167. 168. 169. 170. 171. 172. 173. 174. 175. 176. 177. 178. 179. 180. 181. 182. 183. 184. 185. 186. 187. 188. 189. 190. 191. 192. 193. 194. 195. 196. 197. 198. 199. 200. 201. 202. 203. 204. 205. 206. 207. 208. 209. 210. 211. 212. 213. 214. 215. 216. 217. 218. 219. 220. 221. 222. 223. 224. 225. 226. 227. 228. 229. 230. 231. 232. 233. 234. 235. 236. 237. 238. 239. 240. 241. 242. 243. 244. 245. 246. 247. 248. 249. 250. 251. 252. 253. 254. 255. 256. 257. 258. 259. 260. 261. 262. 263. 264. 265. 266. 267. 268. 269. 270. 271. 272. 273. 274. 275. 276. 277. 278. 279. 280. 281. 282. 283. 284. 285. 286. 287. 288. 289. 290. 291. 292. 293. 294. 295. 296. 297. 298. 299. 300. 301. 302. 303. 304. 305. 306. 307. 308. 309. 310. 311. 312. 313. 314. 315. 316. 317. 318. 319. 320. 321. 322. 323. 324. 325. 326. 327. 328. 329. 330. 331. 332. 333. 334. 335. 336. 337. 338. 339. 340. 341. 342. 343. 344. 345. 346. 347. 348. 349. 350. 351. 352. 353. 354. 355. 356. 357. 358. 359. 360. 361. 362. 363. 364. 365. 366. 367. 368. 369. 370. 371. 372. 373. 374. 375. 376. 377. 378. 379. 380. 381. 382. 383. 384. 385. 386. 387. 388. 389. 390. 391. 392. 393. 394. 395. 396. 397. 398. 399. 400. 401. 402. 403. 404. 405. 406. 407. 408. 409. 410. 411. 412. 413. 414. 415. 416. 417. 418. 419. 420. 421. 422. 423. 424. 425. 426. 427. 428. 429. 430. 431. 432. 433. 434. 435. 436. 437. 438. 439. 440. 441. 442. 443. 444. 445. 446. 447. 448. 449. 450. 451. 452. 453. 454. 455. 456. 457. 458. 459. 460. 461. 462. 463. 464. 465. 466. 467. 468. 469. 470. 471. 472. 473. 474. 475. 476. 477. 478. 479. 480. 481. 482. 483. 484. 485. 486. 487. 488. 489. 490. 491. 492. 493. 494. 495. 496. 497. 498. 499. 500. 501. 502. 503. 504. 505. 506. 507. 508. 509. 510. 511. 512. 513. 514. 515. 516. 517. 518. 519. 520. 521. 522. 523. 524. 525. 526. 527. 528. 529. 530. 531. 532. 533. 534. 535. 536. 537. 538. 539. 540. 541. 542. 543. 544. 545. 546. 547. 548. 549. 550. 551. 552. 553. 554. 555. 556. 557. 558. 559. 560. 561. 562. 563. 564. 565. 566. 567. 568. 569. 570. 571. 572. 573. 574. 575. 576. 577. 578. 579. 580. 581. 582. 583. 584. 585. 586. 587. 588. 589. 590. 591. 592. 593. 594. 595. 596. 597. 598. 599. 600. 601. 602. 603. 604. 605. 606. 607. 608. 609. 610. 611. 612. 613. 614. 615. 616. 617. 618. 619. 620. 621. 622. 623. 624. 625. 626. 627. 628. 629. 630. 631. 632. 633. 634. 635. 636. 637. 638. 639. 640. 641. 642. 643. 644. 645. 646. 647. 648. 649. 650. 651. 652. 653. 654. 655. 656. 657. 658. 659. 660. 661. 662. 663. 664. 665. 666. 667. 668. 669. 670. 671. 672. 673. 674. 675. 676. 677. 678. 679. 680. 681. 682. 683. 684. 685. 686. 687. 688. 689. 690. 691. 692. 693. 694. 695. 696. 697. 698. 699. 700. 701. 702. 703. 704. 705. 706. 707. 708. 709. 710. 711. 712. 713. 714. 715. 716. 717. 718. 719. 720. 721. 722. 723. 724. 725. 726. 727. 728. 729. 730. 731. 732. 733. 734. 735. 736. 737. 738. 739. 740. 741. 742. 743. 744. 745. 746. 747. 748. 749. 750. 751. 752. 753. 754. 755. 756. 757. 758. 759. 760. 761. 762. 763. 764. 765. 766. 767. 768. 769. 770. 771. 772. 773. 774. 775. 776. 777. 778. 779. 780. 781. 782. 783. 784. 785. 786. 787. 788. 789. 790. 791. 792. 793. 794. 795. 796. 797. 798. 799. 800. 801. 802. 803. 804. 805. 806. 807. 808. 809. 810. 811. 812. 813. 814. 815. 816. 817. 818. 819. 820. 821. 822. 823. 824. 825. 826. 827. 828. 829. 830. 831. 832. 833. 834. 835. 836. 837. 838. 839. 840.

659160

RENTAL RECEIPT

Commissioner, General Land Office  
State Of Texas

Kermit, Texas 1993

Austin, Texas 78701

File No. Arco State M-74593

Check No. 0352

GENTLEMEN:

We are attaching our above numbered check in your favor for the sum of \$ 16.00.

in full payment of the rental, for the period from 10/20/93  
to 10/20/94 due under that certain oil and gas lease executed  
on \_\_\_\_\_, by \_\_\_\_\_  
in favor of \_\_\_\_\_ in so far as said lease covers the  
following described acreage in the County of \_\_\_\_\_,  
State of Texas, to-wit:

X 16.00

94007294

and recorded in Volume \_\_\_\_\_, page \_\_\_\_\_, of the Records of said  
county.

This letter is sent to you in duplicate. Kindly execute and return the original to us for our receipt and retain the duplicate for your files.

Very truly yours, Sledge Bros. Oil Co.

By Sue Sledge

The above described check has this day been received and deposited by us as above requested.

TO BE RETURNED TO:

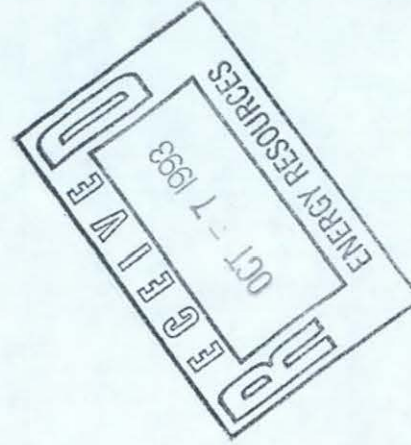
SLEDGE BROS. OIL CO.  
STAR ROUTE  
KERMIT, TX 79745

By \_\_\_\_\_  
Title \_\_\_\_\_

Date \_\_\_\_\_



M-74593 (89)  
Lester Pymt  
10.1.93



010003584

70. 1.33

**Texas General  
Land Office**



**David Dewhurst  
Commissioner**

January 26, 2000

Plains All American, Inc.  
ATTN: DIVISION ORDER DEPT.  
P.O. Box 4648  
Houston, Tx. 77210-4648

Re: Property Name: Arco - State  
Mineral File No: M-074593  
Property Number: 01-064903

Dear Sir or Madam:

We have received the division order submitted by your company for the above-referenced lease and added it to our files. Please be sure to reference this mineral file number in all future royalty payments, reports and correspondence concerning the lease.

The payment of royalties to the State of Texas is set by statute. As the execution of the division order may in some cases affect the payments of such royalties, it is not the policy of this office to execute them. Insofar as allowed by law, the Texas General Land Office is acquiescent in the sale of oil and gas under the terms and conditions set out in the lease.

If you should have any questions, please feel free to call me at (512) 475-1527.

Sincerely,

*Eugene H. Moore, Jr.*

Eugene H. Moore, Jr.  
Accounts Examiner  
Royalty and Revenue Processing  
Energy Resources

Stephen F. Austin Building

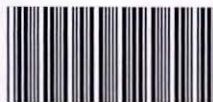
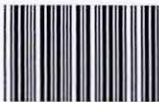
1700 North  
Congress Avenue

Austin, Texas  
78701-1495

512-463-5001



( KEEP THIS COPY FOR YOUR RECORDS )

**DIVISION ORDER**

To: Plains All American Inc., For the Accounts of Plains Marketing, L.P. and Scurlock Permian LLC  
 P.O. Box 4648  
 Houston, TX 77210-4648

Property Name: ARCO-STATE  
 Operator: SLEDGE BROS OIL COMPANY  
 County and State: REEVES, TX  
 Production: OIL / CONDENSATE ( GAS )

Date: 09/30/1999  
 Property Descr: SEE EXHIBIT 'A'  
 Effective 7 A.M.: 01/01/1999  
 Decimal Interest: 0.16666667  
 Type of Interest: RI  
 ROYALTY INTEREST

Owner Number**0062639**Property Number:**01 064903**

Owner Name: COMMISSIONER GENERAL LD OFFICE  
 and Address: STATE OF TEXAS  
 1700 NORTH CONGRESS AVENUE  
 AUSTIN, TX 78701

COMMISSIONER GENERAL LD OFFICE  
 STATE OF TEXAS  
 1700 NORTH CONGRESS AVENUE  
 AUSTIN, TX 78701

[Correspondence Address]

[Remittance Address]

The undersigned severally and not jointly certifies the ownership of their decimal interest in production or proceeds as described above payable by Plains All American Inc., For the Accounts of Plains Marketing, L.P. and Scurlock Permian LLC (hereinafter called "Payor").

Payor shall be notified, in writing, of any change in ownership, decimal interest, or payment address. All such changes shall be effective the first day of the month following receipt of such notice.

Payor is authorized to withhold payment pending resolution of a title dispute or adverse claim asserted regarding the interest in production claimed herein by the undersigned. The undersigned agrees to reimburse Payor any amount attributable to an interest to which the undersigned is not entitled. Unless otherwise required by law, Payor shall not be required to pay interest on payments withheld due to a title dispute or adverse claim.

Payments of less than \$25.00 may be accrued before disbursement until the total amount equals \$25.00 or more, or until December 31 of each year, whichever occurs first.

This Division Order does not amend any lease or operating agreement between the undersigned and the lessee or operator or any other contracts for the purchase of oil or gas.

The undersigned will be paid in accordance with the division of interests set out above. As to oil and/or condensate, the Payor shall pay all parties at the price agreed to by the operator for oil and/or condensate to be sold pursuant to this division order. Payor shall compute quantity and make corrections for gravity and temperature and make deductions for impurities. As to gas, the undersigned will be paid in accordance with the division of interest set forth herein. The Payor will pay all parties for their respective interest in the gas proceeds paid to Payor by the operator for disbursement at the price and upon the terms agreed to by the operator for the gas marketed by the operator. Payor is a disbursement service provider only and does not purchase the gas nor take title to the gas. The operator is responsible for marketing gas produced from the property described in the attached property description. Payor does not assume any obligations of the lessee or operator under any oil and gas lease, gas sales contract or other agreement to which Payor is not a party.

In addition to the terms and conditions of this Division Order, the undersigned and Payor may have certain statutory rights under the laws of the state in which the property is located.

Special Clauses/Requirements: If applicable, see Exhibit 'A'.

Owner Tax I.D. Number:   
 Owner Daytime Telephone #: \_\_\_\_\_  
 Owner FAX #: \_\_\_\_\_

Owner BY: \_\_\_\_\_  
 Signature: \_\_\_\_\_  
 OWNER #: 0062639

Signature of two  
 Witnesses/Attest \_\_\_\_\_

TITLE: \_\_\_\_\_

**FEDERAL LAW REQUIRES YOU TO FURNISH YOUR SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER.  
 FAILURE TO COMPLY WILL RESULT IN 31% TAX WITHHOLDING AND WILL NOT BE REFUNDABLE BY PAYOR.**

( KEEP THIS COPY FOR YOUR RECORDS )

**EXHIBIT 'A'**

**PROPERTY NUMBER: 01 064903**

**OWNER: 0062639**

| OWNER   | NAME/ADDRESS                                                                                       | SSN/TIN    | INTEREST   | TYPE | PAY ST | EFFECTIVE  | CLAUSES | REQUIREMENTS |
|---------|----------------------------------------------------------------------------------------------------|------------|------------|------|--------|------------|---------|--------------|
| 0062639 | COMMISSIONER GENERAL LD OFFICE<br>STATE OF TEXAS<br>1700 NORTH CONGRESS AVENUE<br>AUSTIN, TX 78701 | [REDACTED] | 0.16666667 | RI   | 3U     | 01/01/1999 | N/A     | N/A          |

LEGAL DESCRIPTION

ARCO STATE LOCATED IN REEVES COUNTY, TEXAS. STATE OF TEXAS LEASE NO 074593.



File No. M-74593 (41)  
D.O.

Date Filed: 1-24-00

David Dewhurst, Commissioner

By \_\_\_\_\_

TO: 400

Texas General  
Land Office



David Dewhurst  
Commissioner

November 9, 2001

CERTIFIED MAIL 7000 0520 0023 2503 5147

**SECOND REQUEST**

SLEDGE BROS. OIL COMPANY  
P. O. BOX 953  
SUITE 1900  
MIDLAND, TEXAS 79702

*Paid*

RE: Notice of non-payment on State Leases  
(M-31461, 46970, 67636, 74593)

Dear Sir or Madam:

Enclosed is a copy of our letter to you dated September 12, 2001, requesting additional royalties due on the captioned leases. As of this date we have not received your payment or a reply to this letter.

Be advised that penalty and interest continue to accrue until payment is received. A revised schedule is enclosed showing updated penalty and interest. The amount now due is \$1,249.47, which is comprised of \$752.01 in additional royalty, \$400.00 in penalty and \$97.46 in interest. Penalty and interest have been computed in accordance with Section 52.131 of the Texas Natural Resources Code.

You are also hereby notified that if the amount now due is not received in this office by December 5, 2001, these leases will be forwarded to our legal division for appropriate action.

Sincerely,

*Michael W. Dunn*  
Michael W. Dunn, Director  
Energy Inspections Division  
Energy Resources

Stephen F. Austin Building

1700 North  
Congress Avenue

Austin, Texas  
78701-1495

512-463-5001

MD/lr

CC: Gary Posey  
Senior Manager  
Energy Inspections Division  
(915) 694-1483  
e-mail: gary.posey@glo.state.tx.us



SLEDGE BROS. OIL COMPANY  
 STATE LEASE: M-31461  
 LEASE NAME: NORCOP, A. W., DX  
 KEN REGAN (DELAWARE) FIELD  
 REEVES COUNTY  
 RRC OIL WELL #08-14886  
 STATE'S ROYALTY DECIMAL: .0625

**ATTACHMENT II-A**

Penalty Date  
 12/5/01

AE: LWR  
 Filename: SledgeBr  
 Date: 11/7/01

| (1)    | (2)                                           | (3)              | (4)  | (5)                           | (6)                | (7)                       | (8)                       | (9)                | (10)                | (11)                                         |
|--------|-----------------------------------------------|------------------|------|-------------------------------|--------------------|---------------------------|---------------------------|--------------------|---------------------|----------------------------------------------|
| Month  | Computed<br>Gas<br>Production<br>(MCF)<br>(A) | Price<br><br>(B) | BTU  | Gross<br>Value<br>(2)X(3)X(4) | Royalty<br>Decimal | Royalty<br>Due<br>(5)X(6) | Number<br>of Days<br>Late | Penalty<br><br>(C) | Interest<br><br>(C) | Additional<br>Royalty<br>Due<br>(7)+(9)+(10) |
| May-00 | 184                                           | 2.02             | 1.00 | \$371.68                      | 0.0625             | \$23.23                   | 508                       | \$25.00            | \$3.43              | \$51.66                                      |
| Jun-00 | 166                                           | 2.02             | 1.00 | \$335.32                      | 0.0625             | \$20.96                   | 477                       | \$25.00            | \$2.88              | \$48.84                                      |
| Jul-00 | 164                                           | 3.57             | 1.00 | \$585.48                      | 0.0625             | \$36.59                   | 446                       | \$25.00            | \$4.66              | \$66.25                                      |
| Aug-00 | 152                                           | 3.57             | 1.00 | \$542.64                      | 0.0625             | \$33.92                   | 416                       | \$25.00            | \$3.98              | \$62.90                                      |
| Total  | 666                                           |                  |      | \$1,835.12                    |                    | \$114.70                  |                           | \$100.00           | \$14.95             | \$229.65                                     |

**NOTE:**

- (A) - REPRESENTS THE COMPUTED GAS PRODUCTION. VENTED GAS VOLUMES WERE CALCULATED USING THE (GOR) GAS-TO-OIL RATIO FROM ANNUAL WELL TESTS SUBMITTED BY THE OPERATOR TO THE RRC FOR WELL ID# 08-14886. THIS WEIGHTED GOR FOR THIS LEASE WAS APPLIED TO THE MONTHLY OIL VOLUMES (FOUR MONTHS) TO DETERMINE THE AMOUNT OF GAS PRODUCED EACH MONTH.
- (B) - PRICE - REPRESENTS THE PRICE TAKEN FROM THE COUNTY AVERAGE GAS SALES PRICES COMPILED BY THE GAS PRODUCER'S MONTHLY TAX REPORTS AND PROVIDED BY THE TEXAS COMPTROLLER OF PUBLIC ACCOUNTS.
- (C) - SEE ATTACHMENT III, "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES" FOR EXPLANATION OF PENALTY AND INTEREST CALCULATION.

SLEDGE BROS. OIL COMPANY  
 STATE LEASE: M-46970  
 LEASE NAME: H & M -B- / -C-  
 KEN REGAN (DELAWARE) FIELD  
 REEVES COUNTY  
 RRC OIL WELL #08-27281, 28051  
 STATE'S ROYALTY DECIMAL: .0625

ATTACHMENT II-B

Penalty Date  
 12/5/01

AE: LWR  
 Filename: SledgeBr  
 Date: 11/7/01

| (1)    | (2)                                       | (3)                                       | (4)                            | (5)       | (6)  | (7)                     | (8)             | (9)                 | (10)                | (11)        | (12)         | (13)                                 |
|--------|-------------------------------------------|-------------------------------------------|--------------------------------|-----------|------|-------------------------|-----------------|---------------------|---------------------|-------------|--------------|--------------------------------------|
| Month  | Computed Gas Production (MCF) W#28051 (A) | Computed Gas Production (MCF) W#27281 (A) | Total RRC Production (2) + (3) | Price (B) | BTU  | Gross Value (4)X(5)X(6) | Royalty Decimal | Royalty Due (7)X(8) | Number of Days Late | Penalty (C) | Interest (C) | Additional Royalty Due (9)+(11)+(12) |
| May-00 | 28                                        | 202                                       | 229                            | 2.02      | 1.00 | \$462.78                | 0.0625          | \$28.92             | 508                 | \$25.00     | \$4.27       | \$58.19                              |
| Jun-00 | 110                                       | 70                                        | 180                            | 2.02      | 1.00 | \$363.60                | 0.0625          | \$22.73             | 477                 | \$25.00     | \$3.12       | \$50.85                              |
| Jul-00 | 78                                        | 118                                       | 195                            | 3.57      | 1.00 | \$696.51                | 0.0625          | \$43.53             | 446                 | \$25.00     | \$5.54       | \$74.07                              |
| Aug-00 | 60                                        | 126                                       | 186                            | 3.57      | 1.00 | \$664.02                | 0.0625          | \$41.50             | 416                 | \$25.00     | \$4.87       | \$71.37                              |
| Total  | 275                                       | 515                                       | 790                            |           |      | \$2,186.91              |                 | \$136.68            |                     | \$100.00    | \$17.80      | \$254.48                             |

NOTE:

- (A) - REPRESENTS THE COMPUTED GAS PRODUCTION. VENTED GAS VOLUMES WERE CALCULATED USING THE (GOR) GAS-TO-OIL RATIO FROM ANNUAL WELL TESTS SUBMITTED BY THE OPERATOR TO THE RRC FOR WELL ID# 08-27281 AND WELL ID#08-28051. THIS WEIGHTED GOR FOR THIS LEASE WAS APPLIED TO THE MONTHLY OIL VOLUMES (FOUR MONTHS) TO DETERMINE THE AMOUNT OF GAS PRODUCED EACH MONTH.
- (B) - PRICE - REPRESENTS THE PRICE TAKEN FROM THE COUNTY AVERAGE GAS SALES PRICES COMPILED BY THE GAS PRODUCER'S MONTHLY TAX REPORTS AND PROVIDED BY THE TEXAS COMPTROLLER OF PUBLIC ACCOUNTS.
- (C) - SEE ATTACHMENT III, "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES" FOR EXPLANATION OF PENALTY AND INTEREST CALCULATIONS.



SLEDGE BROS. OIL COMPANY  
 STATE LEASE: M-67636  
 LEASE NAME: BOLLINGER  
 KEN REGAN (DELAWARE) FIELD  
 REEVES COUNTY  
 RRC OIL WELL #08-23315  
 STATE'S ROYALTY DECIMAL: .0625

ATTACHMENT II-C

Penalty Date  
 12/5/01

AE: LWR  
 Filename: SledgeBr  
 Date: 11/7/01

| (1)    | (2)                                           | (3)                                           | (4)          | (5)  | (6)                           | (7)                | (8)                       | (9)                       | (10)           | (11)            | (12)                                          |
|--------|-----------------------------------------------|-----------------------------------------------|--------------|------|-------------------------------|--------------------|---------------------------|---------------------------|----------------|-----------------|-----------------------------------------------|
| Month  | Computed<br>Gas<br>Production<br>(MCF)<br>(A) | GLO<br>Royalty<br>Participation<br>50%<br>(A) | Price<br>(B) | BTU  | Gross<br>Value<br>(3)X(4)X(5) | Royalty<br>Decimal | Royalty<br>Due<br>(6)X(7) | Number<br>of Days<br>Late | Penalty<br>(C) | Interest<br>(C) | Additional<br>Royalty<br>Due<br>(8)+(10)+(11) |
| May-00 | 599                                           | 300                                           | 2.02         | 1.00 | \$605.45                      | 0.0625             | \$37.84                   | 508                       | \$25.00        | \$5.59          | \$68.43                                       |
| Jun-00 | 568                                           | 284                                           | 2.02         | 1.00 | \$573.43                      | 0.0625             | \$35.84                   | 477                       | \$25.00        | \$4.93          | \$65.77                                       |
| Jul-00 | 631                                           | 316                                           | 3.57         | 1.00 | \$1,126.62                    | 0.0625             | \$70.41                   | 446                       | \$25.00        | \$8.96          | \$104.37                                      |
| Aug-00 | 680                                           | 340                                           | 3.57         | 1.00 | \$1,214.07                    | 0.0625             | \$75.88                   | 416                       | \$25.00        | \$8.91          | \$109.79                                      |
| Total  | 2,479                                         | 1,239                                         |              |      | \$3,519.57                    |                    | \$219.97                  |                           | \$100.00       | \$28.39         | \$348.36                                      |

NOTE:

- (A) - REPRESENTS THE COMPUTED GAS PRODUCTION. VENTED GAS VOLUMES WERE CALCULATED USING THE (GOR) GAS-TO-OIL RATIO FROM ANNUAL WELL TESTS SUBMITTED BY THE OPERATOR TO THE RRC FOR WELL ID# 08-23315. THIS WEIGHTED GOR FOR THIS LEASE WAS APPLIED TO THE MONTHLY OIL VOLUMES (FOUR MONTHS) TO DETERMINE THE AMOUNT OF GAS PRODUCED EACH MONTH.
- (B) - PRICE - REPRESENTS THE PRICE TAKEN FROM THE COUNTY AVERAGE GAS SALES PRICES COMPILED BY THE GAS PRODUCER'S MONTHLY TAX REPORTS AND PROVIDED BY THE TEXAS COMPTROLLER OF PUBLIC ACCOUNTS.
- (C) - SEE ATTACHMENT III, "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES" FOR EXPLANATION OF PENALTY AND INTEREST CALCULATIONS.

SLEDGE BROS. OIL COMPANY  
 STATE LEASE: M-74593  
 LEASE NAME: ARCO-STATE  
 KEN REGAN (DELAWARE) FIELD  
 REEVES COUNTY  
 RRC OIL WELL #08-24482  
 STATE'S ROYALTY DECIMAL: .25

ATTACHMENT II-D

Penalty Date  
 12/5/01

AE: LWR  
 Filename: SledgeBr  
 Date: 11/7/01

| (1)    | (2)                                           | (3)                                           | (4)          | (5)  | (6)                           | (7)                | (8)                       | (9)                       | (10)           | (11)            | (12)                                          |
|--------|-----------------------------------------------|-----------------------------------------------|--------------|------|-------------------------------|--------------------|---------------------------|---------------------------|----------------|-----------------|-----------------------------------------------|
| Month  | Computed<br>Gas<br>Production<br>(MCF)<br>(A) | GLO<br>Royalty<br>Participation<br>50%<br>(A) | Price<br>(B) | BTU  | Gross<br>Value<br>(3)X(4)X(5) | Royalty<br>Decimal | Royalty<br>Due<br>(7)X(8) | Number<br>of Days<br>Late | Penalty<br>(C) | Interest<br>(C) | Additional<br>Royalty<br>Due<br>(9)+(11)+(12) |
| May-00 | 203                                           | 102                                           | 2.02         | 1.00 | \$205.03                      | 0.25               | \$51.26                   | 508                       | \$25.00        | \$7.57          | \$83.83                                       |
| Jun-00 | 198                                           | 99                                            | 2.02         | 1.00 | \$199.98                      | 0.25               | \$50.00                   | 477                       | \$25.00        | \$6.87          | \$81.87                                       |
| Jul-00 | 187                                           | 94                                            | 3.57         | 1.00 | \$333.80                      | 0.25               | \$83.45                   | 446                       | \$25.00        | \$10.62         | \$119.07                                      |
| Aug-00 | 215                                           | 108                                           | 3.57         | 1.00 | \$383.78                      | 0.25               | \$95.95                   | 416                       | \$25.00        | \$11.26         | \$132.21                                      |
| Total  | 803                                           | 402                                           |              |      | \$1,122.59                    |                    | \$280.66                  |                           | \$100.00       | \$36.32         | \$416.98                                      |

NOTE:

- (A) - REPRESENTS THE COMPUTED GAS PRODUCTION. VENTED GAS VOLUMES WERE CALCULATED USING THE (GOR) GAS-TO-OIL RATIO FROM ANNUAL WELL TESTS SUBMITTED BY THE OPERATOR TO THE RRC FOR WELL ID# 08-24482. THIS WEIGHTED GOR FOR THIS LEASE WAS APPLIED TO THE MONTHLY OIL VOLUMES (FOUR MONTHS) TO DETERMINE THE AMOUNT OF GAS PRODUCED EACH MONTH.
- (B) - PRICE - REPRESENTS THE PRICE TAKEN FROM THE COUNTY AVERAGE GAS SALES PRICES COMPILED BY THE GAS PRODUCER'S MONTHLY TAX REPORTS AND PROVIDED BY THE TEXAS COMPTROLLER OF PUBLIC ACCOUNTS.
- (C) - SEE ATTACHMENT III, "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES" FOR EXPLANATION OF PENALTY AND INTEREST CALCULATIONS.



42  
File No. 74593  
Sledge Bros. Oil  
FME  
Date Filed: 11-9-01  
Jerry E. Patterson, Commissioner  
By \_\_\_\_\_

bpx energy

BPX Operating Company  
Attn: BP GBS Americas - P2P Treasury  
Payments  
150 West Warrenville Road, Building 605, 3rd  
Floor  
Naperville, IL 60563

PAGE 1 OF 1

11/08/19

X01LH

COMMISSIONER OF THE TEXAS GENERAL  
LAND OFFICE  
1700 N CONGRESS  
AUSTIN, TX 78701-1495 US

VENDOR NUMBER: 0069000251

TRACE NUMBER: 2000001946

| DOCUMENT NO.         | INVOICE DATE               | INVOICE NO. | GROSS AMOUNT | DISCOUNT NO. | NET AMOUNT |
|----------------------|----------------------------|-------------|--------------|--------------|------------|
| 1900002043           | 11/07/19                   | 2019.091    | 6,946.92     |              | X 6,946.92 |
| Sec 12 Blk 56-T3 Pad | Exp & Wel                  |             |              |              |            |
| Sec 12 Blk 56-T3 Pad | Exp & Wellbore on Existing |             |              |              |            |
|                      |                            |             | 20703246     |              | 1161       |
| TOTALS               |                            |             | 6,946.92     |              | 6,946.92   |

INQUIRIES CONCERNING THIS PAYMENT SHOULD BE  
DIRECTED TO OUR OFFICE, PLEASE CALL  
(800) 284-2244

IN ORDER TO AFFECT TIMELY INVOICE PAYMENT PLEASE PLACE  
YOUR VENDOR NUMBER ON ALL FUTURE INVOICE TO BP.  
\*\*\* YOUR VENDOR NUMBER IS 0069000251

DETACH AND RETAIN THIS STUB FOR YOUR RECORDS

CHECK NO. 8005000245 ATTACHED BELOW





BP America Production Company  
BPX Energy Inc.  
3800 E. 42<sup>nd</sup> Street  
Suite 105  
Odessa, TX 79762  
T+1 432 367 4316  
F+1 432 367 4320  
www.bp.com

November 19<sup>th</sup>, 2019

••••• Texas General Land Office  
••••• ATTN: Joy McCauley  
• 1700 N. Congress Avenue  
••••• Austin, TX 78701

••••• RE:

**Surface Damage Payment**  
**State Champ 56-T3-12X5 Pad A Expansion**  
**Reeves County, Texas**

Dear Ms. McCauley,

Enclosed herein, please find Check No. 8005000245 in the amount of \$6,946.92 made payable to the addressee above for surface damages resulting from drilling operations for the subject line well.

The enclosed check covers surface damages for the well pad expansion and additional wellbore, which are outlined below:

|                                                 |   |                    |
|-------------------------------------------------|---|--------------------|
| Well Pad Expansion (including Clearing Limits): | = | \$8,293.83         |
| Additional Wellbore (1):                        | = | \$5,600.00         |
| <b>TOTAL DAMAGES</b>                            | = | <b>\$13,893.83</b> |

|                                                 |                             |   |                          |
|-------------------------------------------------|-----------------------------|---|--------------------------|
| <b>Total paid to Agent of the State:</b>        | <b>(\$13,893.83 x 0.50)</b> | = | <b>\$6,946.92</b>        |
| <b>Total paid to the <u>State of Texas</u>:</b> |                             | = | <b><u>\$6,946.92</u></b> |

By cashing this check, you agree this payment is the full and final settlement for these damages. Should you have any questions regarding this matter, please do not hesitate to contact me at the telephone number or email address listed below.

Respectfully,

Drew Keenan  
Contractor – Hydrocarbon Acquisitions, LLC  
(432) 202-6640  
drew.keenan@hydroacq.com



**Crafton Tull**  
surveying

501.328.3314 f 501.328.3325 f  
www.craftontull.com

SECTION 12, BLOCK 56-T3  
T & P RR CO. SURVEY  
A-3379

640 ACRES  
ZPZ DELAWARE I, LLC.  
VOL. 886, PG. 548

**CLEARING LIMITS TOTAL (INCLUDING PAD  
INSIDE CLEARING LIMITS): 2.38 ACRES  
WELL PAD EXPANSION TOTAL: 1.66 ACRES**

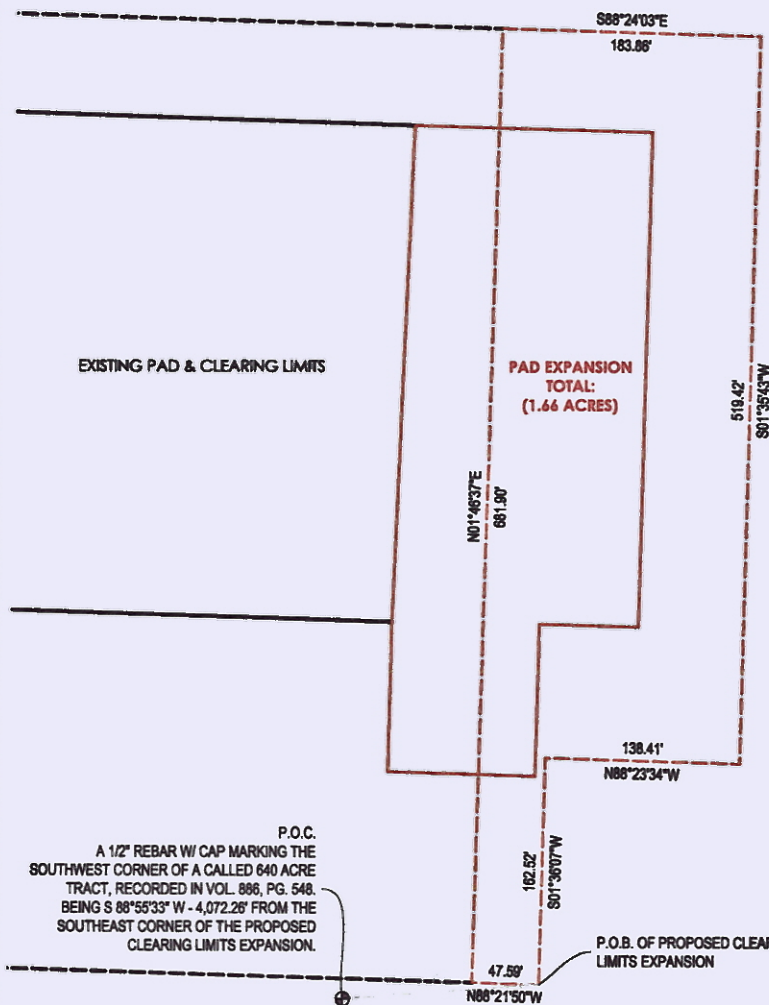
## EXHIBIT "A"

REEVES COUNTY, TEXAS

### LEGEND

|        |                                        |
|--------|----------------------------------------|
| SL     | SECTION LINE                           |
| —      | OVERHEAD ELECTRIC                      |
| —      | FENCE                                  |
| —      | EDGE OF EXISTING ROAD                  |
| —      | PROPOSED ACCESS EASEMENT               |
| —      | CENTERLINE OF PROPOSED ACCESS EASEMENT |
| —      | PROPERTY LINE                          |
| —      | CLEARING LIMITS                        |
| —      | CLEARING LIMITS                        |
| —      | EDGE OF RIGHT OF WAY                   |
| P.O.C. | POINT OF COMMENCEMENT                  |
| P.O.B. | POINT OF BEGINNING                     |
| P.O.T. | POINT OF TERMINATION                   |
| IF     | LINEAR FEET                            |
| ⊙      | POWER POLE                             |
| ⊙      | PROPOSED WELL LOCATION                 |
| ⊙      | FOUND MONUMENT (AS NOTED)              |
| △      | CALCULATED CORNER                      |

GRID NORTH (NAD 83)  
TEXAS - CENTRAL ZONE

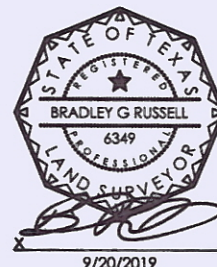


### GENERAL NOTES

- THE LOCATIONS OF UNDERGROUND UTILITIES AS SHOWN HEREON ARE BASED ON REASONABLE VISUAL OBSERVATION. LOCATIONS OF UNDERGROUND UTILITIES/STRUCTURES MAY VARY FROM LOCATIONS SHOWN HEREIN. ADDITIONAL BURIED UTILITIES/STRUCTURES MAY BE ENCOUNTERED. NO EXCAVATIONS WERE MADE DURING THE PROGRESS OF THIS SURVEY TO LOCATE BURIED UTILITIES/STRUCTURES. BEFORE EXCAVATIONS ARE BEGUN, THE OFFICES OF THE VARIOUS UTILITIES SERVING THIS AREA SHOULD BE CONTACTED FOR THEIR UTILITY LOCATION.
- PROJECT COORDINATE SYSTEM: TEXAS STATE PLANE, CENTRAL ZONE, NAD83, U.S. SURVEY FEET AS DETERMINED BY GPS OBSERVATION.
- COMBINED SCALE FACTOR AT P.O.C. - 0.999992973
- VERTICAL DATUM IS NAVD 83
- AREA, DISTANCES, AND COORDINATES ARE "GRID"
- THIS PLAT DOES NOT REPRESENT A BOUNDARY SURVEY.

### CONTACT INFORMATION:

Bradley G. Russell  
Crafton Tull (10193715)  
1000 Ledgewood Dr.  
Conway, AR 72034



| REVISION | BPX OPERATING COMPANY         |                 |                    |  |
|----------|-------------------------------|-----------------|--------------------|--|
|          | EXHIBIT "A"                   |                 |                    |  |
|          | ZPZ DELAWARE I, LLC           |                 |                    |  |
|          | SECTION 12, BLOCK 56-T3       |                 |                    |  |
|          | T & P RR CO. SURVEY, A - 3379 |                 |                    |  |
|          | REEVES COUNTY, TEXAS          |                 |                    |  |
|          | SCALE: 1" = 100'              | CHECKED BY: JWB | APPROVED BY: L.DOW |  |
|          | PLOT DATE: 09-20-2019         | DRAWN BY: MF    | SHEET NO.: 1 OF 1  |  |

G:\852-7 (WELL PADS)\8527SV0675\_STATE\_CHAMP\_56-T3-12X5\_PAD\_A\_EXP\STATE CHAMP 56-T3-12X5 PAD A EXHIBITS.DWG 9/20/2019 9:42:42 AM MF1332



File No. MF 074593

County

### Surface Damage Pmt

Date Filed: 7/2/2021

George P. Bush, Commissioner

By VR

77-52-10

U.S. Postal Service™

# CERTIFIED MAIL™ RECEIPT

*(Domestic Mail Only; No Insurance Coverage Provided)*

For delivery information visit our website at [www.usps.com](http://www.usps.com)®

## OFFICIAL USE

Postage

\$

Certified Fee

Return Receipt Fee  
(Endorsement Required)

Restricted Delivery Fee  
(Endorsement Required)

Total Postage & Fees

\$

Postmark  
Here

Sent To

Street  
or PO

City, S

On Pointe Operating LLC  
Scarecrow Energy SVCS STE 107-3  
3267 Bee Caves Rd  
Austin, TX 78746

PS Form

Instructions

7011 1150 0001 2419 8191



## Certified Mail Provides:

- A mailing receipt
- A unique identifier for your mailpiece
- A record of delivery kept by the Postal Service for two years

### ***Important Reminders:***

- Certified Mail may **ONLY** be combined with First-Class Mail<sup>®</sup> or Priority Mail<sup>®</sup>.
- Certified Mail is *not* available for any class of international mail.
- **NO INSURANCE COVERAGE IS PROVIDED** with Certified Mail. For valuables, please consider Insured or Registered Mail.
- For an additional fee, a *Return Receipt* may be requested to provide proof of delivery. To obtain Return Receipt service, please complete and attach a Return Receipt (PS Form 3811) to the article and add applicable postage to cover the fee. Endorse mailpiece "Return Receipt Requested". To receive a fee waiver for a duplicate return receipt, a USPS<sup>®</sup> postmark on your Certified Mail receipt is required.
- For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "*Restricted Delivery*".
- If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.

**IMPORTANT: Save this receipt and present it when making an inquiry.**

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

**1. Article Addressed to:**

On Pointe Operating LLC  
Scarecrow Energy SVCS STE 107-3  
3267 Bee Caves Rd  
Austin, TX 78746



9590 9402 1749 6074 7791 39

**2. Article Number (Transfer from service label)**

7011 1150 0001 2419 8191

**COMPLETE THIS SECTION ON DELIVERY****A. Signature****X**☐ Agent☐ Addressee**B. Received by (Printed Name)****C. Date of Delivery****D. Is delivery address different from item 1?**☐ Yes

If YES, enter delivery address below:

☐ No**3. Service Type**☐ Adult Signature☐ Adult Signature Restricted Delivery☒ Certified Mail®☐ Certified Mail Restricted Delivery☐ Collect on Delivery☐ Collect on Delivery Restricted Delivery

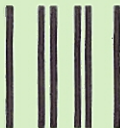
d Mail

d Mail Restricted Delivery

(500)

☐ Priority Mail Express®☐ Registered Mail™☐ Registered Mail Restricted Delivery☐ Return Receipt for Merchandise☐ Signature Confirmation™☐ Signature Confirmation Restricted Delivery

USPS TRACKING #



First-Class Mail  
Postage & Fees Paid  
USPS  
Permit No. G-10

9590 9402 1749 6074 7791 39

**United States  
Postal Service**

• Sender: Please print your name, address, and ZIP+4® in this box•

ENERGY RESOURCES

Matt Bruns

Texas General Land Office

P.O. Box 12873

Austin, TX 78701







TEXAS GENERAL LAND OFFICE  
GEORGE P. BUSH, COMMISSIONER

May 24, 2022

Certified USPS # 7011 1150 0001 2419 8191

On Pointe Operating LLC  
Scarecrow Energy SVCS STE 107-3 3267 Bee Caves Rd  
Austin, TX 78746

Re: Termination of State Lease No. MF 074593, MF  
Arco State No. 1 / API No. 42-389-30466 / RRC No. 08-24482  
Southeast 1/4 Section 12, Block 56, T-3, T&P Ry. Co. Survey, to a depth of 3,500' below the  
surface of the earth, containing 160 acres more or less.

To Whom It May Concern:

The Texas General Land Office (GLO) has completed a review of the above captioned State Lease of which On Pointe Operating LLC is the current listed operator. The review of our internal records, along with production records provided by the Texas Railroad Commission, indicate RRC No. 08-24482 (API No. 42-389-30466) ceased production as of June 30, 2020. The above referenced mineral file does not contain documentation of any additional shut-in royalty payments or reworking operations. As such, pursuant to 13 of the State Lease dated October 20, 1976, the GLO considers the above referenced State Lease terminated effective September 1, 2020.

Should you disagree with this assessment please provide evidence to the GLO at the address shown below within thirty (30) days of receipt of this letter. Failure to reply or failure to present sufficient evidence of the continuation of said State Lease will result in the mineral file being endorsed as terminated. You will receive no further communication from this office prior to this endorsement.

Additionally, Title 31, §9.92, of the Texas Administrative Code requires that a recorded original or certified copy of a Release of each State Lease, along with a filing fee of twenty-five dollars (\$25.00) per lease, be filed with our office.

Please discontinue filing GLO production reports and immediately delete the GLO RRAC control record for this well. If there are royalties due, our Audit Division will notify you of the amount due.

Lastly, when the well has been plugged, copies of Railroad Commission Form W-3 are required to be filed with our office.

If you have questions concerning this matter, please feel free to e-mail me at the address below my signature.

Regards,





## Oil &amp; Gas Production Data Query

Production Data FAQs PDQ Help

General Production Query **Specific Lease Query**

## Specific Lease Query Results

Query Path: [Search Criteria](#) > District 08, Lease: ARCO-STATEDate Range: Jan ▼ 2019 ▼ to Apr ▼ 2023 ▼ 

## Related Links

[O&G Directory](#)[O&G Proration Schedule](#)[Offshore County Map](#)View by: [Production and Total Disposition](#) [Disposition Details](#) [County Production](#)

Lease Name: ARCO-STATE, Lease No: 24482

District 08

Lease Production and Disposition

Jan 2019 - Apr 2023

[View Page By Page](#)

| Date     | OIL (BBL)  |             | Casinghead(MCF) |             | Operator Name              | Operator No. | Field Name           | Field No. |
|----------|------------|-------------|-----------------|-------------|----------------------------|--------------|----------------------|-----------|
|          | Production | Disposition | Production      | Disposition |                            |              |                      |           |
| Jan 2019 | 163        | 190         | 0               | 0           | ARCH OIL & GAS, LLC        | 029272       | KEN REGAN (DELAWARE) | 48754500  |
| Feb 2019 | 138        | 0           | 0               | 0           |                            |              |                      |           |
| Mar 2019 | 112        | 187         | 0               | 0           |                            |              |                      |           |
| Apr 2019 | 83         | 177         | 0               | 0           |                            |              |                      |           |
| May 2019 | 72         | 0           | 0               | 0           |                            |              |                      |           |
| Jun 2019 | 39         | 0           | 0               | 0           |                            |              |                      |           |
| Jul 2019 | 165        | 0           | 0               | 0           |                            |              |                      |           |
| Aug 2019 | 25         | 0           | 0               | 0           |                            |              |                      |           |
| Sep 2019 | 0          | 0           | 0               | 0           |                            |              |                      |           |
| Oct 2019 | 12         | 188         | 0               | 0           |                            |              |                      |           |
| Nov 2019 | 96         | 0           | 0               | 0           |                            |              |                      |           |
| Dec 2019 | 15         | 171         | 0               | 0           |                            |              |                      |           |
| Jan 2020 | 0          | 0           | 0               | 0           |                            |              |                      |           |
| Feb 2020 | 65         | 0           | 0               | 0           |                            |              |                      |           |
| Mar 2020 | 69         | 0           | 0               | 0           |                            |              |                      |           |
| Apr 2020 | 0          | 0           | 0               | 0           |                            |              |                      |           |
| May 2020 | 0          | 0           | 0               | 0           |                            |              |                      |           |
| Jun 2020 | 0          | 162         | 0               | 0           |                            |              |                      |           |
| Jul 2020 | 0          | 0           | 0               | 0           |                            |              |                      |           |
| Aug 2020 | 0          | 0           | 0               | 0           |                            |              |                      |           |
| Sep 2020 | 0          | 0           | 0               | 0           |                            |              |                      |           |
| Oct 2020 | 0          | 0           | 0               | 0           |                            |              |                      |           |
| Nov 2020 | 0          | 0           | 0               | 0           |                            |              |                      |           |
| Dec 2020 | 0          | 0           | 0               | 0           | KRF PRODUCTION COMPANY LLC | 477311       |                      |           |
| Jan 2021 | 0          | 0           | 0               | 0           |                            |              |                      |           |
| Feb 2021 | 0          | 0           | 0               | 0           |                            |              |                      |           |
| Mar 2021 | 0          | 0           | 0               | 0           |                            |              |                      |           |
| Apr 2021 | 0          | 0           | 0               | 0           |                            |              |                      |           |
| May 2021 | 110        | 110         | 0               | 0           |                            |              |                      |           |
| Jun 2021 | 0          | 0           | 0               | 0           |                            |              |                      |           |
| Jul 2021 | 0          | 0           | 0               | 0           |                            |              |                      |           |
| Aug 2021 | 0          | 0           | 0               | 0           |                            |              |                      |           |
| Sep 2021 | 1          | 0           | 0               | 0           |                            |              |                      |           |
| Oct 2021 | 0          | 37          | 0               | 0           |                            |              |                      |           |
| Nov 2021 | 1          | 0           | 0               | 0           | ON POINTE OPERATING LLC    | 622896       |                      |           |
| Dec 2021 | 2          | 0           | 0               | 0           |                            |              |                      |           |
| Jan 2022 | 0          | 0           | 0               | 0           |                            |              |                      |           |
| Feb 2022 | 1          | 0           | 0               | 0           |                            |              |                      |           |
| Mar 2022 | 8          | 0           | 0               | 0           |                            |              |                      |           |
| Apr 2022 | 5          | 0           | 0               | 0           |                            |              |                      |           |
| May 2022 | 8          | 0           | 0               | 0           |                            |              |                      |           |
| Jun 2022 | 3          | 0           | 0               | 0           |                            |              |                      |           |
| Jul 2022 | 30         | 0           | 0               | 0           |                            |              |                      |           |
| Aug 2022 | 1          | 0           | 0               | 0           |                            |              |                      |           |
| Sep 2022 | 1          | 0           | 0               | 0           |                            |              |                      |           |
| Oct 2022 | 1          | 0           | 0               | 0           |                            |              |                      |           |
| Nov 2022 | 1          | 0           | 0               | 0           |                            |              |                      |           |
| Dec 2022 | 1          | 0           | 0               | 0           |                            |              |                      |           |
| Jan 2023 | NO RPT     | NO RPT      | NO RPT          | NO RPT      |                            |              |                      |           |

## Matt Bruns

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**From:** Matt Bruns  
**Sent:** Friday, June 24, 2022 8:34 AM  
**To:** casey@scarecrowenergy.com  
**Subject:** RE: [EXTERNAL] State Lease No. MF 074593, MF; On Pointe Operating LLC

Casey,

Please submit your information to me in the next 30 days and I will review. Be aware that terminations occurs automatically and any evidence will be subject to verification and may require third party proof.

Thank you,

**Matt Bruns, CPL**

Texas General Land Office  
1700 North Congress Ave. Ste.840  
Austin, Texas 78701

**From:** casey@scarecrowenergy.com <casey@scarecrowenergy.com>  
**Sent:** Thursday, June 23, 2022 3:46 PM  
**To:** Matt Bruns <Matt.Bruns@glo.texas.gov>  
**Subject:** [EXTERNAL] State Lease No. MF 074593, MF; On Pointe Operating LLC  
**Importance:** High

Matt-

I am in receipt of your letter dated May 24, 2022 regarding alleged termination of the above-referenced State Lease covering the Arco State No. 1 / API No. 42-389-30466. As the current operator, On Pointe Operating LLC disputes this determination. As they were not the operator of record during the relevant period, On Pointe is respectfully requesting an additional 30 days to compile and present its evidence. Please let me know if this acceptable and thanks in advance for your time.

Best regards,

Casey W. Amsler  
Managing Member  
Scarecrow Energy Services LLC  
(512) 590-9734  
3267 Bee Cave Rd  
Ste 107-308  
Austin, TX 78746  
[Scarecrowenergy.com](mailto:casey@scarecrowenergy.com)

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File No. MF 074593

Reeves County

Termination Packet

Date Filed: 04/10/2023

Commissioner Dawn Buckingham, M.D.

By: MBB