

ORDINANCE NO. 2017- 28

AN ORDINANCE AUTHORIZING THE GRANTING OF AN OIL AND GAS LEASE ON CERTAIN MINERAL INTERESTS OWNED BY THE CITY OF CARLSBAD IN CERTAIN PORTIONS OF TOWNSHIP 21 SOUTH, RANGE 27 EAST, TOWNSHIP 22 SOUTH RANGE 26 EAST, AND TOWNSHIP 22 SOUTH RANGE 27 EAST TO SPC RESOURCES, LLC FOR A PER ACRE LEASE BONUS AND A 3/16THS ROYALTY.

WHEREAS, the City of Carlsbad owns oil and gas rights throughout the City of Carlsbad; and

WHEREAS, SPC Resources, LLC, a New Mexico limited liability company wishes to lease the oil and gas rights the City of Carlsbad owns in:

Township 21 South, Range 27 East, N.M.P.M.

Section 31: All

Section 32: W2

Township 22 South, Range 26 East, N.M.P.M.

Section 1: All

Section 2: E2

Section 11: E2NE4

Section 12: All

Township 22 South, Range 27 East, N.M.P.M.

Section 5: All

Section 6: All

Section 7: All

and as more precisely described in the Oil and Gas Lease attached here to and made a part hereof; and

WHEREAS, the Governing Body of the City of Carlsbad wishes to enter into the Oil and Gas Lease for the purpose of generating revenue; and

WHEREAS, the City of Carlsbad would receive a per acre lease bonus and a 3/16ths royalty, which is equal to the standard royalty received in oil and gas leases granted by the State of New Mexico Land Office; and

WHEREAS, the terms of the lease, the time and manner of payments on the lease, and the amount of the lease are more fully described in the Oil and Gas Lease attached hereto and made a part hereof.

NOW, THEREFORE, be it ordained by the Governing Body of the City of Carlsbad that:

1. The lease of the described oil and gas rights of the City of Carlsbad upon the terms and conditions set forth in Exhibit "A", incorporated herein by reference, is hereby approved.
2. The Mayor and City Administrator are authorized to execute all documents necessary to implement the terms of this ordinance.
3. Notice shall be published pursuant to the terms of NMSA 1978, Sec. 3-54-1 (1999).

DONE AND APPROVED this 10th day of Oct., 2017.

/s/ Dale Janway
DALE JANWAY, MAYOR

ATTEST:

/s/Annette Barrick
CITY CLERK

THIS AGREEMENT made this [] day of [], 2017, between **THE CITY OF CARLSBAD, NEW MEXICO, a municipal corporation**, whose address is P.O. Box 1569, Carlsbad, New Mexico 88220, as Lessor, and **SPC RESOURCES, LLC, a New Mexico limited liability company** whose address is P.O. Box 1020, Artesia, New Mexico 88211-1020, as Lessee.

WITNESSETH:

1. Lessor, in consideration of Ten and No/100 Dollars (\$10.00) in hand paid, the royalty provided herein and the agreements of Lessee herein, does hereby grant, lease and let exclusively to Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing, extracting, severing, storing and marketing all oil and gas and all associated gaseous minerals and products and liquid hydrocarbons located in, under, and that may be produced from the following described lands located in **Eddy County, New Mexico**:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR ALL PURPOSES

This Lease covers all of the described land, including any interests therein that Lessor has the right or power to lease, and in addition it covers, and there is hereby granted, leased and let, upon the same terms and conditions as set forth herein, all lands, now owned or claimed by Lessor, which are adjacent, contiguous or a part of the described land, whether such additional land be owned or claimed by deed, limitation, or otherwise. The bonus money paid for this Lease shall be effective to cover all such land irrespective of the number of acres contained therein. The land included within this lease is estimated to comprise **831.86 acres, whether it actually comprises more or less**; provided, however, the inclusion of such estimated acreage amount herein shall in no way serve to limit the lands and/or acreage covered by this Lease. All such land covered by this Lease is referred to as the "Land" or the "Leased Premises."

The Parties recognize the Leased Premises are all located within the corporate limits of the City of Carlsbad and agree this Lease is a "**No Surface Occupancy**" lease. Lessee agrees that it is required to secure prior written consent from Lessor in order to locate any of its operations on the surface of the ground of the Leased Premises.

SPECIFICALLY, LESSEE WILL NOT CONDUCT OR LOCATE ITS DRILLING, COMPLETION AND/OR PRODUCTION OPERATIONS ON THE SURFACE OF THE GROUND ON THE LEASED PREMISES IN THE ABSENCE OF PRIOR WRITTEN CONSENT OF LESSOR. NOTHING HEREIN REQUIRES LESSEE TO SECURE LESSOR'S CONSENT TO: (a) OTHERWISE CONDUCT ITS DRILLING, COMPLETION AND PRODUCTION OPERATIONS UNDERNEATH THE SURFACE OF THE GROUND OF THE LEASED PREMISES OR (b) TO GENERALLY USE THE ROADS, ALLEYS AND OTHER RIGHTS OF WAY AVAILABLE TO THE PUBLIC FOR INGRESS AND EGRESS TO LESSEE'S SURFACE LOCATIONS OR TO CONDUCT ANY PHYSICAL SURVEYING OF SAME TO OBTAIN AN ACCURATE MEASUREMENT OF THE LEASED PREMISES OR ADJACENT LANDS.

2. Without reference to the commencement, prosecution or cessation at any time of drilling or other development operations and/or to the discovery, development or cessation at any time of production of oil or gas and without further payments than the royalties herein provided, and notwithstanding anything else herein contained to the contrary, this lease shall be for a term of **five (5) years** from this date (called "primary term") and as long thereafter as oil or gas is produced from the Land or land with which the Land is pooled hereunder.

3. The royalties to be paid by Lessee are: (a) on oil, **3/16ths** of that produced and saved from the Land, the same to be delivered at the wells or to the credit of Lessor into the pipe line to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefore prevailing for the field where produced on the date of purchase; (b) on gas, including casinghead gas or other gaseous substance, produced from the Land, and sold, or used off the premises or for the extraction of gasoline or other product therefrom, the market value at the well of **3/16ths** of the gas so sold or used, provided that on gas sold at the wells the royalty shall be **3/16ths** of the amount realized from such sale; while there is a gas well on this lease or on acreage pooled therewith but gas is not being sold or used, Lessee may pay or tender as royalty, on or before ninety (90) days after the date on which said well is shut-in and thereafter at annual intervals the sum of \$1.00 per acre, and if such payment is made or tendered, this lease shall not terminate and it will be considered that gas is being produced from this lease in paying quantities. Payment or tender of said shut-in gas royalty may be made by check or draft of Lessee mailed or delivered to the parties entitled thereto on or before the date said payment is due. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the Leased Premises) or transports gas off the Leased Premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed. Lessee shall have free use of oil, gas, coal and water from the Land, except water from Lessor's wells, for all operations hereunder, and the royalty on oil and gas shall be computed after deducting any so used.

4. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the acreage covered by it, or any part or horizon thereof, with other land, lease, leases, mineral estates or parts thereof, for the production of oil or gas. Units pooled hereunder shall not exceed: (i) for a vertical well, the standard spacing unit fixed by law or by the New Mexico Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department (the "NMOCD"), or other lawful authority for the pool or area in which the land is situated, plus a tolerance of 10%, or (ii) for a horizontal well, the acreage dedicated to a "Project Area" approved by the NMOCD or other lawful authority. Notwithstanding the foregoing, should any governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, units thereafter created may conform substantially in size with those prescribed by governmental regulations. Lessee shall file in the appropriate records of the county in which the Leased Premises are situated an instrument describing and designating the pooled acreage as a pooled unit and/or Project Area. The designation may be made either before or after the completion of the well or wells. Operations for drilling on or production of oil or gas from any part of the pooled unit or Project Area shall be considered for all purposes, except the payment of royalty, as operations for drilling on or production of oil and gas from land covered by this lease whether or not the well or wells are located on the Leased Premises, and the entire acreage constituting such unit or units and/or Project Area, as to oil and gas, or either of them, as herein provided, shall be treated for all purposes, except the payment of royalties on production from the pooled unit and/or Project Area, as if the same were included in this lease. There shall be allocated to the land covered by this lease included in any such pooled unit or Project Area that portion of the total production of pooled minerals from wells in the unit and/or Project Area, after deducting any used in lease or unit operations, which the number of surface acres in the land covered by this lease included in the unit and/or Project Area bears to the total number of surface acres in the unit and/or Project Area, except any portion of a Project Area that is utilized solely for surface drilling operations and is not included as a productive portion of the Project Area (no perforations). The production so allocated will be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of the Land covered hereby and included in said unit and/or Project Area in the same manner as though produced from the Land under the terms of this lease. Any pooled unit or Project Area designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the county where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit and/or Project Area. In addition to the foregoing, Lessee at its option is hereby given the right and power from time to time to commit the Land or any part or formation or mineral substance covered hereby to any cooperative or unit agreement or plan of development and operation, and to any modifications thereof, which have been approved by the NMOCD or other lawful governmental authority. In such event, the royalty payable to Lessor hereunder shall be computed and paid on the basis of the oil or gas allocated to such land under the terms of any such agreement or plan of operation, which basis shall be the same by which the royalty due the United States or the State of New Mexico is computed and paid. This lease shall not expire during the life of such agreement or plan and shall be subject to the terms thereof and said agreement or plan of operation shall be filed with the NMOCD, or other lawful authority, and Lessee shall record in the county in which the Leased Premises are situated, an instrument describing such agreement or plan of operation and reflecting the commitment thereto, and the same may be recorded either before or after the completion of wells.

5. If at the expiration of the primary term oil or gas is not being produced on the Land, or from land pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon, or shall have completed a dry hole thereon within 90 days prior to the end of the primary term, the 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 90 consecutive days, and if they result in the production of oil or gas so long thereafter as oil or gas is produced from the Land or from land pooled therewith. If, after the expiration of the primary term of this lease and after oil or gas is produced from the Land, or from land pooled therewith, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within 180 days after the cessation of such production, but shall remain in force and effect so long as such operations are prosecuted with no cessation of more than 180 consecutive days, and if they result in the production of oil and gas, so long thereafter as oil or gas is produced from the Land, or from land

pooled therewith. Any pooled unit designated by Lessee in accordance with the terms hereof, may be dissolved by Lessee by instrument filed for record in the appropriate records of the county in which the Leased Premises are situated at any time after the completion of a dry hole or the cessation of production on said unit. Lessee may at any time execute and deliver to Lessor 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 obligations as to the acreage surrendered.

6. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on the Land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred feet of any residence or barn now on the Land without Lessor's consent.

7. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns but no change or division in ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U.S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

8. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination or revision of the estate created hereby nor be grounds for cancellation hereof in whole or in part. In the event Lessor considers that operations are not at any time being conducted in compliance with this lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have sixty (60) days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument. After the discovery of oil or gas in paying quantities on or attributed to said premises, Lessee shall develop the acreage retained hereunder as a reasonably prudent operator but in discharging this obligation it shall in no event be required to drill more than one well per forty (40) acres of the area retained hereunder and capable of producing oil in paying quantities and one well per 640 acres plus an acreage tolerance not to exceed 10% of 640 acres of the area retained hereunder and capable of producing gas in paying quantities. A horizontal well shall be deemed to be a well for each 40 acre tract for oil and 640 acre tract for gas included within an NMOCD approved Project Area.

9. Lessor hereby warrants and agrees to defend the title to the Land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon the Land either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply royalties accruing hereunder toward satisfying same. Without impairment of Lessee's right under the warranty in event of failure of title, it is agreed that if Lessor owns an interest in the oil or gas on, in or under the Land less than the entire fee simple estate, then the royalties to be paid Lessor shall be reduced proportionately. Should any one or more of the parties named as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

10. Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon or from producing oil or gas therefrom by reason of scarcity of or inability to obtain or to use equipment or material, or by operation of force majeure, any Federal or state law or any order, rule or regulation of governmental authority, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessor's control, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas from the Leased Premises; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

11. Notwithstanding any provision of this Lease to the contrary, Lessee is hereby granted the exclusive option, to be exercised prior to the date on which this lease or any portion thereof would expire in accordance with its terms and provisions, of extending this lease for an additional period of two (2) years as to all or any portion of the acreage described herein. The only action required by Lessee to exercise this option being the payment for all or any portion of the acreage to Lessor or to Lessor's credit of an additional per net mineral acre consideration equal to the original bonus paid per net mineral acre by Lessee herein for the first five (5) year primary term period, which payment shall cover the entire additional two (2) year extended primary term. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a primary term of seven (7) years. If this lease is extended as to only a portion of the acreage then covered hereby, Lessee shall designate such portion by a recordable instrument.

12. If at any time during the primary term of this lease or the continuation thereof, Lessor receives any bona fide offer, acceptable to Lessor, to grant an additional lease ("Top Lease") covering all or any part of the Leasehold, Lessee shall have the continuing option by meeting any such offer to acquire a Top Lease on equivalent terms and conditions. Any offer must be in writing and must set forth the proposed Lessee's name, bonus consideration and royalty consideration to be paid for such Top Lease, and include a copy of the lease form to be utilized reflecting all pertinent and relevant terms and conditions of the Top Lease. Lessee shall have fifteen (15) days after receipt from Lessor of a complete copy of any such offer to advise Lessor in writing of its election to enter into an oil and gas lease with Lessor on equivalent terms and conditions. If Lessee fails to notify Lessor within the aforesaid fifteen (15) day period of its election to meet any such bona fide offer, Lessor shall have the right to accept said offer. Any Top Lease granted by Lessor in violation of this provision shall be null and void.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

LESSOR

The City of Carlsbad, New Mexico, a municipal corporation

Dale Janway
Mayor

ACKNOWLEDGMENT

STATE OF NEW MEXICO §
 §
COUNTY OF EDDY §

This instrument was acknowledged before me this [_____] day of [_____] 2017, by Dale Janway as Mayor of the City of Carlsbad, New Mexico, a municipal corporation, on behalf of said corporation.

My commission expires _____

Notary Public

EXHIBIT “A” TO OIL AND GAS LEASE

ATTACHED TO AND MADE A PART OF THAT CERTAIN PAID UP OIL AND GAS LEASE, DATED EFFECTIVE AS OF [_____], 2017 BY AND BETWEEN THE CITY OF CARLSBAD, NEW MEXICO AS LESSOR AND SPC RESOURCES, LLC, AS LESSEE:

DESCRIPTION OF THE LEASED PREMISES

The Leased Premises includes all mineral rights owned by Lessor (whether or not such rights are adequately described herein or omitted in their entirety from this Exhibit “A”) situated within the following described area in **Eddy County, New Mexico**:

Township 21 South, Range 27 East, N.M.P.M.

Section 31: All
Section 32: W2

Township 22 South, Range 26 East, N.M.P.M.

Section 1: All
Section 2: E2
Section 11: E2NE4
Section 12: All

Township 22 South, Range 27 East, N.M.P.M.

Section 5: All
Section 6: All
Section 7: All

These lands are referred to as the **“Subject Area.”**

To provide a better understanding of Lessor’s property included in the Leased Premises, but in no way to serve to limit the breadth, scope, and/or description of the Leased Premises, the Leased Premises shall include, without limitation, all mineral rights owned by Lessor in, under, and to all of (i) the following categories of lands owned by Lessor that are situated within the Subject Area: Streets, roads, highways, alleys, parks, municipal buildings, parking lots, vacant land, thoroughfares, riverbeds, easements, and rights-of-way and (ii) the following described lands, all of which are situated within the Subject Area:

[See tables on following pages]

EXHIBIT "A" (CONTINUED)

TWN	RNG	SECTION	DESCRIPTION
21S	27E	31	0.0603 ACRES, MORE OR LESS, BEING THE SOUTH 10 FEET OF LOT 13, IN BLOCK A OF RIO VISTA SUBDIVISION, LOCATED IN THE NW/4 OF SECTION 31, T21S-R27E, EDDY COUNTY, NEW MEXICO
21S	27E	31	1.16 ACRES, MORE OR LESS, BEING LOT 12, THE SOUTH 18.9 FEET OF LOT 10; AND THE NORTH 10 FEET OF THE WEST 172.3 FEET OF LOT 14 BLOCK C OF RIO VISTA SUBDIVISION, LOCATED IN THE NW/4 OF SECTION 31, T21S-R27E, EDDY COUNTY, NEW MEXICO
21S	27E	31	0.6777 ACRES, MORE OR LESS, BEING LOTS 4 & 6 BLOCK 148 OF LAKESIDE COUNTRY CLUB ADDITION UNIT 1, LOCATED IN THE SW/4 OF SECTION 31, T21S-R27E, EDDY COUNTY, NEW MEXICO
21S	27E	31	3.00 ACRES, MORE OR LESS, BEING LOTS 8, 10, & 12 BLOCK 121 OF NORTH CARLSBAD SUBDIVISION, LOCATED IN THE E/2 OF SECTION 31, T21S-R27E, EDDY COUNTY, NEW MEXICO
21S	27E	31	0.21 ACRES, MORE OR LESS, BEING PART OF THE SE CORNER OF BLOCK 212 OF TRACY ADDITION, LOCATED IN THE NW/4 OF SECTION 31, T21S-R27E, EDDY COUNTY, NEW MEXICO
21S	27E	31	0.43 ACRES, MORE OR LESS, FORMERLY BEING THE EAST HALF OF LOT 2 BLOCK 115 OF NORTH CARLSBAD AND NOW BEING DESCRIBED AS LOT 7 BLOCK 237 OF PARKVIEW SUBDIVISION, LOCATED IN THE SE/4 OF SECTION 31, T21S-R27E, EDDY COUNTY, NEW MEXICO
21S	27E	31	0.65 ACRES, MORE OR LESS, BEING PART OF LOTS 2, 4, 6 & 7 BLOCK 20 OF LA HUERTA, LOCATED IN THE SE/4 OF SECTION 31, T21S-R27E, EDDY COUNTY, NEW MEXICO
21S	27E	31	10.45 ACRES, MORE OR LESS, BEING A PART OF LOTS 1-10, 12, & 14 OF BLOCK 116; AND OF THE ALL OF BLOCK 122 OF NORTH CARLSBAD SUBDIVISION, LOCATED IN THE E/2 OF SECTION 31, T21S-R27E, EDDY COUNTY, NEW MEXICO
21S	27E	31	1.77 ACRES, MORE OR LESS, BEING LOT 12, BLOCK 103, NORTH CARLSBAD SUBDIVISION, LOCATED IN THE SW/4 OF SECTION 31, T21S-R27E, EDDY COUNTY, NEW MEXICO
21S	27E	32	41.89 ACRES, MORE OR LESS, BEING LOTS, 2, 4, 6, 7, 9, 11, 13 AND THE SW/2 OF LOT 5 BLOCK 20 OF LA HUERTA, LOCATED IN THE SW/4 OF SECTION 32, T21S-R27E, EDDY COUNTY, NEW MEXICO
21S	27E	32	35.65 ACRES, MORE OR LESS, BEING LOTS 12, 14, THE S 39.6 FEET OF LOT 10 BLOCK 24 OF LA HUERTA; AND PART OF THE SE/4 OF THE SW/4, LOCATED IN THE S/2 OF SECTION 32, T21S-R27E, EDDY COUNTY, NEW MEXICO
22S	26E	1	0.2732 ACRES, MORE OR LESS, BEING LOTS 11 & 12 BLOCK 1 OF MAY SUBDIVISION, LOCATED IN THE NW/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	1	0.30 ACRES, MORE OR LESS, BEING LOT 10 BLOCK 1 OF MAY SUBDIVISION, LOCATED IN THE NW/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	1	0.2045 ACRES, MORE OR LESS, BEING LOT 19 BLOCK 2 OF MAY SUBDIVISION, LOCATED IN THE NW/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	1	5.4788 ACRES, MORE OR LESS, BEING LOTS 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 & 11 BLOCK 2 OF CANAL ADDITION, LOCATED IN THE NE/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	1	0.1878 ACRES, MORE OR LESS, BEING LOT 1, LESS THE EAST 250 FEET BLOCK 1 OF CANAL ADDITION, LOCATED IN THE NE/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	1	2.66 ACRES, MORE OR LESS, BEING LOTS 1, 2, 3, 4, 5, 6, 7, 8, 9, & 10 OF BLOCK 14 OF SPENCER'S ADDITION, LOCATED IN THE NE/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	1	0.0264 ACRES, MORE OR LESS, BEING THE SOUTH 115 FEET OF THE EAST 10 FEET OF LOT 5 BLOCK 6 OF GIBSON'S ADDITION SUBDIVISION, LOCATED IN THE SE/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	1	0.0032 ACRES, MORE OR LESS, BEING THE EAST 30.5 FEET OF LOT 1 BLOCK 1 OF BRYAN'S SUBDIVISION, LOCATED IN THE SW/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	1	10.539 ACRES, MORE OR LESS, BEING LOT 2 BLOCK 1 OF ALTA VISTA ADDITION NO 3 SUBDIVISION, LOCATED IN THE SW/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO

EXHIBIT "A" (CONTINUED)

TWN	RNG	SECTION	DESCRIPTION
22S	26E	1	2.2740 ACRES, MORE OR LESS, BEING ALL OF BLOCK 24 OF SPENCER'S ADDITION, LOCATED IN THE NE/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	1	4.13 ACRES, MORE OR LESS, BEING PART OF THE NE/4 OF THE NW/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	1	2.46 ACRES, MORE OR LESS, BEING LOT 3 SUNSET CHURCH LOTS 2 SUBDIVISION, LOCATED IN THE NW/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	2	0.1722 ACRES, MORE OR LESS, BEING LOT 5 BLOCK 4 OF VALLEY VIEW HEIGHTS SUBDIVISION, LOCATED IN THE SE/4 OF SECTION 2, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	2	0.7174 ACRES, MORE OR LESS, BEING LOTS 8, 9, 10, 11, & 12 BLOCK B OF VALLEY VIEW HEIGHTS SUBDIVISION, LOCATED IN THE SE/4 OF SECTION 2, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	2	0.4935 ACRES, MORE OR LESS, BEING LOTS 8 & 9 OF NEEL HEIGHTS SUBDIVISION, LOCATED IN THE NE/4 OF SECTION 2, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	2	0.2066 ACRES, MORE OR LESS, BEING LOT 3 BLOCK B OF COX SECOND SUBDIVISION, LOCATED IN THE SE/4 OF SECTION 2, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	2	0.25 ACRES, MORE OR LESS, BEING LOTS 42 A & 42 R BLOCK C OF SUNSET HEIGHTS REPLAT 2, FORMERLY LOT 42 BLOCK C OF SUNSET HEIGHTS SUBDIVISION, LOCATED IN THE SE/4 OF SECTION 2, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	2	0.2497 ACRES, MORE OR LESS, BEING LOT 24 BLOCK C OF SUNSET HEIGHTS SUBDIVISION, LOCATED IN THE SE/4 OF SECTION 2, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	2	0.1495 ACRES, MORE OR LESS, BEING A TRACT APPROXIMATELY 31 FEET BY 210 FEET, BEING PART OF BLOCK 4 OF VALLEY VIEW HEIGHTS SUBDIVISION, LOCATED IN THE SE/4 OF SECTION 2, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	12	9.986 ACRES, MORE OR LESS, BEING THE MINERALS BENEATH THE ROADS IN PART OF THE NW/4 OF THE NE/4 OF SECTION 12-T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	12	3.719 ACRES, MORE OR LESS, BEING ALL OF BLOCK 11 OF ARCADIA ADDITION, LOCATED IN THE NE/4 OF SECTION 12, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	27E	6	1.2048 ACRES, MORE OR LESS, BEING LOTS 2, 4, 6, 8, 10, 12 & 14 BLOCK 50 OF STEVENS ADDITION SUBDIVISION, LOCATED IN THE SW/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO
22S	27E	6	1.0338 ACRES, MORE OR LESS, BEING LOTS 1, 3, 5, 7, 9 & 11 BLOCK 50 OF STEVENS ADDITION, LOCATED IN THE SW/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO
22S	27E	6	0.5165 ACRES, MORE OR LESS, BEING LOTS 7, 11 & 13 BLOCK 38 OF STEVENS ADDITION, LOCATED IN THE SW/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO
22S	27E	6	0.3444 ACRES, MORE OR LESS, BEING LOTS 8 & 10 BLOCK 37 OF STEVENS ADDITION SUBDIVISION, LOCATED IN THE SW/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO
22S	27E	6	0.6887 ACRES, MORE OR LESS, BEING LOTS 8, 10, 12 & 14 BLOCK 40 OF STEVENS ADDITION SUBDIVISION, LOCATED IN THE SW/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO
22S	27E	6	0.3444 ACRES, MORE OR LESS, BEING LOTS 14, 16, 18 AND THE SOUTH 24.2 FEET OF LOT 12 BLOCK 6 OF ORIGINAL TOWN OF EDDY SUBDIVISION, LOCATED IN THE SE/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO
22S	27E	6	0.1033 ACRES, MORE OR LESS, BEING LOT 25 AND THE NORTH 5 FEET OF LOT 27 BLOCK 9 OF ORIGINAL TOWN OF EDDY SUBDIVISION, LOCATED IN THE SE/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO
22S	27E	6	0.8723 ACRES, MORE OR LESS, BEING LOTS 2, 4 & 6 BLOCK 26 OF FIRST ADDITION OF THE TOWN OF EDDY SUBDIVISION, LOCATED IN THE NE/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO

EXHIBIT "A" (CONTINUED)

TWN	RNG	SECTION	DESCRIPTION
22S	27E	6	0.3444 ACRES, MORE OR LESS, BEING LOTS 7 & 9 OF BLOCK 23 OF FIRST ADDITION TO THE CITY OF CARLSBAD, LOCATED IN THE NE/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO.
22S	27E	6	0.8905 ACRES, MORE OR LESS, BEING THE WEST 90 FEET OF LOTS 1, 2, 3, & 4 OF BLOCK 128 IN RIVERVIEW TERRACE AMENDED SUBDIVISION, LOCATED IN THE SE/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO.
22S	27E	6	3.617 ACRES, MORE OR LESS, BEING ALL OF BLOCK 133 OF RIVERVIEW TERRACE ADDITION SUBDIVISION, LOCATED IN THE E/2 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO
22S	27E	6	0.1722 ACRES, MORE OR LESS, BEING LOT 13 BLOCK 61 OF LOWE SUBDIVISION, LOCATED IN THE NW/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO
22S	27E	6	2.2636 ACRES, MORE OR LESS, BEING PART OF BLOCK 91, LESS THE NORTH 100 FEET OF THE WEST 134 FEET OF STEVENS SECOND ADDITION, A SUBDIVISION LOCATED IN THE NW/4 OF THE SW/4 OF SECTION 6- T22S-R27E, EDDY COUNTY, NEW MEXICO
22S	27E	6	18.236 ACRES MORE OR LESS, BEING A PORTION OF THAT CERTAIN TRACT IDENTIFIED AS 21.76 ACRES, MORE OR LESS, BEING TRACT 1 REPLAT OF PART OF THE E 1/2 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO DEPICTED ON PLAT RECORDED AT MAP CABINET 3, SLIDE 48-1
22S	27E	6	3.90 ACRES WEST OF RIVER IN SE SE SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO

[End of Exhibit "A"]