

James C. Brown  
P. O. BOX 10621  
MIDLAND, TEXAS 79702

BEFORE EXAMINER CATANACH  
OIL CONSERVATION DIVISION

EXHIBIT NO. 2

CASE NO. \_\_\_\_\_

February 26, 2003

Ms. Evelyn Clay O'Hara  
3774 West Sixth Street  
For Worth, TX 76107

Via Certified Mail No. 7002 2410 0000 1394 2513  
Return Receipt Requested

RE: Esmond A Well No. 2  
NE/4 Section 33, T22S, R36E, Lea County, New Mexico

Dear Lynn:

I am writing you on behalf of Peggy, Pete, their trusts, the A.L. and K.Y. Clay Management Trust, and CME Oil & Gas, Inc., who, along with you and your trust, own all of the working interest in the oil and gas leases under which the above well is being operated. Also, I am writing you on behalf of Roca Production, Inc., the contract operator of the well for the working interest owners.

I received your executed estimate of the cost of frac treating this well along with your November 11, 2002 note to me on the back. The other working interest owners are glad that you want to participate because, as we talked about at our November 8, 2002 meeting at your house, we will probably be required to plug this well in the near future if we do not re-establish meaningful gas production from it.

The other working interest owners and the operator do not, however, agree with your proposed payment plan for your share of the costs stated in your November 11, 2002 note to me. In that payment plan, you described claims against relatives that, if paid to you, you would in turn pay your share of the cost of the proposed work. While you may, of course, pursue your claims, those claims do not guarantee your participation in the limited time required to do the well work that needs to be done. Consequently, such claims are irrelevant to your participation in the proposed work, which requires substantial cash in the near future before any work can be done.

We require that you put up your share of the cost of the frac job (31% of \$146,800.00 or \$45,508.00) in cash within thirty (30) days of the date of this letter, or, in the alternative, and within the same thirty (30) day period, enter into an Operating Agreement with us that provides for a three hundred per cent (300%) non-consent penalty for all working interest owners that comes into play when a consenting party does not prepay as may be required by the Operator under the Operating Agreement. The rest of us are all willing to sign such an Operating Agreement.

If you do not respond in one of the above ways within the thirty (30) day time period, we will then file an application with the New Mexico Oil Conservation Division in Santa Fe for a force pooling hearing on your working interest in the Esmond A Well No. 2 and seek a risk penalty on your interest of as much as three hundred per cent (300%).

We cannot wait any longer to do this work. Again, we welcome your participation, but it absolutely has to be on an all cash up front basis, the same as everyone else, before any work is started. This is the position of all of the rest of us in this well, no exceptions.

Yours truly,

*Jim Brown*  
James C. Brown

Cc Pete Clay  
Bill Couch  
Roca Production, Inc.  
Jim Bruce

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"><li>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li><li>■ Print your name and address on the reverse so that we can return the card to you.</li><li>■ Attach this card to the back of the mailpiece, or on the front if space permits.</li></ul>	A. Signature <b>X</b> <i>ECC</i>
	<input type="checkbox"/> Agent <input type="checkbox"/> Addressee
	B. Received by (Printed Name)
	C. Date of Delivery <i>3-1-03</i>
	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No
1. Article Addressed to:  <i>Evelyn Clay O'Hara</i> <i>3774 West Sixth Street</i> <i>Fort Worth, TX 76107</i>	3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.
2. Article Number (Transfer from service label)	4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes
	<b>7002 2410 0000 1394 2513 0</b>

PS Form 3811, August 2001 Domestic Return Receipt 102595-02-M-1035