

RALPH LEA, JR.  
P.O. BOX 56  
MIDLAND, TEXAS 79702  
915/682-1005

Field No. 1 Well  
N/2SE/4 Section 3  
T-16-S, R-35-E  
Lea County, New Mexico  
80.0000 Gross Acres

Lessor

Elva Moad

Net Acres

0.1388

Steps taken to lease party and/or sign them up as a working interest owner:

1. January 31, 1997 - Checked all previous mineral takeoffs to get the most current address. Contacted directory assistance in Cisco, Texas, but no such party was listed in Cisco at that address.
2. February 11, 1997 - Checked with Elliott & Waldron Abstract Company in Lea County, New Mexico to update the address and received information on a Crosbyton, Texas address. There was no listing in the Crosbyton phone directory to confirm the address.
3. February 14, 1997 - Certified letter offering to lease the acreage and/or allow Mrs. Moad to join as a working interest owner was mailed.
4. February 20, 1997 - Certified letter was returned marked Address Not Known.

BEFORE THE  
OIL CONSERVATION DIVISION  
Case No. 11754 Exhibit No. **3**  
Submitted By:  
**Amerind Oil Company**  
Hearing Date: April 3, 1997

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Lea County, New Mexico  
80.0000 Gross Acres

Lessor

Kenneth G. Cone

Net Acres

1.0000

Steps taken to lease party and/or sign them up as a working interest owner:

1. January 27, 1997 - Called Midland office and left a message on voice mail.
2. January 28, 1997 - Mr. Cone's secretary, Kathy, called back and informed me that Mr. Cone had moved to Colorado and that she forwarded all of his mail to him each Friday.
3. February 4, 1997 - Letter mailed to Mr. Cone's Midland office offering to lease his interest (see attached). This letter was also faxed to his Midland office.
4. February 14, 1997 - Certified letter sent to Mr. Cone's Midland office, as well as a fax offering once again to lease and also providing an AFE should Mr. Cone wish to join on the well.
5. Although Kathy in Mr. Cone's office confirmed receipt of both faxes (see Items 3. and 4. above) and their forwarding to Mr. Cone, letters sent to the street address listed in the current phone directory were returned.
6. March 17, 1997 - Mailed both letters (see Items 3. and 4. above) again certified to the post office box address and have confirmation of receipt (see attached).

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Lessor

Net Acres

A. L. Cone Partnership

1.2500

Steps taken to lease party and/or sign them up as a working interest owner:

1. January 28, 1997 - Spoke with Annie Lee Cook about leasing her interest and/or having her join as a working interest owner on well.
2. February 3, 1997 - Annie Lee Cook informed me that before she could make a decision along with the other two parties comprising the "partnership," I would need to talk to her nephew, Larry Petree. She informed me that she would have him call me. He did not call.
3. February 11, 1997 - Called Larry Petree and discussed his participation as a working interest owner. He asked that we furnish him an AFE. An AFE was faxed to him, along with a written offer to lease (see attached).
4. February 14, 1997 - Faxed a letter once again offering to lease and/or have A. L. Cone partnership join as a working interest owner on the well. A certified letter was also mailed offering these two options (see attached).

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80.0000 Gross Acres

<u>Lessor</u>	<u>Net Acres</u>
Lavena Howard, a widow, Individually and as Independent Executrix of the Estate of L. A. Howard, Deceased; Joan Garrison; and Mary A. Irwinski, Independent Administrator of the Estate of Rieta Schnaubert, Deceased c/o Mary A. Irwinski	0.0833

Steps taken to lease party and/or sign them up as a working interest owner:

1. February 6, 1997 - Letter offering to lease this acreage sent to Ms. Irwinski (see attached).
2. February 14, 1997 - Certified letter offering to lease and/or allow these parties to join as working interest owners on the well sent along with AFE (see attached).
3. February 19, 1997 - Ms. Irwinski wrote back offering to lease a portion of the captioned interest (Tom W. Schnaubert Life Estate owning 0.020833 net acres).
4. March 12, 1997 - Lease sent to Ms. Irwinski covering the Schnaubert interest.

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80.0000 Gross Acres

<u>Lessor</u>	<u>Net Acres</u>
Ameristate Oil & Gas	3.8888

Steps taken to lease party and/or sign them up as a working interest owner:

1. February 12, 1997 - Spoke with Carl Schellinger who informed me that his interest was leased to Nearburg Producing.
2. February 13, 1997 - Checked title at Caprock Title Company in Midland, Texas to confirm that Mr. Schellinger and Roy Barton had previously leased their interest to Nearburg Producing.

Called Nearburg Producing and spoke with Brenda Virgin who informed me that Nearburg had assigned the interest to Ameristate Oil & Gas.

Spoke with Mark Nearburg of Ameristate Oil & Gas who informed me that he had two partners, each owning 1/3 of this interest. Offered to lease the acreage or allow them to join on the well.

3. February 20, 1997 - Mark Nearburg called and asked for an AFE and plat for the Field No. 1 Well. The AFE and written offer to lease, together with a plat, were faxed. The same information was also mailed (see attached).