

Correspondence

April 22, 1997 Letter to Brian Exline (landman for New Mexico) proposing to acquire all right, title and interest in SE/4 of Section 3

September 19, 1997 Letter to Brian Exline proposing to acquire all right, title and interest in Section 3

August 3, 1998 Letter to Jay Miller (new landman for New Mexico) proposing to drill a well and to acquire under same term or conditions, go to pooling or participate

November 30, 1998 Certified letters to Samson and Merit enclosing application for pooling and AFE

December 18, 1998 Certified letters to Nearburg and Perry and Perry providing notice of January 7th OCD hearing

Personal visits with Samson

April 20, 1998 Meeting with Brian Exline requesting they enter into agreement to sell interest in Section 3

March 25, 1998 Conversation with Theresa Wyrich of Merit Energy Partners about purchase or farmout of their interest

March 28, 1998 Theresa Wyrich, landman, indicated they did not wish to sell or farmout at the current time. Discussed that we wanted to drill in SE/4 and possibility of compulsory pooling

November 15, 1998 Meeting with Jay Miller regarding letter of August 3, 1998. We raised our offer to purchase to 150 per acre. Miller indicated he would answer within 30 days. I told him we were going to begin pooling proceedings in case they did not elect to enter into transaction.

**BEFORE THE
OIL CONSERVATION DIVISION**
Santa Fe, New Mexico

Case No. 12103 Exhibit No. 4

Submitted by: Shackelford Oil Company

Hearing Date: January 7, 1999

April 22, 1997

Samson Resources
attn: Brian Exline
Tulsa, Oklahoma

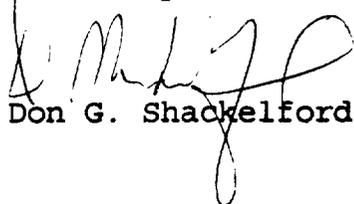
Dear Brian:

In accordance Shackelford Oil Co. proposes the following:

- 1) Shackelford Oil Co. proposes to acquire all your right, title and interest in the NE/4 of Section 10 T20S R33E Lea County, New Mexico for \$50.00 per net acre. It is imperative that this be reviewed as soon as possible as per our discussion this lease could be in jeopardy.
- 2) Shackelford Oil Co. proposes to acquire all your right, title and interest in the W/2 of Section 10 T19S R32E Lea County, NM for \$50.00 per net acre. According to our records and information this portion of the lease is in the potash area and is in suspension.
- 3) Shackelford Oil Co. proposes to acquire all your right, title and interest in the SE/4 of Section 3 T20S R33E for \$50.00 per net acre.
- 4) Shackelfore Oil Co. proposes to acquire all your right , titile and interest in the NW/NW of Section 11 T20S R33E for \$50.00 per net acre.

Brian as you and I has discussed item 1 is certainly the most critical because of the position of this lease. You may consider these tracts individually but we are interested in the entire area.

Sincerely,



Don G. Shackelford

SHACKELFORD OIL COMPANY

P. O. Box 10665
Midland, Texas 79702

Phone (915) 682-9784
Fax (915) 684-5026

September 19, 1997

Samson Resources Company
2 West 2nd Street
Tulsa, Oklahoma 74103

Attention: Brian Exline

Dear Brian:

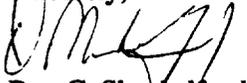
Shackelford Oil Company hereby offers to acquire all of your right title and interest in Section 3, T20S, R33E, Lea County, New Mexico on the following basis:

NM 17238 75% WI 640 Acres \$50.00 per acre \$32,000.00

This offer shall be valid for 10 days from the date of this letter.

Should this be acceptable, please execute this letter as provided, retaining a copy for your files and returning one for our files. We will be prepared to close this transaction at your convenience.

Sincerely,


Don G. Shackelford

Samson Resources Company accepts the above offer this _____ day of _____ 1997.

Signature

Printed name

COPY

SHACKELFORD OIL COMPANY

P. O. BOX 10685 MIDLAND TX 79702

PHONE (915) 682-9784

FAX (915) 684-5026

August 3, 1998

Samson Resource Company
Attention: Jay Miller
2 West Second Street
Tulsa, OK 74103

Dear Jay:

As you are familiar, Shackelford Oil Company previously has been working through Brian Exline attempting to make a deal to acquire your interest in Section 3 T19S R32E Lea County, New Mexico.

We have recently acquired an interest in this Section and are proposing to drill a well to 8200'. I have enclosed an AFE for the drilling of this well. We request that you consider the following alternatives related to your interest.

- 1) SOC to acquire all your right, title and interest in Sec. 3 for \$100.00 per acre.
- 2) SOC proposes to farmout your interest under the following terms and conditions:
 - a) Samson to retain a 3% ORRI.
 - b) First well to be drilled within 90 days of execution of a farmout with 120 days continuous drilling clause between wells.
- 3) SOC proposes a term assignment under the following terms and conditions:
 - a) Samson to retain a 3% ORRI.
 - b) SOC to pay \$50.00 per acre for 18 month term assignment. Each well drilled shall earn a proration with 180 days between wells.
- 4) SOC goes through compulsory pooling proceedings and Samson to retain its interest in well after SOC has received its money back plus two times.

5) Samson participates for its 75% Working Interest under this well.

Please review as soon as possible and call me with any questions or comments.

Sincerely,



Don Shackelford

DS:bh

Encl

SHACKELFORD OIL COMPANY

P. O. BOX 10665 MIDLAND TX 79702

PHONE (915) 682-9784

FAX (915) 684-5026

November 30, 1998

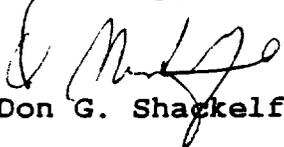
Samson Resources Company
Attention: Jay Miller
Two West Second Street
Tulsa, Oklahoma 74103

Dear Jay:

In accordance with our previous correspondence and conversations, I am enclosing an Application for Compulsory Pooling of the SE/SE of Section 3, T20S R33E, Lea County, New Mexico.

Should you have any questions, please contact me at your convenience.

Sincerely,


Don G. Shackelford

DS:bh

Encl.

Z 100 679 280
US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to	
Samson Resources Company	
Street & Number	
Two West Second Street	
Post Office, State, & ZIP Code	
Tulsa OK 74103	
Postage	\$.32
Certified Fee	1.10
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 1.42
Postmark or Date	11/30/98 64

PS Form 3800, April 1995

**BEFORE THE
OIL CONSERVATION DIVISION**

**NEW MEXICO DEPARTMENT OF ENERGY,
MINERALS AND NATURAL RESOURCES**

**IN THE MATTER OF THE APPLICATION
OF SHACKELFORD OIL COMPANY
FOR COMPULSORY POOLING,
LEASE COUNTY, NEW MEXICO**

CASE NO. 12103

APPLICATION

SHACKELFORD OIL COMPANY, hereby makes application pursuant to the provisions of N.M.Stat. Ann. 70-2-17, (1978), for an order pooling all of the mineral interests in all formations developed on 40 acre spacing from the surface to the base of the Delaware formation in the SE/SE Section 3, T20S R33E, Lea County, New Mexico, and in support thereof states:

- 1. Applicant owns or represents approximately 18.611% of the working interest in and under the SE/SE of Section 3, and Applicant has the right to drill thereon.**
- 2. Applicant proposes to dedicate the above-referenced spacing or proration unit to a well to be drilled at an orthodox location in the SE/SE of Section 3, to a depth of approximately 8,200 feet to test all formations to the base of the Delaware formation.**
- 3. Applicant has sought voluntary agreement for pooling or farmout from all other interest owners in the SE/SE of said Section 3, but has been unsuccessful in obtaining agreement from the following parties:**

**Samson Resources Company
Two W. Second Street
Tulsa, Oklahoma 74103**

75% W. I.

**Merit Energy Company
12222 Merit Avenue
Dallas, Texas 75251-2217**

6.389%

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

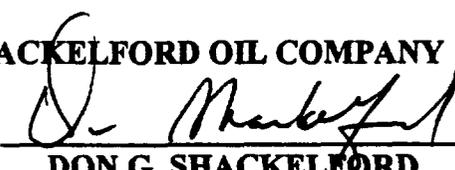
5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the minerals interests should be pooled and Applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before an Examiner of the oil Conservation Division on December 17, 1998 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well.

Respectfully submitted,

SHACKELFORD OIL COMPANY

By:



DON G. SHACKELFORD

P. O. BOX 10665

MIDLAND, TX 79702

TELEPHONE (915) 682-9784

SHACKELFORD OIL COMPANY

P. O. BOX 10665 MIDLAND TX 79702

PHONE (915) 682-9784

FAX (915) 684-5026

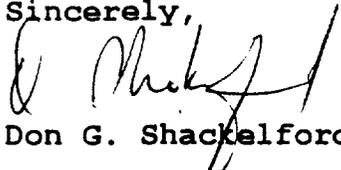
November 30, 1998

Merit Energy Company
Attention: Teresa Wyrick
12222 Merit Drive
Dallas, Texas 75251-2217

Dear Teresa:

In accordance with our previous correspondence and conversation, I am enclosing an Application for Compulsory Pooling of the SE/SE of Section 3, T20S R33E, Lea County, New Mexico.

Should you have any questions, please contact me at your convenience.

Sincerely,

Don G. Shackelford

DGS:bh

Encl.

Z 100 679 286

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	
Merit Energy Company	
Street & Number	
12222 Merit Drive	
Post Office, State, & ZIP Code	
Dallas TX 75251-2217	
Postage	\$.32
Certified Fee	1.10
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 1.42
Postmark or Date	
11/30/98 BH	

PS Form 3800, April 1995

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Tulsa, Oklahoma 74103**

75% W. I.

**Merit Energy Company
12222 Merit Avenue
Dallas, Texas 75251-2217**

6.389%

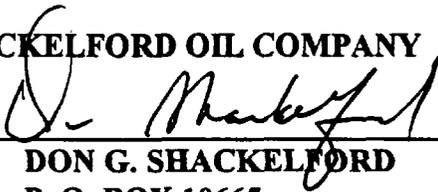
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

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Respectfully submitted,

SHACKELFORD OIL COMPANY

By: 

**DON G. SHACKELFORD
P. O. BOX 10665
MIDLAND, TX 79702
TELEPHONE (915) 682-9784**

SHACKELFORD OIL COMPANY

P. O. BOX 10665 MIDLAND TX 79702

PHONE (915) 682-9784

FAX (915) 684-5028

December 18, 1998

Nearburg Exploration
attn: Duke Roush
3300 N. A Street
Bldg. 2 Suite 120
Midland, Tx 79705-5421

Dear Duke:

On December 14, 1998 we were made aware by Jay Miller of Samson Resources (Landman) and yourself that Samson had farmed out a portion of their interest in the S/2 of Section 3 T19S R32E Lea County, New Mexico.

As you recall we showed our Lone Ranger Prospect in Section 10 and Section 3 to you in December of 1997 and you and I continued to have many discussions related to your probable offer to us to acquire an interest in this prospect through January 1998. As we discussed at that time we had made offers to all parties that owned interests within this half section and intended to attempt to drill additional Delaware wells within this area subsequent to our recompletion in Section 10.

We had subsequently acquired an interest in this 320 acres and continued to make offers to Samson, and Merit the other owners through November 1998 at that time we filed for compulsory pooling of the SE/SE of Section 3 with a hearing set for December 17, 1998. On December 17, 1998 after discussions with Samson, your attorney with the Hinkle law firm, Jim Bruce, and yourself we agreed to postpone the hearing until the next hearing date of January 7, 1998.

I understand that you have been previously furnished a copy of our AFE from Samson. However, I am enclosing an additional copy with this letter.

As I have previously expressed to your predecessor in interest Samson numerous times over the last twelve months and have expressed to you we are interested in working out

COPY

an agreement for the remainder of the S/2 of Section 3. As I am sure you are aware from your conversations with Samson we are interested in either purchasing, farming out, term assignment or on some other agreeable terms acquiring your interest in this section down to the base of the Delaware.

The aforementioned AFE should be identical to the estimated costs for any additional well in this half section to be drilled down to the top of the Bone Springs.

I, also, understand from our conversation on Thursday December 17, 1998 that you have a partner, Wes Perry, in the South half of this section. His interest is not of record at this time either and I have been unable to reach you to get his interest, therefore, I am sending him a copy of this letter in order to provide him proper notice.

I will call you next week to further discuss this area. Should you have any questions please contact me as soon as possible.

Sincerely,



Don G. Shackelford
Shackelford Oil Company

Z 100 679 288

US Postal Service
Receipt for Certified Mail
 No Insurance Coverage Provided.
 Do not use for International Mail (See reverse)

Sent to <i>Harberg & Plan.</i>	
Street & Number <i>3300 NA Street, Suite 1</i>	
Post Office, State, & ZIP Code <i>Medina</i>	
Postage	\$.32
Certified Fee	1.10
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 1.42
Postmark or Date <i>12/18/98</i>	

PS Form 3800 April 1995

SHACKELFORD OIL COMPANY

P. O. BOX 10665 MIDLAND TX 79702

PHONE (915) 682-9784

FAX (915) 684-5026

December 18, 1998

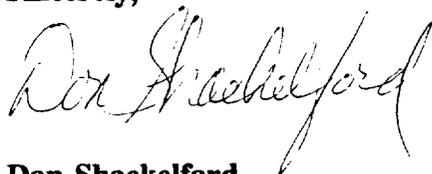
RPY
Perry & Perry, Inc
Att: Wes Perry
214 W. Texas Suite 900
Midland, Tx 79702

Dear Wes:

I understand from Duke Roush that you or one of your entities owns an interest in the S/2 of Section 3 T20S R33E Lea County, New Mexico. Shackelford Oil Company filed for compulsory pooling in the SE/SE of this section. The hearing was originally set for December 17, 1998, however, at the request of Samson and Nearburg was postponed until January 7, 1998. This is to provide you with notice of the hearing.

Should you have any questions contact me at your convenience.

Sincerely,



Don Shackelford

Z 100 679 287

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	<i>Perry & Perry</i>
Street & Number	<i>214 W. Texas Suite 900</i>
Post Office, State, & ZIP Code	<i>Midland TX 79702</i>
Postage	\$ <i>.32</i>
Certified Fee	<i>1.10</i>
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ <i>1.42</i>
Postmark or Date	

PS Form 3800, April 1995

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