

**RELIANCE ENERGY, INC.***Oil & Gas Exploration and Development***P. O. Box 10946****Midland, Texas 79702****Phone (915) 683-4816****Fax (915) 682-1250**

May 17, 2000

Bureau of Land Management  
Roswell Field Office  
2909 West 2nd Street  
Roswell, New Mexico 88201-2019

Attention: Mary Lou Ormseth  
Communitization Agreements

Re: *Reliance Energy, Inc.*  
*Federal Com "D" No. 3 Well*  
*T9S-R36E, N.M.P.M.*  
*Section 31: E/2*  
*Lea County, New Mexico*

Gentlemen:

Enclosed for filing and for approval by your offices, please find one (1) original Communitization Agreement for the captioned well, signed and acknowledged in counter part original pages. Also, enclosed are (2) two xerox copies of the original, plus one (1) additional duplicate original to be returned to Reliance Energy, Inc. for filing in Lea County, New Mexico.

Please make special note of the following:

1. Mr. Merchant, President of Penroc Oil Corporation has been out of the country for the past few weeks and is due back in the United States shortly. Hopefully, upon return he will sign and return the agreement. Please note, that we received the Penroc Oil Corporation signature and acknowledgment pages today and have included same with our transmittal.
2. The agreement mailed by certified mail to Graham Royalty, LTD was return to our offices. A xerox copy of the returned envelope is enclosed. We have been advised within the industry that this company no longer exists.
3. The agreement mailed by certified mail to J.A. Banks, also of Covington, Louisiana was returned to our offices. A xerox copy of the returned envelope is enclosed.

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4. The agreement mailed by certified mail to Jack Hart c/o Hoyer, Hardisty, Kelly, Smith, Welch of Houston, Texas, was also returned to our offices. A xerox copy of the returned envelope is enclosed.
5. The agreement mailed by certified mail to G. L. Wilbanks Revocable Trust, a working interest owner, was replied to, by the law firm handling the Trust. By the terms of the trust the trust assets have been distributed to the heirs of the trust. A copy of the attorney's letter dated April 25, 2000 is enclosed. We are preparing amended signature, acknowledgment pages and ownership interests.
6. I have spoken with the remaining working interest owners, all of whom have advised me that they will sign and return their respective counterpart originals to Reliance Energy, Inc.

We have returned signature and acknowledgment pages for 88.25% of the working interest owners. The remaining 11.25% of the working interest owners have advised me that they will sign and return their agreement signature and acknowledgment pages. When the remaining signature and acknowledgment pages are received we will file same with your office, and amend the approved Communitization Agreement, if this procedure is satisfactory with your office.

Should questions arise or if additional materials are necessary, please advise me at the above address or by phone (915) 683-4816.

Thank you for your attention to this matter.

Yours very truly,

RELIANCE ENERGY, INC

By:   
Robert W. (Bob) Hall  
Landman  
(915) 683-4816

RWH/pa  
Enclosures

bcc: Lynn Herbert  
OCD-NM