

**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION**

IN THE MATTER OF THE APPLICATION OF FUEL PRODUCTS,  
INC., FOR COMPULSORY POOLING, EDDY COUNTY, NEW  
MEXICO.

CASE NO. 12446

**AFFIDAVIT OF THOMAS M. BEALL**

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STATE OF TEXAS                    }  
  }  
COUNTY OF MIDLAND            } ss.

Thomas M. Beall, being first duly sworn, upon oath states:

1. I am a resident of Midland, Texas. I am president of and a principal in Fuel Products, Inc. I am familiar with the subject matter of the above-referenced case which is pending before the New Mexico Oil Division. I have personal knowledge of all statements contained herein.

2. Beginning in September, 1999, I have attempted to work with Phillips Petroleum Co. ("Phillips"), in order to obtain Phillips' voluntary joinder in the project which is the subject of this case, or arrange a trade or other business transaction regarding the property which is the subject of the above-referenced case.

3. Attached to this Affidavit as Exhibit "1" is a telephone log, which I prepared, reflecting the telephone contacts between myself and representatives of Phillips. I am the custodian of records of Fuel Products, Inc. The attached Exhibit 1 is kept in Fuel Products' business records, and is a summary of the type of business record normally kept by Fuel Products in the course of its normal business dealings. I have personal knowledge of the substance of the telephone and other contacts between Fuel Products and Phillips, as reflected on the attached Exhibit 1.

4. As reflected on Exhibit 1, in January, 2000, I discussed with Phillips a general trade of


mineral properties owned by Fuel Products and Phillips in the area which is the subject of this case.

5. As reflected on Exhibit 1, on April 11, 2000, I left a message with Phillips, in which I advanced a specific trade proposal concerning the lands which are the subject of this case.


6. As reflected on Exhibit 1, by May 22, 2000, I discussed directly with Phillips a trade proposal, a term assignment, an overriding royalty interest, and other specific terms and conditions of a business transaction whereby Phillips would either join the project which is the subject of this action, or Fuel Products would acquire Phillips' interest in the subject acreage.

7. Based on my 20+ years' experience as a petroleum engineer, it is my opinion that I have made a good faith effort, beginning in September, 1999, and including discussions of specific terms and conditions in at least April, 2000, to obtain Phillips' voluntary joinder in the project which is the subject of this case.

FURTHER AFFIANT SAYETH NAUGHT.

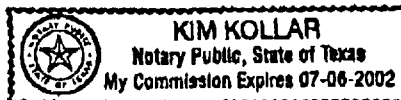
  
Thomas M. Beall

SUBSCRIBED AND SWORN TO before me this 12th day of July, 2000, by Thomas M. Beall.

  
Notary Public

My commission expires:

7-12-2002



## MEMO TO FILE

Subject: Illinois Camp Prospect - TMB telephone log

RE: Phillips Petroleum Interest

<u>Date</u>	<u>Contact</u>	<u>Discussion</u>
Sept99	R.Watts	Hired to contact Phillips etal 18-28; called R. Lewicki, did not rtn calls - see R.Watts Memo.
1/18	R.Lewicki	Discussed ownership & possible trade in 18-28.
4/11	R.Lewicki	L/M - I Made specific trade proposal.
4/12	R.Watts	? heard from R. Lewicki? - No
4/17	R.Watts	? any news? - No
5/1	P.Haden	Said he would call Phillips and say that Mewborne was going to support FPI.
5/19	R.Watts	? - No
5/22	R.Lewicki	Well Proposal to join; also proposed term assmt for cash and an ORRI (Same deal I had with another owner in the Unit)
5/23	K.Dixon(Marathon) R.Lewicki	Asked to confirm they had a deal with NEC - Yes Disclosed terms Offered a substitute Term Assignment deal. More \$ and more ORRI
5/24	R.Lewicki	Offer to increase \$ and decrease ORRI (Same trade as another approved trade).
6/12	T.Kellahin R.Lewicki R.Lewicki R.Lewicki	L/M re Join w/ Phillips - co-council? L/M re Join w/ Phillips - co-council? I Called again: Discussed co-council and AFE. Recalled: Restated that I would do either trade that I had already done with other owners in the prospect;Phillips would not commit to deal, Join, or co-council.
6/13	R.Lewicki	L/M: that I would like to negotiate; that I can't wait any longer; told him that I have hired P. Owen and will pursue pooling.
6/15	R.Lewicki	said he would term assign to either FPI or NEC; will not release T.Kellahin to represent me; I re-offered my trade proposals.
7/6	R.Lewicki	He said: he doesn't know where we stand; he can't do anything without D.Tompkins; I need to talk to D. Tompkins; hasn't heard anything from T. Kellahin; He then transferred me to D.Tompkins'extension.....
(cont.)	D.Tompkins	Randy left a msg then I Left lengthy msg on voice mail asking for her to approve a trade or join; was cut off due to time limits on voice mail.