



Santa Fe Snyder Corporation

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VIA CERTIFIED RETURN RECEIPT MAIL

April 10, 2000

Ocean Energy, Inc.
1001 Fannin, Suite 1600
Houston, Texas 77002

ATTN: Land Manager

RECEIVED	10
SFSNYDER	
CASE NO.	12449

Re: Proposed 13,700' Morrow Test
Paloma Blanco "18" Fed COM #1 Well
1,980' FNL & 660' FEL
Section 18, T-23-S, R-34-E
Lea County, New Mexico
PALOMA BLANCO PROSPECT - NM0964

Gentlemen:

Santa Fe Snyder Corporation (Santa Fe) hereby proposes to drill a 13,700 foot Morrow test at a location 1,980' FNL & 660' FEL of Section 18, T-23-S, R-34-E, Lea County, New Mexico. If the well is successfully completed in the Morrow Formation, a 320-acre proration unit consisting of the E/2 of said Section 18 will be established. Based upon our most current title information, Ocean Energy, Inc. (Ocean) appears to own an undivided 15% of 1/6th unleased mineral interest in the Lots 1, 2, E/2 NW/4 and NE/4 (N/2) of said Section 18. Please advise if this is incorrect.

Santa Fe respectfully requests that Ocean either participate for its proportionate interest in the proposed well, or, in the alternative, grant Santa Fe an Oil & Gas Lease covering all of Ocean's undivided mineral interest in the N/2 of Section 18, T-23-S, R-34-E, Lea County, New Mexico, based upon the following general terms:

1. \$100.00 per net mineral acre;
2. One (1) Year Primary Term;
3. One-Quarter (1/4) Royalty;

Enclosed for your review and execution are two (2) copies of the AFE Well Cost Estimate for this well. You will be provided an Operating Agreement covering the E/2 of said Section 18 within the next few days. Should Ocean elect to participate in the proposed well, please execute and return one copy of this letter, one AFE Well Cost Estimate and one copy of the Operating Agreement. Please also provide your well information requirements and the names of personnel to receive reports. Should Ocean elect to grant Santa Fe a lease, please make the appropriate election in the space provided below and return one fully executed copy of this letter to the undersigned. Upon receipt of your election, a New Mexico Producer's 88 form 342P lease will be prepared and forwarded for execution on behalf of Ocean along with a draft for the appropriate bonus amount.

Thank you for your consideration of this proposal. If you have any questions, my direct number is (915) 686-6712.

Sincerely,

SANTA FE SNYDER CORPORATION



Steven J. Smith
Senior Staff Landman

_____ Ocean Energy, Inc. hereby elects to **PARTICIPATE** in the Paloma Blanco "18" Fed COM No. 1 Well.

_____ Ocean Energy, Inc. hereby elects to **LEASE ALL ITS UNDIVIDED MINERAL INTEREST** in the N/2 of Section 18, T-23-S, R-34-E, Lea County, New Mexico, to Santa Fe based upon the above described terms.

OCEAN ENERGY, INC.

By: _____
Title: _____
Date: _____

SJS/

Enclosure

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. ☐ Addressee's Address
- 2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

ATTN: LAND MANAGER
OCEAN ENERGY, INC.
1001 FANNIN, SUITE 1600
HOUSTON TX 77002

Charles Chivers

5. Received By: (Print Name)

Charles Chivers

6. Signature: (Addressee or Agent)

X

4a. Article Number

Z 558 008 608

4b. Service Type

- ☐ Registered ☒ Certified
- ☐ Express Mail ☐ Insured
- ☒ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

APR 15 2000

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

102595-98-B-0229

Domestic Return Receipt

Thank you for using Return Receipt Service.

Z 558 008 608

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	
Ocean Energy, Inc.	
Street & Number	
1001 Fannin, Suite 1600	
Post Office, State, & ZIP Code	
Houston, Texas 77002	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
AL Postage & Fees	\$
Postmark or Date	

PS Form 3800, April 1995