JAMES BRUCE ATTORNEY AT LAW

POST OFFICE BOX 1056 SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA HYDE PARK ESTATES SANTA FE, NEW MEXICO 87501

(505) 982-2043 (505) 982-2151 (FAX)

October 9, 2001

Hand Delivered

Lori Wrotenbery Oil Conservation Commission 1220 South St. Francis Drive Santa Fe, New Mexico 87505

> Re: Case Nos. 12535, 12567, 12569, and 12590 *de novo*, and Case No. 12738 (Ocean Energy Resources, Inc./Yates Petroleum Corporation)

Hearing scheduled for October 12, 2001

Dear Ms. Wrotenbery:

Enclosed are five copies of Ocean's exhibits 8 and 9, which should be inserted in the exhibit packages provided to the Commission last Friday.

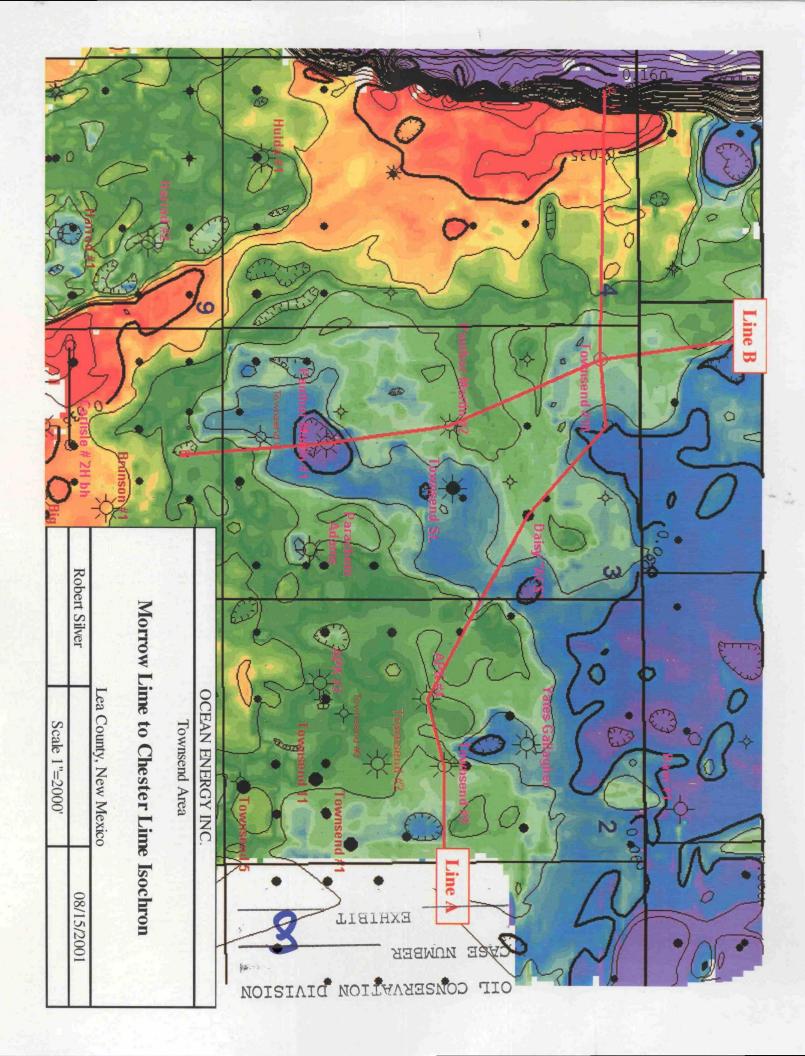
Very truly yours,

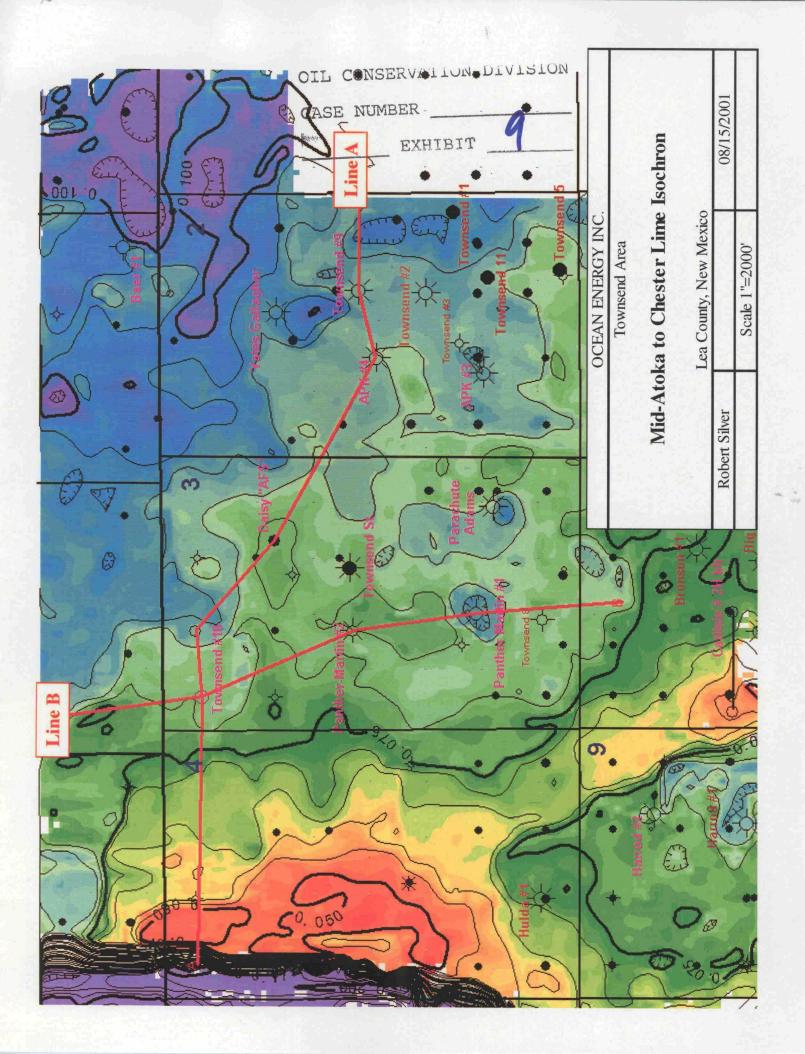
ames Bruce

Attorney for Ocean Energy Resources, Inc.

cc: William F. Carr w/exhibits

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OCEAN ENERGY RESOURCES, INC. EXHIBIT 2 CASE NOS. 12535 AND 12567

Owner	Lands	Interest in <u>Well Unit</u>
Ocean Energy Resources, Inc.	Lots 3-6	41.072056%
Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	Lots 1, 2, 7, 8 Lots 1, 2, 7, 8 Lots 1, 2, 7, 8 Lots 1, 2, 7, 8 Lots 1, 2, 7, 8	35.135750% 5.019393% 5.019393% <u>5.019393%</u> 50.193929%
David H. Arrington Oil & Gas Inc.	Lots 3-6	5.331300%
Tøm R. Cone (Unleased) Marilyn Cone, Trustee	Lot 3-6	1/5 x 11/384
Cof the D.C. Trust (Unleased) LWJ Partnership (Unleased) Kenneth G. Cone (Unleased) Kenneth G. Cone, Trustee of the Kenneth G. Cone Children's Trust U/W/O	Lots 3, 4, 6 ¹ Lots 3, 4, 6 Lot 3-6	1/5 x 11/384 1/5 x 11/384 1/5 x 11/384
Kathleen Cone (Unleased) Clifford Cone (Unleased) Clifford Cone, Trustee of the Clifford Cone Family Trust U/W/O	Lot 3-6 Lots 3, 4, 6	1/5 x 11/384 1/5 x 11/384
Kathleen Cone (Unleased) The Long Trusts (Unleased) The Blanco Company (Unleased) Keith Pratt Daniels (Unleased) Lynda Pratt Rast (Unleased)	Lots 3, 4, 6 Lot 5 ² Lot 5 Lot 5 Lot 5 Lot 5	1/5 x 11/384 4/5 x 11/384 1/16 1/32 <u>1/32</u> 3.402715%
	Total:	100.000000%

Sonic Oil & Gas, L.P. (Unleased)

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Lots 3-6 4/5 x 11/384 (Wolfcamp formation only)

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¹The interests of Marilyn Cone, Trustee, LWJ Partnership, Clifford Cone, and Clifford Cone, Trustee in Lots 3-6 cover all depths except the Wolfcamp formation.

²The interest of The Long Trusts in Lot 5 covers all depths except the Wolfcamp formation.

May 31, 2000

VIA FAX (915) 682-4139 & US MAIL

David H. Arrington Oil & Gas, Inc. P.O. Box 2071 Midland, Texas 79702

Attn: Mr. David H. Arrington

Re: Proposed 12,950' Morrow Test Well Townsend St. COM #10 Well 660' FWL and 800' FNL Section 3, T16S, R35E Lea County, New Mexico OIL CONSERVATION DIVISION
CASE NUMBER

CCan EXHIBIT 3A

Dear Mr. Arrington:

Ocean Energy Resources, Inc. hereby proposes to drill at 12,950' Morrow Test at a location 660' FWL and 800' FNL of Section 3, T16S, R35E, Lea County, New Mexico. If the well is successfully completed in the Morrow formation, a 320-acre proration unit consisting of the N/3 of said Section 3 would be established. Based upon our most current title information, David H. Arrington Oil & Gas, Inc. (DHA) appears to own leasehold interest in the NW/4 of said Section 3. Please advise if this is incorrect.

Ocean respectfully requests that DHA either participate for its proportionate interest in the proposed well, or in the alternative, grant Ocean a term assignment covering all of DHA interest in the NW/4 of Section 3, T16S, R35E, Lea County, New Mexico, based upon the following general terms:

- 1. \$100.00 per mineral acre
- 2. One year primary term
- . 3. Your reservation of a proportionally reduced overriding royalty interest equal to the difference between 20% and existing lease burdens

Enclosed for your review and execution are two (2) copies of the AFE for the above captioned well. You will be provided an operating agreement covering the N/3 of said Section 3 within the next few days. Should DHA elect to participate in the proposed well, please execute and return one (1) copy of this letter, one (1) AFE well cost estimate, and one (1) copy of the Operating Agreement. Also, please provide your well information requirements and the names of personnel to receive reports. Should DHA elect to grant

Proposed 12,950' Morrow Test Well May 31, 2000 Page 2

Ocean a term assignment, please make the appropriate election in the space provided below, and return one (1) fully executed copy of this letter to the undersigned. Upon receipt of your election a term assignment will be prepared and forwarded for your execution, along with a draft for the appropriate bonus amount.

Thanks for your consideration of this proposal, and if you have any questions please call me at (713) 265-6897.

Yours very truly,

OCEAN ENERGY RESOURCES, INC., a subsidiary of OCEAN ENERGY, INC.

inc

Derold Maney Senior Staff Landman

DAVID H. ARRINGTON OIL & GAS, INC. ELECTS TO PARTICIPATE in the Townsend St. COM #10 Well

DAVID H. ARRINGTON OIL & GAS, INC.
 ELECTS NOT TO PARTICIPATE in the Townsend St. COM #10 Well

By:	 	
Title:		
Date:	 	

DAVID H. ARRINGTON OIL & GAS, INC., hereby elects to grant Ocean Energy Resources, Inc. a term assignment covering Yates interest in the NE/4 of Section 3, T16S R35E, Lea County, New Mexico based upon the above mentioned terms.

By:	
Title:	······
Date:	

Ocean Energy, Inc. 1001 Fannin, Suite 1600 Houston, Texas 77002-6794 (713) 265-6000

May 31, 2000

Ocean Energy VIA FAX (505) 748 4572 & US MAIL

Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. 105 S. Fourth Street Artesia, New Mexico 88210—2118

Attn: Mr. Robert Bullock

Re: Proposed 12,950' Morrow Test Well Townsend St. COM #10 Well 660' FWL and 800' FNL

Section 3, T16S, R35E

Lea County, New Mexico

Dear Mr. Arrington:

Ocean Energy Resources, Inc. hereby proposes to drill at 12,950' Morrow Test at a location 660' FWL and 800' FNL of Section 3, T16S, R35E, Lea County, New Mexico. If the well is successfully completed in the Morrow formation, a 320-acre proration unit consisting of the N/3 of said Section 3 would be established. Based upon our most current title information, Yates Petroleum Corporation et al (Yates) appears to own leasehold interest in the NE/4 of said Section 3. Please advise if this is incorrect.

Ocean respectfully requests that Yates either participate for its proportionate interest in the proposed well, or in the alternative grant Ocean a term assignment covering all of Yates's interest in the NE/4 of Section 3, T16S, R35E, Lea County, New Mexico, based upon the following general terms:

- 1. \$100.00 per mineral acre
- 2. One year primary term
 - 3. Your reservation of a proportionally reduced overriding royalty interest equal to the
 - difference between 20% and existing lease burdens

Enclosed for your review and execution are two (2) copies of the AFE for the above captioned well. You will be provided an operating agreement covering the N/3 of said Section 3 within the next few days. Should Yates elect to participate in the proposed well, please execute and return one (1) copy of this letter, one (1) AFE well cost estimate, and one (1) copy of the Operating Agreement. Also, please provide your well information requirements and the names of personnel to receive reports. Should Yates elect to grant Ocean a term assignment, please make the appropriate election in the space provided

Proposed 12,950' Morrow Test Well May 31, 2000 Page 2

below, and return one (1) fully executed copy of this letter to the undersigned. Upon receipt of your election a term assignment will be prepared and forwarded for your execution, along with a draft for the appropriate bonus amount.

Thanks for your consideration of this proposal, and if you have any questions please call me at (713) 265-6897.

Yours very truly,

OCEAN ENERGY RESOURCES, INC., a subsidiary of OCEAN ENERGY, INC.

Derold Maney Senior Staff Landman

YATES PETROLEUM CORPORATION ELECTS TO PARTICIPATE in the Townsend St. COM #10 Well

YATES PETROLEUM CORPORATION
 ELECTS NOT TO PARTICIPATE in the Townsend St. COM #10 Well

By: .	
Title:	
Date:	·

 YATES PETROLEUM CORPORATION, hereby elects to grant Ocean Energy Resources, Inc. a term assignment covering Yates interest in the NE/4 of Section 3, T16S R35E, Lea County, New Mexico based upon the above mentioned terms.

By: Title: Date				
Dale	•			_
			,	
Oc	ean Energy, Inc.	1001 Fannin, Suite 1600	Houston, Texas 77002-6794	(713) 265-6000



June 26, 2000

Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. 105 S. Fourth Street Artesia, New Mexico 88210-2118 David H. Arrington Oil & Gas, Inc. P.O. Box 2071 Midland, TX 79702

Attn: David H. Arrington

Attn: Mr. Robert Bullock

Re: Townsend State Com #10 Well Section 3, T16S, R35E Lea County, New Mexico

Gentlemen:

Enclosed for your review is a copy of the proposed Operating Agreement covering the above referenced well. Please review the Agreement and advise weather or not it is acceptable.

Ocean is interested in drilling this well as soon as possible. Therefore, your prompt attention in this matter is greatly appreciated.

If you have any questions or comments, please give me a call at (713) 265-6897,

Yours very truly,

OCEAN ENERGY RESOURCES, INC., a subsidiary of OCEAN ENERGY, INC.

1 fance

Derold Maney Senior Staff Landman

Enclosure

Ocean Energy, Inc. 1001 Fannin, Suite 1600 Houston, Texas 77002-6794 (713) 265-6000

DAVID H. ARRINGTON OIL & GAS, INC.

214 West Texas Suite 400 (Zip 79701) P.O. Box 2071 Midland, Texas 79702

September 29, 2000

CERTIFIED MAIL RETURN RECEIPT REQUESTED: 7094320000511836002

Ocean Energy Resources, Inc. Attn: Mr. Derold Maney 1001 Fannin, Suite 1600 Houston, TX 77002

Re: B.B. Skunk State Com #1 Well 660' FNL and 1980' FWL Section 3, T16S, R35E Lea County, NM 'Our North , North Airport

Ladies and Gentlemen:

David H. Arrington Oil & Gas, Inc., PO Box 2071, Midland, Texas 79702 hereby proposes the drilling of the captioned well at the location referenced above to test the Mississippian formations. This well will be drilled to an approximate depth of 13,100'. You will find enclosed an AFE for the drilling and completion of this well which sets forth the anticipated costs. We intend to commit Lots 1,2,3,4,5,6,7,and 8 (being the N/2) of said Section 3 to the spacing unit for this well.

In the event you should desire to participate in the drilling of this test well, please so indicate by signing and returning one copy of the AFE to my attention as soon as possible. In the event you should elect to participate, we will forward for your review and execution a Joint Operating Agreement.

In the alternative, in the event you should wish to not participate in this test well, we would request that you grant a term assignment of your interest in your leasehold position in the in this proposed spacing unit, pursuant to the following terms and conditions: (i) \$100.00 per acre bonus, (ii) deliver an 80% NRI, retaining as an ORRI the difference if any between 20% and current leasehold burdens, and (iii) one (1) year primary term.

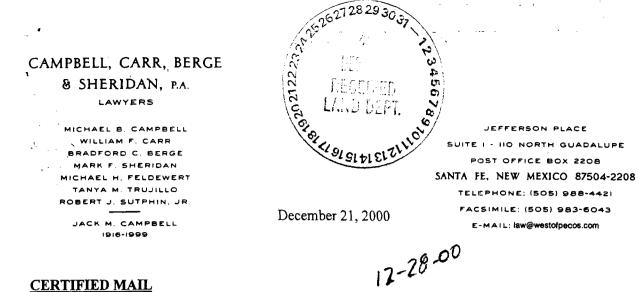
Should there be any questions or comments regarding this matter, please advise.

Yours very truly,

DAVID H. ARRINGTON OIL & GAS, INC.

Dale Douglas

Enclosure



<u>CERTIFIED MAIL</u> <u>RETURN RECEIPT REQUESTED</u>

TO: AFFECTED INTEREST OWNERS

٠,

Re: Application of Yates Petroleum Corporation for compulsory pooling and three nonstandard oil and gas spacing and proration units, Lea County, New Mexico.

Ladies and Gentlemen:

Enc.

This letter is to advise you that Yates Petroleum Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking the compulsory pooling of certain spacing and proration units in Lots 1 through 8 of Irregular Section 3, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico. Said units will be dedicated to a well which Yates Petroleum Corporation proposes to drill at a standard location 660 feet from the North and East lines of said Section 3 to test all formations from the surface to the base of the Morrow formation.

This application has been set for hearing before a Division Examiner on January 11, 2001. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Prehearing Statement three days in advance of a scheduled hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,

William F. Carr ATTORNEY FOR YATES PETROLEUM CORPORATION

MARTIN YATES, III 1912-1985 FRANK W. YATES 1936-1986



105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210-2118 TELEPHONE (505) 748-1471

2829.30

S. P. YATES CHAIRMAN OF THE BOARD JOHN A. YATES PRESIDENT PEYTON YATES EXECUTIVE VICE PRESIDENT RANDY G. PATTERSON SECRETARY DENNIS G. KINSEY TREASURER

December 27, 2000

Working Interest Owners Addressee List Attached

> Re: AFE Daisy

> > ÷ .

Daisy AFS St #2 <u>Township 16 South, Range 35 East</u> Section 3: 660' FNL & 660' FEL Lea County, New Mexico

21222323

Via Certified Mail

Ladies and Gentlemen:

Please find enclosed our AFE proposing the drilling of the captioned well to test the Morrow/Mississippian formation at approximately 13,100'.

The proposed proration unit located in irregular Section 3 is Lots 1 through 8 which forms a non-standard 355.80 acre spacing unit.

We will forward our Joint Operating Agreement for your review as soon as you have indicated your desire to participate in this proposed test.

Please call me at (505) 748-4351 if you have any questions regarding this proposal.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

ert Bullak

Robert Bullock Landman

RB:bn

Tom R. Cone PO Box 778 Jay, OK 74346

Marilyn Cone, Trustee of the D.C. Trust PO Drawer 1629 Lovington, NM 88260

Keith Pratt Daniels PO Box 190766 Dallas, TX 75219

The Long Trusts PO Box 3096 Kilgore, TX 75663

- 14

David H. Arrington Oil & Gas, Inc. 214 West Texas, Suite 400 Midland, TX 79701 DAISY AFS ST #2 ADDRESSEE LIST

Kenneth G. Cone PO Box 11310 Midland, TX 79702

Clifford Cone PO Drawer 1629 Lovington, NM 88260

Lynda Pratt Rast 1202 Marlee Lane Arlington, TX 76014

.- . .

LWJ Partnership PO Box 64244 Lubbock, TX 79424

ι,

Kenneth G. Cone, Trustee Kenneth G. Cone Children's Trust PO Box 11310 Midland TX 79702

Clifford Cone, Trustee of the Clifford Cone Family Trust U/W/O Kathleen Cone PO Drawer 1629 Lovington, NM 88260

Phillip L. White The Blanco Company PO Box 2168 Santa FE, NM 87504-2168

Ocean Energy Resources, Inc. 1001 Fannin, Suite 1600 Houston, TX 77002-6794

Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. 105 South Fourth Street Artesia, NM 88210

September 27, 2000

Mr. Tom R. Cone Post Office Box 778 Jay, Oklahoma 74346

Re: Oil and Gas Lease Acquisition, Lots 3, 4, 5, of Section 3-All Depths
Lot 6 of Section 3-All Depths, Save & Except The Depths between 10,394 feet and 10,442 feet T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico Containing 177.21 gross acres
And 1.015266 net acres, more or less

Dear Mr. Cone:

By virtue of my letter of September 27, 2000 (see copy attached), I mailed you the oil and gas lease covering the captioned lands. In addition, I said I would mail you a check in the amount of \$152.19 representing the bonus consideration due upon receipt of the lease.

Since, the present plans our to drill a well at a location on the captioned lands early next year, I have enclosed my check in the amount \$152.19 representing the bonus consideration due for the two (2) year paid up oil and gas lease.

Please forward the fully executed lease to me at the captioned address as soon as possible. Should you have any questions, please call me at the captioned phone number. Thank you for your prompt attention to this matter.

Yours truly,

Blaine Hess

Bh/arh Enclosure OIL CONSERVATION DIVISION

CASE NUMBER DAM EXHIBIT

September 12, 2000

Ms. Marilyn Cone, Trustee of the D.C. Trust Post Office Drawer 1629 Lovington, New Mexico 88260

Re: Oil and Gas Lease Offering,
Lots 3, 4, 6 of Section 3, All Depths, Save & Except the depths between
10,394 feet and 10,442 feet
T-16-S, R-35-E, N.M.P.M.,
Lea County, New Mexico
Containing 137.21 gross acres
And .786099 net acres, more or less

Dear Ms. Cone:

We are completing our acquisition of oil and gas leases covering the captioned lands. In this respect, we submit an offer to lease your mineral interest in the captioned lands of \$150.00 per net mineral acre bonus consideration for a two (2) year oil and gas lease that provides for a one-quarter (1/4th) royalty interest on production.

Please consider this proposal as we are anxious to finalize our plans for this project. Please contact me at the above phone number to discuss this proposal. Thank you.

Yours truly,

Blaine Hess

September 12, 2000

LWJ Partnership Post Office Box 64244 Lubbock, Texas 79424

Re: Oil and Gas Lease Offering,

Lots 3, 4, 6 of Section 3, All Depths, Save & Except the depths between 10,394 feet and 10,442 feet T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico Containing 137.21 gross acres And .786099 net acres, more or less

Gentlemen:

We are completing our acquisition of oil and gas leases covering the captioned lands. In this respect, we submit an offer to lease your mineral interest in the captioned lands of \$150.00 per net mineral acre bonus consideration for a two (2) year oil and gas lease that provides for a one-quarter (1/4th) royalty interest on production.

Please consider this proposal as we are anxious to finalize our plans for this project. Please contact me at the above phone number to discuss this proposal. Thank you.

Yours truly,

Blaine Hess

September 12, 2000

Mr. Kenneth G. Cone Post Office Box 11310 Midland, Texas 79702

Re: Oil and Gas Lease Offering,

Lots 3, 4, 5, of Section 3-All Depths Lot 6 of Section 3-All Depths, Save & Except The Depths between 10,394 feet and 10,442 feet T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico Containing 177.21 gross acres And 1.015266 net acres, more or less

Dear Mr. Cone:

We are completing our acquisition of oil and gas leases covering the captioned lands. In this respect, our plans are to drill a Morrow Test well at a location on the captioned lands.

Therefore, we submit an offer to lease your mineral interest in the captioned lands of 150.00 per net mineral acre bonus consideration for a two (2) year oil and gas lease that provides for a one-quarter (1/4) royalty interest on production.

Please consider this proposal as we are anxious to finalize our plans for this project. Please contact me at the above phone number to discuss this proposal. Thank you.

Yours truly,

Blaine Hess

September 12, 2000

Mr. Kenneth G. Cone Trustee of the Kenneth G. Cone Children's Trust Post Office Box 11310 Midland, Texas 79702

Re: Oil and Gas Lease Offering,

Lots 3, 4, 5, of Section 3-All Depths Lot 6 of Section 3-All Depths, Save & Except The Depths between 10,394 feet and 10,442 feet T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico Containing 177.21 gross acres And 1.015266 net acres, more or less

Dear Mr. Cone:

We are completing our acquisition of oil and gas leases covering the captioned lands. In this respect, our plans are to drill a Morrow Test well at a location on the captioned lands.

Therefore, we submit an offer to lease your mineral interest in the captioned lands of 150.00 per net mineral acre bonus consideration for a two (2) year oil and gas lease that provides for a one-quarter (1/4) royalty interest on production.

Please consider this proposal as we are anxious to finalize our plans for this project. Please contact me at the above phone number to discuss this proposal. Thank you.

Yours truly,

Blaine Hess

September 12, 2000

Mr. Clifford Cone Post Office Drawer 1629 Lovington, New Mexico 88260

Re: Oil and Gas Lease Offering,

Lots 3, 4, 6 of Section 3, All Depths, Save & Except the depths between 10,394 feet and 10,442 feet T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico Containing 137.21 gross acres And .786099 net acres, more or less

Dear Mr. Cone:

We are completing our acquisition of oil and gas leases covering the captioned lands. In this respect, we submit an offer to lease your mineral interest in the captioned lands of \$150.00 per net mineral acre bonus consideration for a two (2) year oil and gas lease that provides for a one-quarter (1/4th) royalty interest on production.

Please consider this proposal as we are anxious to finalize our plans for this project. Please contact me at the above phone number to discuss this proposal. Thank you.

Yours truly,

Blaine Hess

September 12, 2000

Mr. Clifford Cone, Trustee of the Clifford Cone Family Trust U/W/O Kathleen Cone Post Office Drawer 1629 Lovington, New Mexico 88260

Re: Oil and Gas Lease Offering, Lots 3, 4, 6 of Section 3, All Depths, Save & Except the depths between 10,394 feet and 10,442 feet T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico Containing 137.21 gross acres And .786099 net acres, more or less

Dear Mr. Cone:

We are completing our acquisition of oil and gas leases covering the captioned lands. In this respect, we submit an offer to lease your mineral interest in the captioned lands of \$150.00 per net mineral acre bonus consideration for a two (2) year oil and gas lease that provides for a one-quarter (1/4th) royalty interest on production.

Please consider this proposal as we are anxious to finalize our plans for this project. Please contact me at the above phone number to discuss this proposal. Thank you.

Yours truly,

Blaine Hess

September 12, 2000

The Long Trusts Post Office Box 3096 Kilgore, Texas 75663

Re: Oil and Gas Lease Offering, Lot 5 of Section 3-All Depths, Save & Except the depths between 10,394 feet and 10,442 feet T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico Containing 40.00 gross acres And .916667 net acres, more or less

Gentlemen:

We are completing our acquisition of oil and gas leases covering the captioned lands. In this respect, our plans are to drill a Morrow Test well at a location on the captioned lands.

Therefore, we submit an offer to lease your mineral interest in the captioned lands of \$150.00 per net mineral acre bonus consideration for a two (2) year oil and gas lease that provides for a one-quarter (1/4) royalty interest on production.

Please consider this proposal as we are anxious to finalize our plans for this project. Please contact me at the above phone number to discuss this proposal. Thank you.

Yours truly,

Blaine Hess

September 12, 2000

Mr. Philip L. White The Blanco Company Post Office Box 2168 Santa Fe, New Mexico 87504-2168

Re: Oil and Gas Lease Offering, - Lot 5 of Section 3,

T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico Containing 40.00 gross acres And 2.5 net acres, more or less

Dear Philip:

Lot4

We are completing our acquisition of oil and gas leases covering the captioned lands. In this respect, our plans are to drill a Morrow Test well at a location on the captioned lands.

Therefore, we submit an offer to lease your mineral interest in the captioned lands of 150.00 per net mineral acre bonus consideration for a two (2) year oil and gas lease that provides for a one-quarter (1/4) royalty interest on production.

Please consider this proposal as we are anxious to finalize our plans for this project. Please contact me at the above phone number to discuss this proposal. Thank you.

Yours truly,

Blaine Hess

(505) 623-4916 facsimile

September 15, 2000

Mr. Philip L. White The Blanco Company Post Office Box 2168 Santa Fe, New Mexico 87504-2168

Re: Oil and Gas Lease Offering, Lot 5 of Section 3, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico Containing 40.00 gross acres And 2.5 net acres, more or less

Dear Philip:

In reference to our conversation of today, I am sending this letter to clarify that the proposed location of the Morrow Test well is located on Lot 4 of Section 3 instead of Lot 5 as described in my letter of September 12, 2000.

Also, we submit an offer to lease your mineral interest in the captioned lands of \$150.00 per net mineral acre bonus consideration for a two (2) year paid up oil and gas lease that provides for a one-quarter (1/4) royalty interest on production.

Please consider this proposal as we are anxious to finalize our plans for this project. Please contact me at the above phone number to discuss this proposal. Thank you.

Yours truly,

Blaine Hess

September 15, 2000

Ms. Keith Pratt Daniels Post Office Box 190766 Dallas, Texas 75219

Re: Oil and Gas Lease Offering, Lot 5 of Section 3, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico Containing 40.00 gross acres And 1.25 net acres, more or less

Dear Ms. Daniels:

We are completing our acquisition of oil and gas leases covering the captioned lands. In this respect, we submit an offer to lease your mineral interest in the captioned lands of 150.00 per net mineral acre bonus consideration for a two (2) year paid up oil and gas lease that provides for a one-quarter (1/4) royalty interest on production.

Please consider this proposal as we are anxious to finalize our plans for this project. Please contact me at the above phone number to discuss this proposal. Thank you.

Yours truly,

Blaine Hess

September 15, 2000

Ms. Lynda Pratt Rast 1202 Marlee Lane Arlington, Texas 76014

Re: Oil and Gas Lease Offering, Lot 5 of Section 3, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico Containing 40.00 gross acres And 1.25 net acres, more or less

Dear Ms. Rast:

We are completing our acquisition of oil and gas leases covering the captioned lands. In this respect, we submit an offer to lease your mineral interest in the captioned lands of 150.00 per net mineral acre bonus consideration for a two (2) year paid up oil and gas lease that provides for a one-quarter (1/4) royalty interest on production.

Please consider this proposal, as we are anxious to finalize our plans for this project. Please contact me at the above phone number to discuss this proposal. Thank you.

Yours truly,

Blaine Hess

November 8, 2000

Mr. Tom R. Cone Post Office Box 778 Jay, Oklahoma 74346

Re: Lots 1 thru 8 of Section 3, T-16-S, R-35-E, N.M.P.M. Lea County, New Mexico Townsend Area C. 1101 0. 11 18 1920 27 27 29 10111)

Dear Mr. Cone:

Ocean Energy Resources, Inc. hereby proposes the drilling of the Townsend State Com # 10 well in Lot 4 of Section 3, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico. The well will be drilled to a depth of approximately 12,950 feet to test the Morrow formation.

You have previously been extended an opportunity to lease your mineral rights and, having not reached a lease agreement with you, we now request your participation in the above described well. Your election to participate shall be evidenced by your execution of an Authority for Expenditure and Joint Operating Agreement, naming Ocean Energy Resources, Inc. as operator, and payment of your proportionate share of the drilling cost.

We would appreciate your notifying us as to your election on or before November 27, 2000, as we anticipate commencing the well in the latter part of December 2000. Should you respond affirmatively, Ocean Energy Resources, Inc. will provide a Joint Operating Agreement along with an invoice for your drilling cost.

Thank you for your attention to this matter.

Yours truly,

Blaine Hess

Enc: AFE dated May 9, 2000

cc: Mr. Derold Maney, Ocean Energy Resources, Inc.

November 8, 2000

Ms. Marilyn Cone Trustee of the D.C. Trust Post Office Drawer 1629 Lovington, New Mexico 88260

Re: Lots 1 thru 8 of Section 3, T-16-S, R-35-E, N.M.P.M. Lea County, New Mexico Townsend Area

Dear Ms. Cone:

Ocean Energy Resources, Inc. hereby proposes the drilling of the Townsend State Com # 10 well in Lot 4 of Section 3, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico. The well will be drilled to a depth of approximately 12,950 feet to test the Morrow formation.

You have previously been extended an opportunity to lease your mineral rights and, having not reached a lease agreement with you, we now request your participation in the above described well. Your election to participate shall be evidenced by your execution of an Authority for Expenditure and Joint Operating Agreement, naming Ocean Energy Resources, Inc. as operator, and payment of your proportionate share of the drilling cost.

We would appreciate your notifying us as to your election on or before November 27, 2000, as we anticipate commencing the well in the latter part of December 2000. Should you respond affirmatively, Ocean Energy Resources, Inc. will provide a Joint Operating Agreement along with an invoice for your drilling cost.

Thank you for your attention to this matter.

Yours truly,

Blaine Hess

November 8, 2000

LWJ Partnership Post Office Box 64244 Lubbock, Texas 79424

Re: Lots 1 thru 8 of Section 3, T-16-S, R-35-E, N.M.P.M. Lea County, New Mexico Townsend Area

Gentlemen:

Ocean Energy Resources, Inc. hereby proposes the drilling of the Townsend State Com # 10 well in Lot 4 of Section 3, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico. The well will be drilled to a depth of approximately 12,950 feet to test the Morrow formation.

You have previously been extended an opportunity to lease your mineral rights and, having not reached a lease agreement with you, we now request your participation in the above described well. Your election to participate shall be evidenced by your execution of an Authority for Expenditure and Joint Operating Agreement, naming Ocean Energy Resources, Inc. as operator, and payment of your proportionate share of the drilling cost.

We would appreciate your notifying us as to your election on or before November 27, 2000, as we anticipate commencing the well in the latter part of December 2000. Should you respond affirmatively, Ocean Energy Resources, Inc. will provide a Joint Operating Agreement along with an invoice for your drilling cost.

Thank you for your attention to this matter.

Yours truly,

Blaine Hess

November 8, 2000

Mr. Kenneth G. Cone, Individually And as Trustee of the Kenneth G. Cone Children's Trust Post Office Box 11310 Midland, Texas 79702

Re: Lots 1 thru 8 of Section 3, T-16-S, R-35-E, N.M.P.M. Lea County, New Mexico Townsend Area

Dear Mr. Cone:

Ocean Energy Resources, Inc. hereby proposes the drilling of the Townsend State Com # 10 well in Lot 4 of Section 3, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico. The well will be drilled to a depth of approximately 12,950 feet to test the Morrow formation.

You have previously been extended an opportunity to lease your mineral rights and, having not reached a lease agreement with you, we now request your participation in the above described well. Your election to participate shall be evidenced by your execution of an Authority for Expenditure and Joint Operating Agreement, naming Ocean Energy Resources, Inc. as operator, and payment of your proportionate share of the drilling cost.

We would appreciate your notifying us as to your election on or before November 27, 2000, as we anticipate commencing the well in the latter part of December 2000. Should you respond affirmatively, Ocean Energy Resources, Inc. will provide a Joint Operating Agreement along with an invoice for your drilling cost.

Thank you for your attention to this matter.

Yours truly,

Blaine Hess

November 8, 2000

Mr. Clifford Cone, Individually And as Trustee of the Clifford Cone Family Trust Post Office Drawer 1629 Lovington, New Mexico 88260

Re: Lots 1 thru 8 of Section 3, T-16-S, R-35-E, N.M.P.M. Lea County, New Mexico

Townsend Area

Dear Mr. Cone:

Ocean Energy Resources, Inc. hereby proposes the drilling of the Townsend State Com # 10 well in Lot 4 of Section 3, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico. The well will be drilled to a depth of approximately 12,950 feet to test the Morrow formation.

You have previously been extended an opportunity to lease your mineral rights and, having not reached a lease agreement with you, we now request your participation in the above described well. Your election to participate shall be evidenced by your execution of an Authority for Expenditure and Joint Operating Agreement, naming Ocean Energy Resources, Inc. as operator, and payment of your proportionate share of the drilling cost.

We would appreciate your notifying us as to your election on or before November 27, 2000, as we anticipate commencing the well in the latter part of December 2000. Should you respond affirmatively, Ocean Energy Resources, Inc. will provide a Joint Operating Agreement along with an invoice for your drilling cost.

Thank you for your attention to this matter.

Yours truly,

Blaine Hess

November 8, 2000

The Long Trusts Post Office Box 3096 Kilgore, Texas 75663

Re: Lots 1 thru 8 of Section 3, T-16-S, R-35-E, N.M.P.M. Lea County, New Mexico Townsend Area

Gentlemen:

Ocean Energy Resources, Inc. hereby proposes the drilling of the Townsend State Com # 10 well in Lot 4 of Section 3, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico. The well will be drilled to a depth of approximately 12,950 feet to test the Morrow formation.

You have previously been extended an opportunity to lease your mineral rights and, having not reached a lease agreement with you, we now request your participation in the above described well. Your election to participate shall be evidenced by your execution of an Authority for Expenditure and Joint Operating Agreement, naming Ocean Energy Resources, Inc. as operator, and payment of your proportionate share of the drilling cost.

We would appreciate your notifying us as to your election on or before November 27, 2000, as we anticipate commencing the well in the latter part of December 2000. Should you respond affirmatively, Ocean Energy Resources, Inc. will provide a Joint Operating Agreement along with an invoice for your drilling cost.

Thank you for your attention to this matter.

Yours truly,

Blaine Hess

November 8, 2000

Mr. Philip L. White The Blanco Company Post Office Box 2168 Santa Fe, New Mexico 87504-2168

Re: Lots 1 thru 8 of Section 3, T-16-S, R-35-E, N.M.P.M. Lea County, New Mexico Townsend Area

Dear Mr. White:

Ocean Energy Resources, Inc. hereby proposes the drilling of the Townsend State Com # 10 well in Lot 4 of Section 3, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico. The well will be drilled to a depth of approximately 12,950 feet to test the Morrow formation.

You have previously been extended an opportunity to lease your mineral rights and, having not reached a lease agreement with you, we now request your participation in the above described well. Your election to participate shall be evidenced by your execution of an Authority for Expenditure and Joint Operating Agreement, naming Ocean Energy Resources, Inc. as operator, and payment of your proportionate share of the drilling cost.

We would appreciate your notifying us as to your election on or before November 27, 2000, as we anticipate commencing the well in the latter part of December 2000. Should you respond affirmatively, Ocean Energy Resources, Inc. will provide a Joint Operating Agreement along with an invoice for your drilling cost.

Thank you for your attention to this matter.

Yours truly,

Blaine Hess

Enc: AFE dated May 9, 2000

cc: Mr. Derold Maney, Ocean Energy Resources, Inc.

November 8, 2000

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> Ms. Keith Pratt Daniels Post Office Box 190766 Dallas, Texas 75219

Re: Lots 1 thru 8 of Section 3, T-16-S, R-35-E, N.M.P.M. Lea County, New Mexico Townsend Area

Dear Ms. Daniels:

Ocean Energy Resources, Inc. hereby proposes the drilling of the Townsend State Com # 10 well in Lot 4 of Section 3, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico. The well will be drilled to a depth of approximately 12,950 feet to test the Morrow formation.

You have previously been extended an opportunity to lease your mineral rights and, having not reached a lease agreement with you, we now request your participation in the above described well. Your election to participate shall be evidenced by your execution of an Authority for Expenditure and Joint Operating Agreement, naming Ocean Energy Resources, Inc. as operator, and payment of your proportionate share of the drilling cost.

We would appreciate your notifying us as to your election on or before November 27, 2000, as we anticipate commencing the well in the latter part of December 2000. Should you respond affirmatively, Ocean Energy Resources, Inc. will provide a Joint Operating Agreement along with an invoice for your drilling cost.

- Thank you for your attention to this matter.

Yours truly,

Blaine Hess

November 8, 2000

Ms. Lynda Pratt Rast 1202 Marlee Lane Arlington, Texas 76014

Re: Lots 1 thru 8 of Section 3, T-16-S, R-35-E, N.M.P.M. Lea County, New Mexico Townsend Area

Dear Ms. Rast:

Ocean Energy Resources, Inc. hereby proposes the drilling of the Townsend State Com # 10 well in Lot 4 of Section 3, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico. The well will be drilled to a depth of approximately 12,950 feet to test the Morrow formation.

You have previously been extended an opportunity to lease your mineral rights and, having not reached a lease agreement with you, we now request your participation in the above described well. Your election to participate shall be evidenced by your execution of an Authority for Expenditure and Joint Operating Agreement, naming Ocean Energy Resources, Inc. as operator, and payment of your proportionate share of the drilling cost.

We would appreciate your notifying us as to your election on or before November 27, 2000, as we anticipate commencing the well in the latter part of December 2000. Should you respond affirmatively, Ocean Energy Resources, Inc. will provide a Joint Operating Agreement along with an invoice for your drilling cost.

Thank you for your attention to this matter.

Yours truly,

Blaine Hess

Blaine Hess Oil Properties Post Office Box 326 Roswell, New Mexico 88202-0326 (505) 623-5400

November 8, 2000

Sonic Oil & Gas, L.P. Post Office Box 1240 Graham, Texas 76450

Re: Lots 1 thru 8 of Section 3, T-16-S, R-35-E, N.M.P.M. Lea County, New Mexico Townsend Area

Gentlemen:

Ocean Energy Resources, Inc. hereby proposes the drilling of the Townsend State Com # 10 well in Lot 4 of Section 3, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico. The well will be drilled to a depth of approximately 12,950 feet to test the Morrow formation.

In this respect, we submit an offer to lease your mineral interest in Lots 3, 4, 5 of Section 3 at \$50.00 per net mineral acre bonus consideration for a two (2) oil and gas lease that provides for a one-fifth $(1/5^{th})$ royalty interest on production.

In the event you decide not to lease your mineral interest, we request your participation in the above described well. Your election to participate shall be evidenced by your execution of an Authority for Expenditure and Joint Operating Agreement, naming Ocean Energy Resources, Inc. as operator, and payment of your proportionate share of the drilling cost.

We would appreciate your notifying us as to your election on or before November 27, 2000, as we anticipate commencing the well in the latter part of December 2000. Should you respond affirmatively, Ocean Energy Resources, Inc. will provide a Joint Operating Agreement along with an invoice for your drilling cost.

Thank you for your attention to this matter.

Yours truly,

Blaine Hess

Enc: AFE dated May 9, 2000

cc: Mr. Derold Maney, Ocean Energy Resources, Inc.

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P.2/2

OCEAN ENERG	GY, INC					EXPLORATORY	DRELLING / COM	LETION	
WELLNAME:	TOWNSEN	STATE CON	[\$10	PROSPECT	TOWNSEND			DATE:	04/20/2001
AVE TITLE	Dril and Cor	spiele			-				
PROJECT APE NO:	10220	DEPTH	12950' MD	12950 TVD					
MELD:	Townsend		COUNTRY:	Loo	LATALONG SEL:	em / ees			
SURFACE LOC:	650' FWL	SOOTNL			X-Y SHL:	X≖Y=			
STM HOLE LOC:	660' FWL	BOOTINE			X-Y BHL	X= Y=			
OTHER LOC DESCRIPTION:		Sec 3 - T16	S-R35E, Les Ci	y, NM					
GEOLOGIC OBJECTIVE:		Morrow/ Upper Ataka/ Strawn/ Wolfeamp							
PROJECT SCOPE: I									
plan calls for 13-3/8	causing at 500	', \$-5/8" cuing	at 5,000, and, a	r'snecessful, 5-	1/2" outing at TD,	Chere are three pousi	hie open hole DST's p	langed for	in the well is

the Starwa, Acous & Morrow. This well will not require a 7 internodiate caring string through the Wolfcame. The well forstion spots it out of the Wolfcame fair prod legger will be operational by 9,000. TD electric logs will be a CNL/LDT/GR/Cul. PE & DIL wRxto GR, Cal.

		ATT Change	10220		10224	1	
		AFE Status	Original-Drill	SUP1-Dnill	Original-Compl	SUT1-Compi (
	ESTIMATED INTANGIBLE						
ACCOUNT	DESCRIPTIO	019	DRILL	Supplement	COMPLETE	Sugglement	TOTAL
221 / 222 - 010	LOCATION COSTS		\$51,500	\$ 2	\$5,000	50	\$56,5
221/222-020	RIC COSTS		\$507,400	SC	\$37,000	90	\$544,4
221 / 222 - 625	MOB / DEMOS RIG COSTS		\$90,500	SC.	\$0	\$0	\$90,5
221-427	TURNKEY		50	50			
221 / 222 - 030	SHOREBASE SERVICES		50	50	50	\$0	
221 / 122 - 040	FUEL/LUEE/POWER/WTE		\$77,420	32	\$5,600	\$ 0	\$8G,C
121-499	BRECTIONAL SERVICES		02	\$0			
221 - 069	DOWNHOLE COMPLETION STR	VICES			\$40,000	50	\$60,0
221/122.478	FISHING		50	50	30	\$0	
231/122-689	CEMENT AND SERVICES		\$32,500	50	\$30,000	50	\$62.9
223 . 223 - 090	FORMATTON EVALUATION		533.000	50	50	50	\$32,0
221-050	OPEN HOLE LOG / LWD		\$30,000	30			30,0
121/121-097	CASED HOLL LCG / MECH WIRE	TI INT	50	50	\$10,000	50	\$10.0
221 / 222 - 100	TRANSPORTATION - LAND		514,600	50	\$5,700		\$34.0
			3.3,800	50	35,700	\$0	3,94,0
21-101/121-11	TRANSFORTATION - AIR						
21-105221-095	TRANSPORTATION . MARINE		<u>50</u>	02	SÚ	\$0	
211 / 221 - 110	BITS, REAMERS AND STABILIZS	A.5	\$15,000	\$0	\$2,500	S O	585,
221 / 222 - 120	SQUIPMENT RENTAL		\$12,900	30	\$5,300	50	568,
221/222-130	MUD / FLUDS / CHEMICALS		\$60,000	50	54,000	80	564.
221 / 222 - 140	CONTRACT LABOR		\$75,700	40	\$21,300	50	\$107,0
231/222 - 169	COMMUNICATIONS		\$4,400	50	\$400	90	¥.
321/222 - 170	OVERHEAD		\$14,200	50	\$2,300	\$0	\$16,
221/222 - 150	INSURANCE		\$9,7%	50	50	30	59,
221 / 222 - 185	CASING / TUBENG / HMR / EQ & I	STRVICE	\$13,000	50	\$11,000	50	£14.
221 / 222 - 300	MISCELLANBOUS		\$2,000	50	20	30	52
221 - 210	PAA EXPENSE		30	02			
2211 / 222 - 220	COMPANY LABOR		\$2,200	50	50	10	\$2,
221 / 222 - 230	ENVIRONMENTAL		50	20		50	
	DRILL SITE GAG			<u>14</u> 02		102	
231 - 340	the second s		\$4,300		50		\$4,
	WEATHER DELAY		\$0	50	30	02	
465 / 268 * 670							
5140995	SUB TOTAL DITANGIBLE CONTRIGENCIES & TUTAL INTAN	14.00% 10.00 (GIBLES:	SL,187,300 4 \$118,730 51,306,830	50 79 56	5191,100 519,110 519,110 5220,210	50 50 50	\$1,378, \$1,378, \$1,516;
	CONTINGENCIES 2 TOTAL INTAN ESTIMATED TANGIBLE ED	GIBLES:	K \$118,730	70	\$19,110	នា	<u>\$137</u> ,
5140995	CONTINGENCIES & TUTAL INTAN ESTIMATED TANGIBLE E TUBULARS	GIBLES:	6. \$118,730 \$1,306,830	70	\$19,110	នា	<u>\$137</u> ,
5140995	CONTRGENCIES & TUTAL INTAN ESTIMATED TANGIBLE EX TUBLIARS SIZE DEPTH FO	IGIBLES: XPENSES	4. \$118,739 \$1,306,839 #	50	<u>\$13,110</u> <u>\$130,210</u>	SO	<u>\$</u> L37,
\$140995	CONTRGENCIES & TUTAL INTAN ESTIMATED TANGIBLE ES TUBULARS SIZE DEPTH FO	GIBLES: XPENSES ЮТАСЕ	4 \$118,730 51,306,839 #	50 50	<u>\$13,110</u> <u>\$130,210</u>	SO	<u>\$</u> L37,
5140995	CONTINGENCIES 2 TUTAL INTAN ESTIMATED TANGIBLE E TUBULARS SIZE DEPTH FO	GIBLES: XPENSES XPENSES XIFTESITES	4 \$118,730 51,306,834 # 93,5 4,92 1,824 4,95 4,9	99 98 	<u>\$13,110</u> <u>\$130,210</u>	SO	<u>\$</u> L37,
5140995	CONTINGENCIES 2 TUTAL INTAN ESTIMATED TANGIBLE E TUBULARS SIZE DEPTH FO	GIBLES: XPENSES XPENSES XIFTESITES	4 \$118,730 51,306,834 # 93,5 4,92 1,824 4,95 4,9	99 98 	<u>\$13,110</u> <u>\$130,210</u>	SO	<u>\$</u> L37,
\$140995	CONTREENCIES & TUTAL INTAN ESTIMATED TANGIBLE ES TUBLARS SIZZ DEPTH PO CONTREENCE SIZZ DEPTH PO CONTREENCE SIZZ DEPTH PO CONTREENCE SIZZ DEPTH SIZZ SIZE	GIBLES: XPENSES XOTAGE STATE STATES AND AND AND AND AND AND AND AND AND AND	4 5114,730 51,306,834 5 1,206,834 5 1,206,934 1,206,9444 1,206,9444 1,206,9444 1,206,9444 1,206,9444 1,206	99 59 68 51 51 51 51 51 51 51 51 51 51 51 51 51	<u>\$13,110</u> <u>\$130,210</u>	SO	<u>\$</u> L37,
5140995	CONTRIGENCIES 2 TUTAL INTAN ESTIMATED TANGIBLE ES TUBULARS ST28 DEPTH PO INTERNET ST28 CONTRIBUTED FOR ST28 CONTRI	IGIBLES: XPENSES XOTACE (11 24 31 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4	4 5118,730 51,306,639 # 97.5 52,306,639 # 97.5 52,306,639 # 52,006,837 \$ 52,006,837 \$ 52,006,837 \$ 52,006,837 \$ 52,006,839 \$ 52,006,939 \$ 52,006,939 \$ 52,006,939 \$ 52,006,939 \$ 52,006,939 \$ 52,006,939 \$ 52,006,939 \$ 53,006,939 \$ 53,006,939 \$ 54,006,959 \$ 54,006,959 \$ 54,006,959 \$ 54,006,959 \$ 54,006,959 \$ 54,006,959 \$ 54,000,959 \$ 54,000,959 \$ 54,000,950 \$ 54,000,000,000,000,0000,000000000000000	99 94 94 95 95 95 95 95 95 95 95 95 95 95 95 95	<u>\$13,110</u> <u>\$130,210</u>	SO	<u>\$</u> L37,
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5140995	CONTRIGENCIES 2 TUTAL INTAN ESTIMATED TANGIBLE ES TUBULARS ST28 DEPTH PO INTERNET ST28 CONTRIBUTED FOR ST28 CONTRI	IGTBLES: XPENSES DOTACE	4 5118,730 51,306,834 # # # # # # # # # # # # # # # # # # #	99 98 98 90 90 90 90 90 90 90 90 90 90 90 90 90	<u>\$13,110</u> <u>\$130,210</u>	SO	<u><u></u><u></u><u></u><u></u><u></u><u></u><u></u><u></u><u></u><u></u><u></u><u></u><u></u><u></u><u></u><u></u><u></u><u></u><u></u></u>
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5140995	CONTRIGENCIES 2 TUTAL INTAN ESTIMATED TANGIELE ES TUBULAES ST28 DEPTH PO INTERNET INTERNET ST28 DEPTH PO INTERNET INTERNET ST28 DEPTH PO INTERNET ST28 DEPTH PO INTERNET INTER	IGIBLES: XPENSIS DOTACE	4 5118,730 51,306,834 51,306,834 51,306,834 51,306,834 51,306,834 52,306,834 52,306,834 52,306,834 52,306,834 52,306,834 53,306,834 53,306,834 53,306,834 54,306,334 54,306,34454,306,344 54,306,34455,306,345 54,306,34555,306,345 54,306,34555,306,345 54,306,34555,306,345 54,306,34555,306,345 54,306,34555,306,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,366,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,306,35655,306,356 56,306,35655,306,35655,306,356 56,306,35655,306,35655,306,35655,306,35655,306,35655,306,35655,306,35655,306,35655,306,356,356,356,35655,306,356,356,356,356,356,356,356,356,356,35	99 54 54 55 55 50 50 50 50 50 50 50 50 50 50 50	515,110 5130,210 510,210,210 510,210 510,210,210 510,210,210 510,210 510,210,210,210,210,210,210,210,210,210,2	50 50 50 50 50 50 50 50 50 50 50 50 50 5	<u>\$1,516</u>
5140995	CONTREENCIES 2 TUTAL INTAN ESTIMATED TANGIBLE ES TUBLARS SIZE DEPTH FO SIZE DEPTH FO SIZE DEPTH FO SIZE DEPTH FO SIZE DEPTH FO SIZE	SGIBLES: XPENSES XOTACE XPENSES XPENSES <td< td=""><td>4 5118,730 51,306,834 51,306,834 51,306,834 51,306,834 51,306,834 52,306,834 52,306,834 52,306,834 52,306,834 52,306,834 53,306,834 53,306,834 53,306,834 54,306,334 54,306,34454,306,344 54,306,34455,306,345 54,306,34555,306,345 54,306,34555,306,345 54,306,34555,306,345 54,306,34555,306,345 54,306,34555,306,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,366,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,306,35655,306,356 56,306,35655,306,35655,306,356 56,306,35655,306,35655,306,35655,306,35655,306,35655,306,35655,306,35655,306,35655,306,356,356,356,35655,306,356,356,356,356,356,356,356,356,356,35</td><td>99 54 54 55 55 50 50 50 50 50 50 50 50 50 50 50</td><td>515,110 5130,210 510,210,210 510,210 510,210,210 510,210,210 510,210 510,210,210,210,210,210,210,210,210,210,2</td><td>50 50 50 50 50 50 50 50 50 50 50 50 50 5</td><td><u>\$1,516</u></td></td<>	4 5118,730 51,306,834 51,306,834 51,306,834 51,306,834 51,306,834 52,306,834 52,306,834 52,306,834 52,306,834 52,306,834 53,306,834 53,306,834 53,306,834 54,306,334 54,306,34454,306,344 54,306,34455,306,345 54,306,34555,306,345 54,306,34555,306,345 54,306,34555,306,345 54,306,34555,306,345 54,306,34555,306,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,366,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,306,35655,306,356 56,306,35655,306,35655,306,356 56,306,35655,306,35655,306,35655,306,35655,306,35655,306,35655,306,35655,306,35655,306,356,356,356,35655,306,356,356,356,356,356,356,356,356,356,35	99 54 54 55 55 50 50 50 50 50 50 50 50 50 50 50	515,110 5130,210 510,210,210 510,210 510,210,210 510,210,210 510,210 510,210,210,210,210,210,210,210,210,210,2	50 50 50 50 50 50 50 50 50 50 50 50 50 5	<u>\$1,516</u>
\$140995 \$126 - 010	CONTINGENCIES 2 TUTAL INTAN ESTIMATED TANGIBLE ES SIZE DEPTH FO SIZE DEPTH FO SIZE DEPTH FO SIZE DEPTH FO SIZE SIZE DEPTH FO SIZE	SGIBLES: XPENSES XOTACE XPENSES XPENSES <td< td=""><td>4 5118,730 51,306,834 51,306,834 51,306,834 51,306,834 51,306,834 52,306,834 52,306,834 52,306,834 52,306,834 52,306,834 53,306,834 53,306,834 53,306,834 54,306,334 54,306,34454,306,344 54,306,34455,306,345 54,306,34555,306,345 54,306,34555,306,345 54,306,34555,306,345 54,306,34555,306,345 54,306,34555,306,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,366,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,306,35655,306,356 56,306,35655,306,35655,306,356 56,306,35655,306,35655,306,35655,306,35655,306,35655,306,35655,306,35655,306,35655,306,356,356,356,35655,306,356,356,356,356,356,356,356,356,356,35</td><td>99 54 54 55 55 50 50 50 50 50 50 50 50 50 50 50</td><td>515,110 5136,210 510 5136,210 5136,210 5136,210 5136,210 5136,210 5136,210 5136,210 5136,210 510 5136,210 5136,210 510 510,210 510 510,210 510 510 510,210 510 510 510 510 510 510 510 510 510 5</td><td>50 50 50 50 50 50 50 50 50 50 50 50 50 5</td><td><u><u><u></u></u><u></u><u></u><u></u><u></u><u></u><u></u><u></u><u></u><u></u><u></u><u></u><u></u><u></u><u></u><u></u><u></u><u></u></u></td></td<>	4 5118,730 51,306,834 51,306,834 51,306,834 51,306,834 51,306,834 52,306,834 52,306,834 52,306,834 52,306,834 52,306,834 53,306,834 53,306,834 53,306,834 54,306,334 54,306,34454,306,344 54,306,34455,306,345 54,306,34555,306,345 54,306,34555,306,345 54,306,34555,306,345 54,306,34555,306,345 54,306,34555,306,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,366,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,306,356 54,306,35655,306,35655,306,356 56,306,35655,306,35655,306,356 56,306,35655,306,35655,306,35655,306,35655,306,35655,306,35655,306,35655,306,35655,306,356,356,356,35655,306,356,356,356,356,356,356,356,356,356,35	99 54 54 55 55 50 50 50 50 50 50 50 50 50 50 50	515,110 5136,210 510 5136,210 5136,210 5136,210 5136,210 5136,210 5136,210 5136,210 5136,210 510 5136,210 5136,210 510 510,210 510 510,210 510 510 510,210 510 510 510 510 510 510 510 510 510 5	50 50 50 50 50 50 50 50 50 50 50 50 50 5	<u><u><u></u></u><u></u><u></u><u></u><u></u><u></u><u></u><u></u><u></u><u></u><u></u><u></u><u></u><u></u><u></u><u></u><u></u><u></u></u>
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\$140995 \$140995 237 - 616 237 - 616 234 / 237 - 626 234 / 237 - 626	CONTRIGENCIES 2 TUTAL INTAN ESTIMATED TANGIBLE ES TUBLIARS STATE DEPTH FO STATE DEPTH FO STATE DEPTH FO STATE S	SGIBLES: XPENSES XOTACE XPENSES XPENSES <td< td=""><td>4. \$118,730 51,306,834 51,306,834 5 \$2,06,834</td><td>99 54 55 50 50 50 50 50 50 50 50 50 50 50 50</td><td>515,110 5130,210 500 57 50 5 5 500 57 5 5 5 5 11 000 5 11 5 5 11 000 5 11 5 5 11 5 500 5 11 4 500 5 11 4 500</td><td>50 50 50 50 50 50 50 50 50 50 50 50 50 5</td><td>\$1.37, \$1,516, \$11,516,</td></td<>	4. \$118,730 51,306,834 51,306,834 5 \$2,06,834	99 54 55 50 50 50 50 50 50 50 50 50 50 50 50	515,110 5130,210 500 57 50 5 5 500 57 5 5 5 5 11 000 5 11 5 5 11 000 5 11 5 5 11 5 500 5 11 4 500 5 11 4 500	50 50 50 50 50 50 50 50 50 50 50 50 50 5	\$1.37, \$1,516, \$11,516,
5140995 5140995 236-010 236-010 214/237-020 244/237-020 244/237-020	CONTRIGENCIES 2 TUTAL INTAN ESTIMATED TANGIBLE E TUBULARS SIZE DEPTH PO SIZE DEPTH PO SIZE DEPTH PO SIZE DEPTH PO SIZE	SGIBLES: XPENSES XOTACE XPENSES XPENSES <td< td=""><td>4 5118,730 51,306,834 # # # # # # # # # # # # # # # # # # #</td><td>99 59 50 50 50 50 50 50 50 50 50 50 50 50 50</td><td>515,110 513,6,214 579, 27, 20, 20, 20 579, 27, 20, 20, 20 57, 20, 20, 20, 20 57, 20, 20, 20, 20 57, 20, 20, 20, 20 57, 20, 20, 20, 20, 20 57, 20, 20, 20, 20, 20, 20, 20, 20, 20, 20</td><td>50 50 50 50 50 50 50 50 50 50 50</td><td>5137, 31,516, 313,516, 313,516, 313, 515, 515, 525, 525, 525, 515, 515, 515</td></td<>	4 5118,730 51,306,834 # # # # # # # # # # # # # # # # # # #	99 59 50 50 50 50 50 50 50 50 50 50 50 50 50	515,110 513,6,214 579, 27, 20, 20, 20 579, 27, 20, 20, 20 57, 20, 20, 20, 20 57, 20, 20, 20, 20 57, 20, 20, 20, 20 57, 20, 20, 20, 20, 20 57, 20, 20, 20, 20, 20, 20, 20, 20, 20, 20	50 50 50 50 50 50 50 50 50 50 50	5137, 31,516, 313,516, 313,516, 313, 515, 515, 525, 525, 525, 515, 515, 515
5140995 5140995 12 . J 226 - 010 227 - 014 224 / 227 - 024 224 / 227 - 024 227 - 034 227 - 034	CONTRIGENCIES 2 TUTAL INTAN ESTIMATED TANGIBLE EX TUBLARS SIZE DEPTH FO CONTRICT STATES SIZE DEPTH FO CONTRICT STATES SIZE DEPTH FO SIZE STATES SIZE STATES SIZE STATES SIZE STATES SIZE SIZE STATES SIZE	SGIBLES: XPENSES XOTACE XPENSES XPENSES <td< td=""><td>4 5118,730 51,306,834 # # # # # # # # # # # # # # # # # # #</td><td>99 59 50 50 50 50 50 50 50 50 50 50 50 50 50</td><td>515,110 5130,310 5077,2787,2787 517,2787,2787 517,2777 517,2777 517,2777 517,2777 517,2777 517,27777 517,27777 517,27777</td><td>50 50 50 50 50 50 50 50 50 50</td><td>5137, 31,516, 313,516, 313,516, 313, 515, 515, 525, 525, 525, 515, 515, 515</td></td<>	4 5118,730 51,306,834 # # # # # # # # # # # # # # # # # # #	99 59 50 50 50 50 50 50 50 50 50 50 50 50 50	515,110 5130,310 5077,2787,2787 517,2787,2787 517,2777 517,2777 517,2777 517,2777 517,2777 517,27777 517,27777 517,27777	50 50 50 50 50 50 50 50 50 50	5137, 31,516, 313,516, 313,516, 313, 515, 515, 525, 525, 525, 515, 515, 515
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OIL CONSERVATION DIVISION

199 A

CASE NUMBER hear EXHIBIT _ Ą

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF OCEAN ENERGY RESOURCES, INC. FOR COMPULSORY POOLING AND FOUR NON-STANDARD OIL AND GAS SPACING AND PRORATION UNITS, LEA COUNTY, NEW MEXICO.

Case No. 12,535

AFFIDAVIT REGARDING NOTICE

) ss.

STATE OF NEW MEXICO

COUNTY OF SANTA FE

James Bruce, being duly sworn upon his oath, deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters set forth herein.

2. I am an attorney for Applicant.

1

3. Applicant has conducted a good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the Application filed herein.

4. Notice of the Application was provided to the interest owners at their correct addresses by certified mail. Copies of the notice letter and certified return receipts are attached hereto as Exhibit A.

5. Applicant has complied with the notice provisions of Division Rule 1207.

fames Bruce

SUBSCRIBED AND SWORN TO before me this _____ day of January, 2001, by James Bruce.

Notary Public

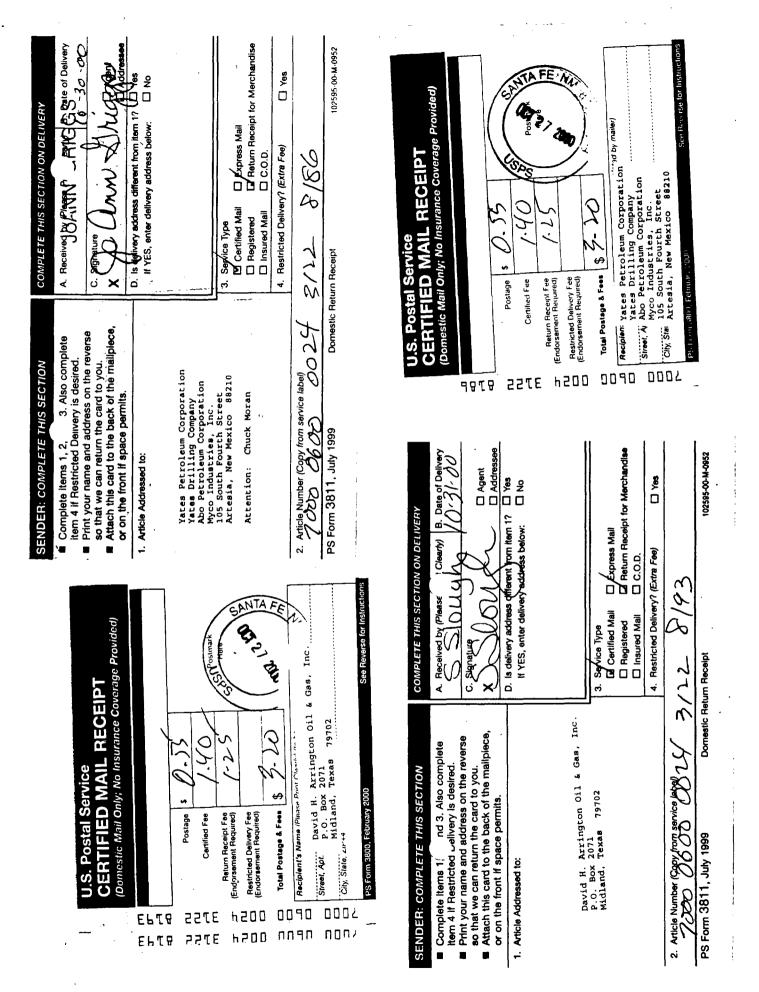
CASE NUMBER

OIL CONSERVATION DIVISION

EXHIBIT

My Commission Expires: 3/14/2001

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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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APPLICATION OF OCEAN ENERGY RESOURCES, INC. FOR COMPULSORY POOLING AND FOUR NON-STANDARD OIL AND GAS SPACING AND PRORATION UNITS, LEA COUNTY, NEW MEXICO.

Case No. 12,567

AFFIDAVIT REGARDING NOTICE

) ss.

STATE OF NEW MEXICO

COUNTY OF SANTA FE

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James Bruce, being duly sworn upon his oath, deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters set forth herein.

 $\gamma \alpha$ 2. I am an attorney for Applicant.

3. Applicant has conducted a good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the Application filed herein.

4. Notice of the Application was provided to the interest owners at their correct addresses by certified mail. Copies of the notice letter and certified return receipts are attached hereto as Exhibit A.

Applicant has complied with the notice provisions of 5. Division Rule 1207.

James Brucé

SUBSCRIBED AND SWORN TO before me this 10th. day of January, 2001, by James Bruce.

. .

Notary Public

OIL CONSERVATION DIVISION

1.5.1.5.2

4 CASE NUMBER AN EXHIBIT

My Commission Expires: 3/14/2001

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JAMES BRUCE ATTORNEY AT LAW

POST OFFICE BOX 1056 SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA HYDE PARK ESTATES SANTA FE, NEW MEXICO 87501

(505) 982-2043 (505) 982-2151 (FAX)

December 19, 2000

CERTIFIED MAIL RETURN RECEIPT REQUESTED

To: Persons on Exhibit A

-Ladies and Gentlemen:

Enclosed is a copy of an application for compulsory pooling, filed with the New Mexico Oil Conservation Division by Ocean Energy Resources, Inc., regarding Lots 1-8 of Section 3, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico. This application is scheduled to be heard at 8:15 a.m. on Thursday, January 11, 2001 at the Division's offices at 2040 South Pacheco Street, Santa Fe, New Mexico 87505. As an interest owner in the proposed well, you have the right to appear at the hearing and participate in the case. Failure to appear at the hearing will preclude you from contesting this matter at a later date.

Very truly yours,

Attorney for Ccean Energy Resources, Inc.

James Bruce



EXHIBIT A

Kenneth G. Cone, individually and as Trustee of the Kenneth G. Cone Children's Trust U/W/O Kathleen Cone P.O. Box 11310 Midland, Texas 79702

Sonic Oil & Gas, L.P. P.o. Box 1240 Graham, Texas 76450

The Blanco Company P.O. Box 2168 Santa Fe, New Mexico 87504

Keith Pratt Daniels P.O. Box 190766 Dallas, Texas 75219

Lynda Pratt Rast 1202 Marlee Lane Arlington, Texas 76014

The Long Trusts P.O. Box 3096 Kilgore, Texas 75663

Marilyn Cone, Trustee of the D.C. Trust P.O. Drawer 1629 Lovington, New Mexico 88260

LWJ Partnership P.O. Box 64244 Lubbock, Texas 79424

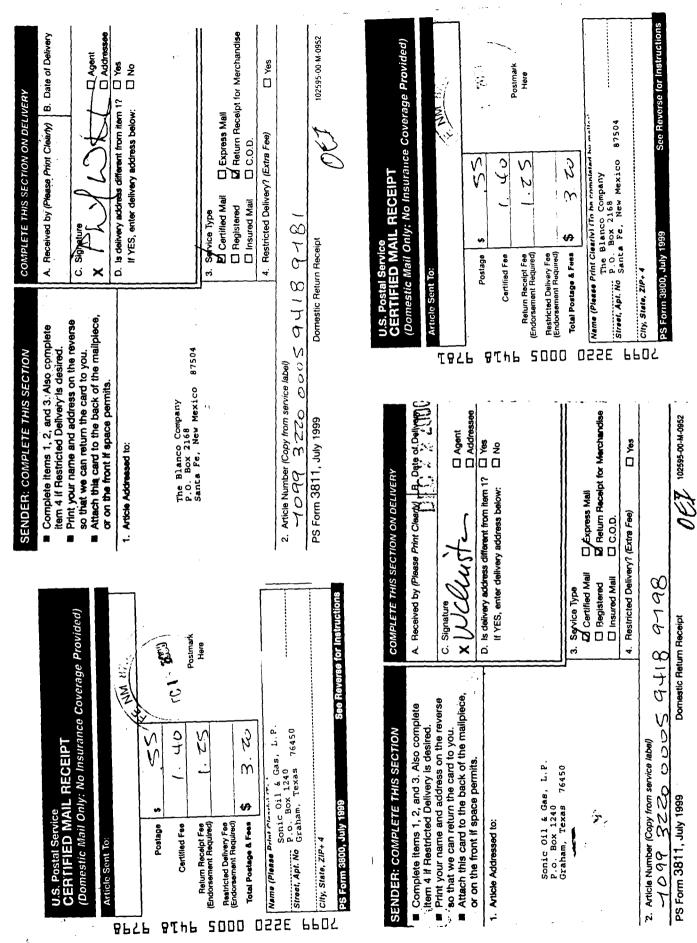
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Clifford Cone, individually and as Trustee of the Clifford Cone Family Trust P.O. Drawer 1629 Lovington, New Mexico 88260

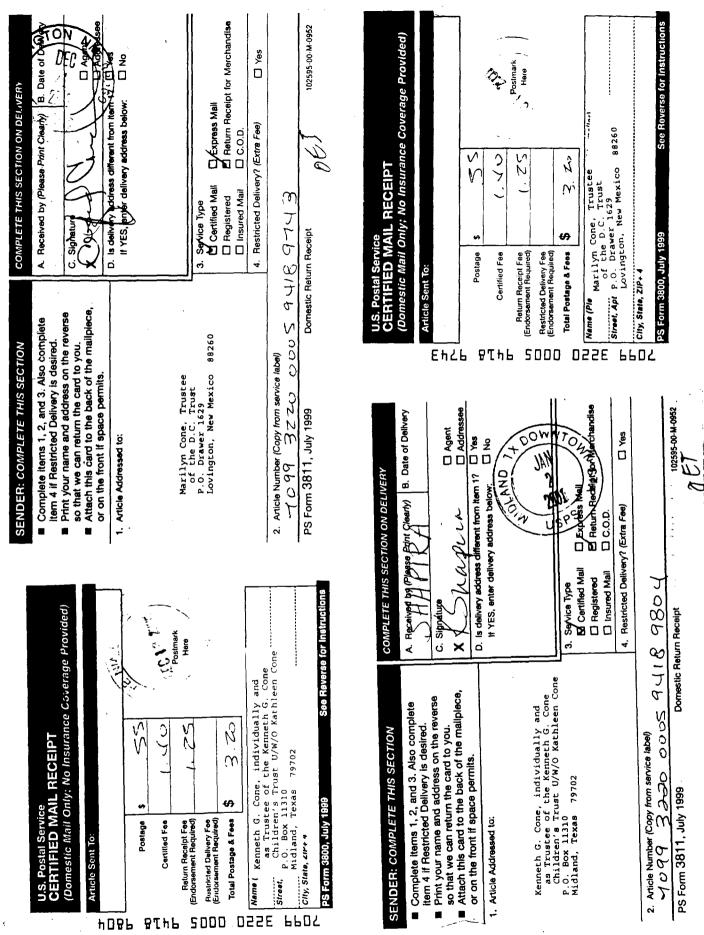
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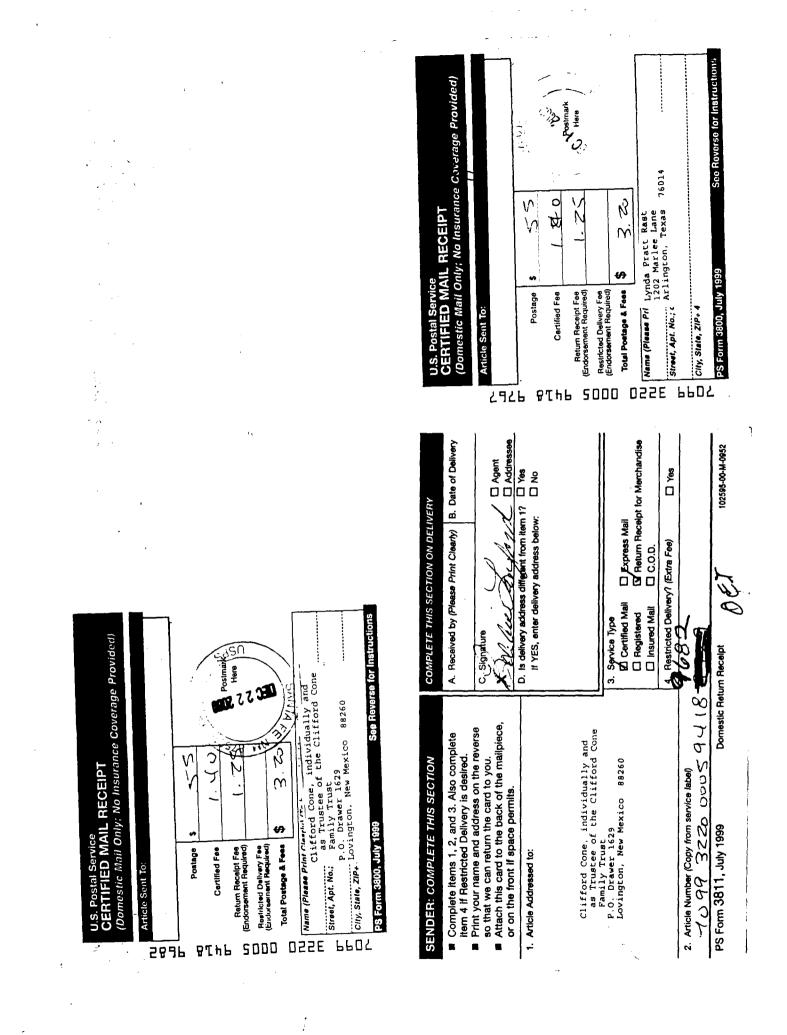
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SENDER: COMPLE Complete items 1. item 4 if Restricted Print your name ar so that we can ret Attach this card to or on the front if si	1. Article Addressed to: The Long Trusts P.O. Box 3096 Kilgore, Texas		Complete THIS SECTION ON DELIVERY A. Received by (Please Point Clearly) B. Date of Delivery C. Signature C. Signature D. Is delivery address below: D. No I. YES, ender thom item Tr. D. Vas II. YES, ender thom item Tr. D. Vas Becelpt Recelpt Recelpt Recelpt Recelpt II. YES, ender thom item Tr. D. Yes II. YES, ender thom item Tr. D. Yes II. YES ender thom item Tr. D
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U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only: No Insurance Covsrage Provided) Article Sent To:	Postage \$ Postage \$ Cartified Fee 1, c Return Receipt Fee 1, c Restricted Delivery Fee 1, c Endorsement Required) 5 Total Postage & Fees \$	Keith Pratt Daniels Street, Apt. Ni Dallas, Texas 75219 Cliv, State, ZIP+ 4 	2. Article Number (Copy from service) Also complete terms 1, 2, and 3. Also complete terms 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the maliplece, or on the front if space permits. 1. Article Addressed to: . Article Addressed to: . 2. Article Number (Copy from service label) PS Form 3811, July 1999 PS Form 3811, July 1999 Domest



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See Reverse for Instructions U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only; No Insurance Coverage Provided) -10¢16 - - hu mailer) 37 A Name (Please Pr. LWJ Partnership P.O. Box 64244 Street, Apt. No: Lubbock, Texas 79424 S 0 V ģ Ń Ø m C Agent C Express Mail Return Receipt for Merchandise A. Received by (Please Print Clearly) B. Date of Delivery 102595-00-M-0952 PS Form 3800, July 1999 ۵× ۲ S D. Is delivery address different from item 1?
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If YES, enter delivery address below:
No 4 Total Postage & Fees Restricted Delivery Fee (Endorsement Required) Postage Return Receipt Fee (Endorsement Required) **Certified Fee** City, State, ZiP+ 4 COMPLETE THIS SECTION ON DELIVERY Article Sent To: If YES, enter delivery address below: 4. Restricted Delivery? (Extra Fee) □ C.O.D. DET 6602 5000 3520 ዋፒካይ 9676 . Service Type III Certified Mail Registered
 Insured Mail 96189126 C. Signature Domestic Return Receipt Ì × ന į Attach this card to the back of the mailpiece, Print your name and address on the reverse Complete Items 1, 2, and 3. Also complete Item 4 if Restricted Delivery is desired. 1099 3220 0005 SENDER: COMPLETE THIS SECTION so that we can return the card to you. 2. Article Number (Copy from service label) or on the front if space permits. LWJ Partnership P.O. Box 64244 Lubbock, Texas 79424 PS Form 3811, July 1999 1. Article Addressed to: 1 . Deg 1 *;*'

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