

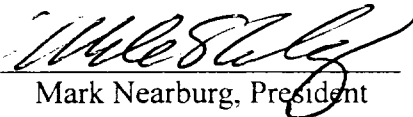
AMENDED AND RESTATED DESIGNATION OF POOLED UNIT

The undersigned, who are the lessees under those certain oil and gas leases described in Exhibit "A", attached hereto, as to the depths hereinafter referenced, pursuant to the powers granted in said leases, hereby designate and declare the N/2 Section 25, Township 16 South, Range 35 East, N.M.P.M., Lea County, New Mexico, as a pooled unit for the production of oil or gas from any formation below the base of the Morrow formation located thereunder. This instrument amends and restates that certain Designation of Pooled Unit executed June 26, 2002, recorded in Book 1157, Page 502 of the Clerk's Records of Lea County, New Mexico.

This instrument may be executed in several counterparts that may be combined as a single document for the purpose of filing or recording.

EXECUTED this 30th day of January, 2003, effective as of June 26, 2002.

AMERISTATE OIL & GAS, INC.

By: 
Mark Nearburg, President

FUEL PRODUCTS, INC.

By: _____
Thomas M. Beall, President

LOUIS MAZZULLO, INC.

By: _____
Louis Mazzullo, President

TMBR/SHARP DRILLING, INC.

By: _____
Jeffrey D. Phillips, President

F. HOWARD WALSH, JR.

AMENDED AND RESTATED DESIGNATION OF POOLED UNIT

The undersigned, who are the lessees under those certain oil and gas leases described in Exhibit "A", attached hereto, as to the depths hereinafter referenced, pursuant to the powers granted in said leases, hereby designate and declare the N/2 Section 25, Township 16 South, Range 35 East, N.M.P.M., Lea County, New Mexico, as a pooled unit for the production of oil or gas from any formation below the base of the Morrow formation located thereunder. This instrument amends and restates that certain Designation of Pooled Unit executed June 26, 2002, recorded in Book 1157, Page 502 of the Clerk's Records of Lea County, New Mexico.

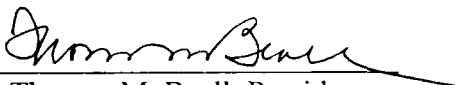
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Thomas M. Beall, President

LOUIS MAZZULLO, INC.

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Louis Mazzullo, President

TMBR/SHARP DRILLING, INC.

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LOUIS MAZZULLO, INC.

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F. HOWARD WALSH, JR.

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Mark Nearburg, President

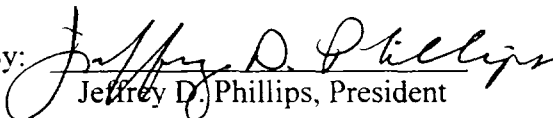
FUEL PRODUCTS, INC.

By: _____
Thomas M. Beall, President

LOUIS MAZZULLO, INC.

By: _____
Louis Mazzullo, President

TMBR/SHARP DRILLING, INC.

By: 
Jeffrey D. Phillips, President

F. HOWARD WALSH, JR.

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By: _____
Mark Nearburg, President

FUEL PRODUCTS, INC.

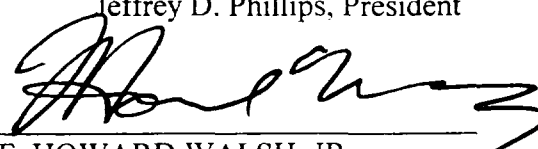
By: _____
Thomas M. Beall, President


LOUIS MAZZULLO, INC.

By: _____
Louis Mazzullo, President

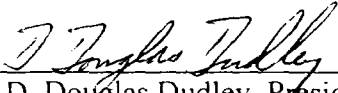
TMBR/SHARP DRILLING, INC.

By: _____
Jeffrey D. Phillips, President


F. HOWARD WALSH, JR.



JADE RESOURCES, INC.

By: 
D. Douglas Dudley, President

P. V. PATEL

THE RUDD FAMILY TRUST

By: _____
Robert Rudd, Trustee

JOHN F. HERBIG, JR.

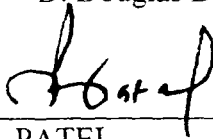
CHI ENERGY, INC.

By: _____
William C. Bergman, President

THOMAS C. BROWN

JADE RESOURCES, INC.

By: _____
D. Douglas Dudley, President



P. V. PATEL

THE RUDD FAMILY TRUST

By: _____
Robert Rudd, Trustee

JOHN F. HERBIG, JR.

CHI ENERGY, INC.

By: _____
William C. Bergman, President

THOMAS C. BROWN

JADE RESOURCES. INC.

By: _____
D. Douglas Dudley, President

P. V. PATEL

THE RUDD FAMILY TRUST

By: Robert Rudd - Trustee
Robert Rudd, Trustee

JOHN F. HERBIG, JR.

CHI ENERGY, INC.

By: _____
William C. Bergman, President

THOMAS C. BROWN

JADE RESOURCES, INC.

By: _____
D. Douglas Dudley, President

P. V. PATEL

THE RUDD FAMILY TRUST

By: _____
Robert Rudd, Trustee



JOHN F. HERBIG, JR.

CHI ENERGY, INC.

By: _____
William C. Bergman, President

THOMAS C. BROWN

JADE RESOURCES, INC.

By: _____
D. Douglas Dudley, President

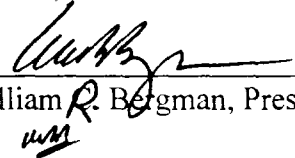
P. V. PATEL

THE RUDD FAMILY TRUST

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Robert Rudd, Trustee

JOHN F. HERBIG, JR.

CHI ENERGY, INC.

By: _____
William R. Bergman, President


THOMAS C. BROWN

JADE RESOURCES, INC.

By: _____
D. Douglas Dudley, President

P. V. PATEL

THE RUDD FAMILY TRUST

By: _____
Robert Rudd, Trustee

JOHN F. HERBIG, JR.

CHI ENERGY, INC.

By: _____
William C. Bergman, President

Thomas C. Brown

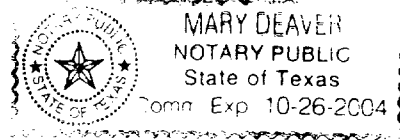
THOMAS C. BROWN

STATE OF TEXAS)
) ss.
COUNTY OF TRAVIS)

This instrument was acknowledged before me on January 31, 2003, by Mark Nearburg, President of Ameristate Oil & Gas, Inc., a Texas corporation.

My Commission Expires:

Mary Deaver
Notary Public



STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

This instrument was acknowledged before me on _____, 2003, by Thomas M. Beall, President of Fuel Products, Inc., a New Mexico corporation.

My Commission Expires:

Notary Public

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

This instrument was acknowledged before me on _____, 2003, by Louis Mazzullo, President of Louis Mazzullo, Inc., a New Mexico corporation.

My Commission Expires:

Notary Public

STATE OF TEXAS)
)
COUNTY OF TRAVIS) ss.

This instrument was acknowledged before me on _____, 2003, by Mark Nearburg, President of Ameristate Oil & Gas, Inc., a Texas corporation.

My Commission Expires:

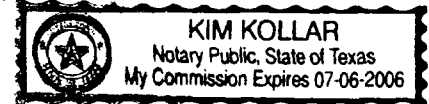
Notary Public

STATE OF TEXAS)
)
COUNTY OF MIDLAND) ss.

This instrument was acknowledged before me on February 28, 2003, by Thomas M. Beall, President of Fuel Products, Inc., a New Mexico corporation.

My Commission Expires:

Kim Kollar
Notary Public



STATE OF NEW MEXICO)
)
COUNTY OF BERNALILLO) ss.

This instrument was acknowledged before me on _____, 2003, by Louis Mazzullo, President of Louis Mazzullo, Inc., a New Mexico corporation.

My Commission Expires:

Notary Public

STATE OF TEXAS)
) ss.
COUNTY OF TRAVIS)

This instrument was acknowledged before me on _____, 2003, by Mark Nearburg, President of Ameristate Oil & Gas, Inc., a Texas corporation.

My Commission Expires:

Notary Public

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

This instrument was acknowledged before me on _____, 2003, by Thomas M. Beall, President of Fuel Products, Inc., a New Mexico corporation.

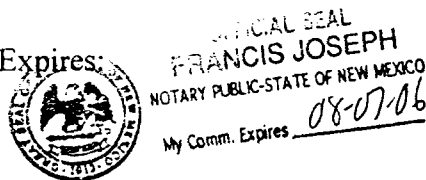
My Commission Expires:

Notary Public

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

This instrument was acknowledged before me on FEB 3, 2003, by Louis Mazzullo, President of Louis Mazzullo, Inc., a New Mexico corporation.

My Commission Expires:

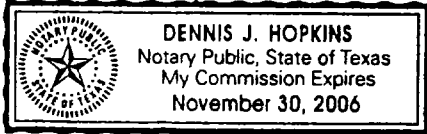


[Signature]
Notary Public

STATE OF TEXAS)
)
COUNTY OF MIDLAND)

ss.

This instrument was acknowledged before me on January 30, 2003, by Jeffrey D. Phillips, President of TMBR/Sharp Drilling, Inc., a Texas corporation.



My Commission Expires:

[Signature]
Notary Public

STATE OF TEXAS)
)
COUNTY OF TARRANT)

ss.

This instrument was acknowledged before me on _____, 2003, by F. Howard Walsh, Jr.

Notary Public

My Commission Expires:

STATE OF NEBRASKA)
)
COUNTY OF MADISON)

ss.

This instrument was acknowledged before me on _____, 2003, by D. Douglas Dudley, President of Jade Resources, Inc., a Nebraska corporation.

Notary Public

My Commission Expires:

STATE OF TEXAS)
)
COUNTY OF MIDLAND)

ss.

This instrument was acknowledged before me on _____, 2003, by Jeffrey D. Phillips, President of TMBR/Sharp Drilling, Inc., a Texas corporation.

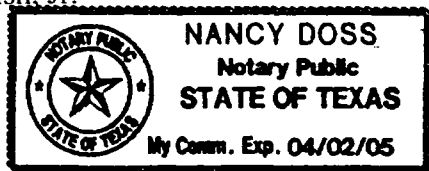
My Commission Expires:

Notary Public

STATE OF TEXAS)
)
COUNTY OF TARRANT)

ss.

This instrument was acknowledged before me on February 3rd, 2003, by F. Howard Walsh, Jr.



Nancy Doss
Notary Public

My Commission Expires:

STATE OF NEBRASKA)
)
COUNTY OF MADISON)

ss.

This instrument was acknowledged before me on _____, 2003, by D. Douglas Dudley, President of Jade Resources, Inc., a Nebraska corporation.

Notary Public

My Commission Expires:

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

This instrument was acknowledged before me on _____, 2003, by
Jeffrey D. Phillips, President of TMBR/Sharp Drilling, Inc., a Texas corporation.

My Commission Expires:

Notary Public

STATE OF TEXAS)
) ss.
COUNTY OF TARRANT)

This instrument was acknowledged before me on _____, 2003, by F.
Howard Walsh, Jr.

My Commission Expires:

Notary Public

California
STATE OF ~~NEBRASKA~~)
) ss.
RIVERSIDE
COUNTY OF ~~MADISON~~)

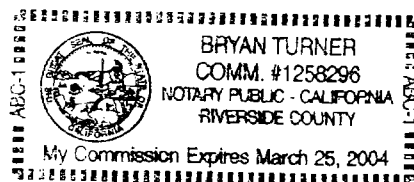
This instrument was acknowledged before me on February 10, 2003, by D.
Douglas Dudley, President of Jade Resources. Inc., a Nebraska corporation.

My Commission Expires:

March 25, 2004

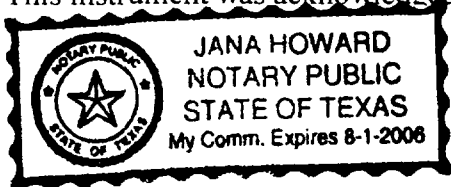
Bryan Turner

Notary Public



STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

Patel. This instrument was acknowledged before me on Jan. 30, 2003, by P. V.



Jana Howard
Notary Public

My Commission Expires: 8-1-2006

STATE OF TEXAS)
) ss.
COUNTY OF POTTER)

 This instrument was acknowledged before me on _____, 2003, by
Robert Rudd, Trustee of The Rudd Family Trust.

Notary Public

My Commission Expires:

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

 This instrument was acknowledged before me on _____, 2003, by John
F. Herbig, Jr.

Notary Public

My Commission Expires:

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

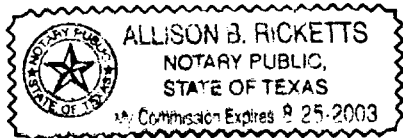
This instrument was acknowledged before me on _____, 2003, by P. V. Patel.

Notary Public

My Commission Expires:

STATE OF TEXAS)
) ss.
COUNTY OF POTTER)

This instrument was acknowledged before me on January 31st, 2003, by Robert Rudd, Trustee of The Rudd Family Trust.



Allison Ricketts
Notary Public

My Commission Expires:

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

This instrument was acknowledged before me on _____, 2003, by John F. Herbig, Jr.

Notary Public

My Commission Expires:

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

This instrument was acknowledged before me on _____, 2003, by P. V. Patel.

Notary Public

My Commission Expires:

STATE OF TEXAS)
) ss.
COUNTY OF POTTER)

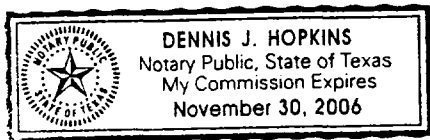
This instrument was acknowledged before me on _____, 2003, by Robert Rudd, Trustee of The Rudd Family Trust.

Notary Public

My Commission Expires:

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

This instrument was acknowledged before me on January 30, 2003, by John F. Herbig, Jr.

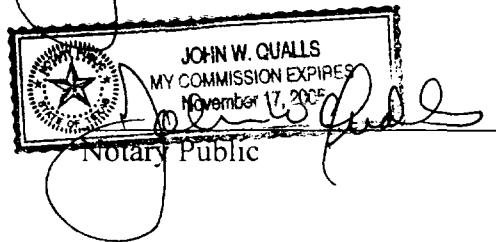


Dennis J. Hopkins
Notary Public

My Commission Expires:

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

This instrument was acknowledged before me on May 31st, 2003, by
William ~~C.~~ Bergman, President of Chi Energy, Inc., a Texas corporation.
W.



My Commission Expires:

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

This instrument was acknowledged before me on _____, 2003, by
Thomas C. Brown.

Notary Public

My Commission Expires:

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

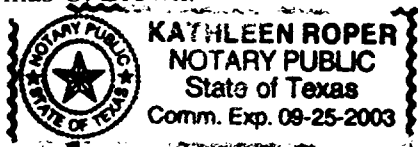
This instrument was acknowledged before me on _____, 2003, by
William C. Bergman, President of Chi Energy, Inc., a Texas corporation.

Notary Public

My Commission Expires:

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

This instrument was acknowledged before me on January 30, 2003, by
Thomas C. Brown.



Kathleen Roper
Notary Public

My Commission Expires:

EXHIBIT "A" TO AMENDED AND RESTATED DESIGNATION OF POOLED UNIT

The following described oil and gas leases (all recording references are to the Clerk's Records of Lea County, New Mexico) and mineral interests:

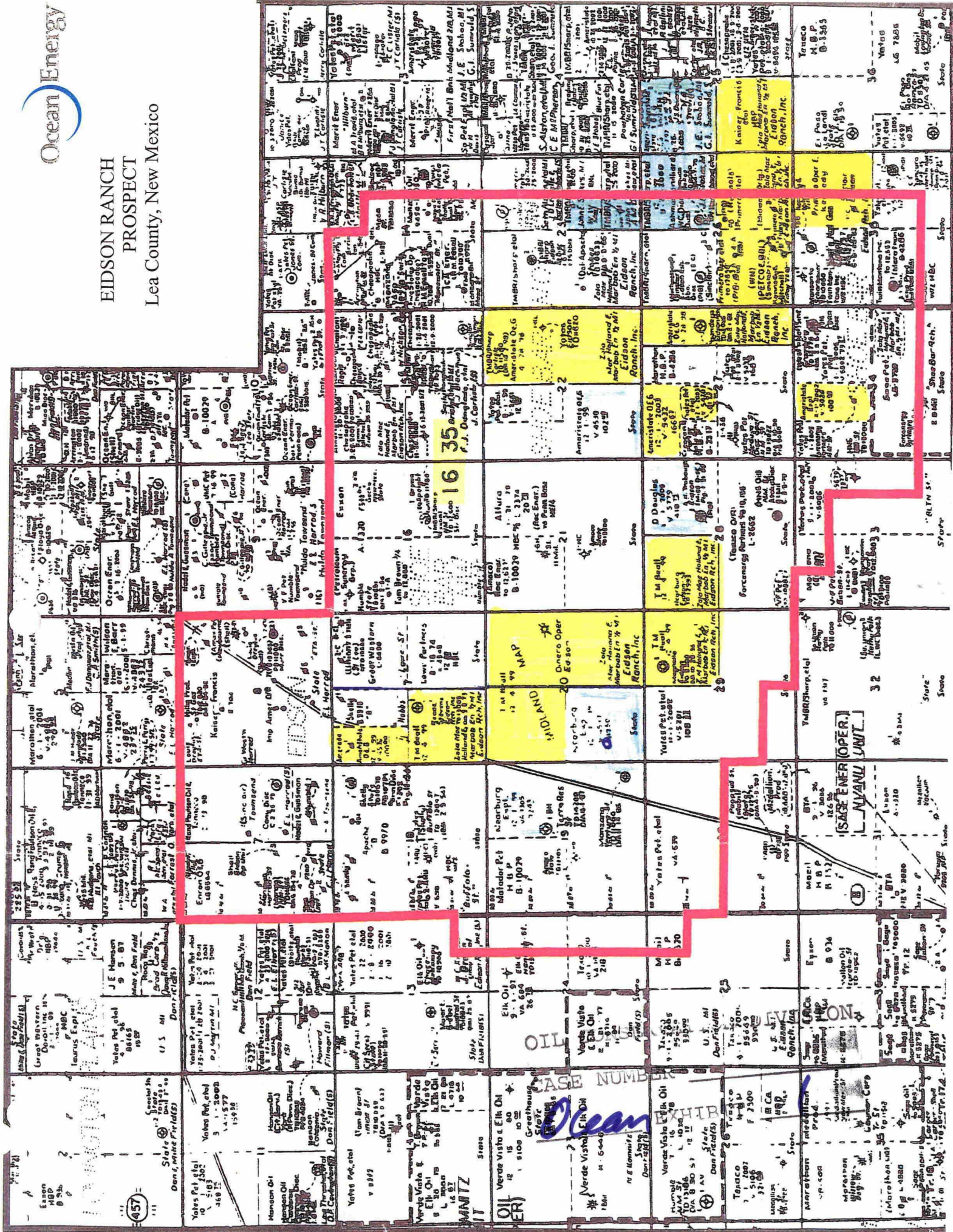
<u>Lessor</u>	<u>Date</u>	<u>Book/Page</u>
Madeline Stokes	December 7, 1997	827/127
Erma Stokes Hamilton	December 7, 1997	827/124
Kendra Irene Kelley	March 19, 1999	954/485
Stacey K. Crawford	July 19, 1999	999/696
Justin R. Strickland	July 19, 1999	999/698
Marty L. Strickland	July 19, 1999	999/700
Jody F. Strickland	July 19, 1999	999/702
Amy Machell Dodson	July 19, 1999	1004/747
J. R. Canon, et al., Trustees	May 2, 2001	1085/814
William N. Heiss, et al, Trustees	January 23, 2002	1130/51
Bud & Mary Lou Floccini Family Partnership	January 23, 2002	1130/55
Christopher R. F. Eckels, Trustee	January 23, 2002	1130/57
Louis A. Oswald, III	January 23, 2002	1130/60
Wyotex Oil Company	January 23, 2002	1130/64
Lynne M. Baalman, et vir.	January 23, 2002	1130/68
Citadel Oil & Gas Corp.	January 23, 2002	1131/266
Richard L. Vandenburg	January 23, 2002	1131/270

<u>Lessor</u>	<u>Date</u>	<u>Book/Page</u>
Ronald C. Agel	January 29, 2002	1131/274
M. W. Oil Investment Co.	January 23, 2002	1135/473
Harle, Inc.	[unleased mineral interest]	
Robert J. Bullock, Sr.,	April 11, 2002	1142/243
Branka Palmore	April 11, 2002	1142/236
Jonathan S. Roderick & Carol Roderick	January 23, 2002	1146/96
Larry Hunnicutt, Custodian	October 30, 2001	1115/603
Mary Frances Antweil	January 28, 2002	1137/234
Crista L. Leavell	February 25, 2002	1134/343
Mark Caldwell, et ux.	January 28, 2002	1128/457
George M. O'Brien, et ux.	January 28, 2002	1128/455
R. M. Williams, et ux.	January 28, 2002	1128/453
O. D. Whitley	April 13, 2001	1084/298
Jeannine Byron	April 13, 2001	1084/301
Jimmy J. Hooper, et ux.	April 13, 2001	1084/304
Jerry L. Hooper, et ux.	March 22, 2001	1084/293
Toles-Com-Ltd	April 24, 2001	1084/296
S. P. Johnson, III, et al., Trustees	May 21, 2001	1092/78
PJC Limited Partnership	May 21, 2001	1092/87
Rodney Carter	April 17, 2001	1085/799
Powhatan Carter, III	April 17, 2001	1085/805

<u>Lessor</u>	<u>Date</u>	<u>Book/Page</u>
Charles Overton, et al., Trustees	April 17, 2001	1085/808
Beverly T. Carter, Trustee	April 17, 2001	1085/811
Anderson Carter Estate	April 17, 2001	1092/81
Robert M. Edsel	May 1, 2002	1164/777
Virginia Bernhardt	[unleased mineral interest]	
Branex Resources, Inc.	February 14, 2003, effective May 7, 2002	1209/222
Carl A. Schellinger, et ux.	November 11, 1998	920/132
Foundation for First Presbyterian Church	April 24, 2001	1084/290
Theodora P. Reed, et al., Trustees	April 13, 2001	1092/561



EIDSON RANCH
PROSPECT
Lea County, New Mexico



January 25, 2002



Ameristate Oil & Gas, Inc.
P. O. Box 341449
Austin, Texas 78734

Attention: Mr. Mark Nearburg

Re: Triple Hackle Dragon "25" #1
1815' FNL and 750' FWL
W/2 Section 25, T16S, R35E
Lea County, New Mexico

OIL CONSERVATION **COMMISSION**

CASE NUMBER

Ocean EXHIBIT 3A

Gentlemen:

Ocean Energy Inc. hereby proposes to drill a 13,200' Mississippian Test at a location 1815' FNL and 750' FWL of Section 25, T16S, R35E, Lea County, New Mexico. Based upon our most current title information, Ameristate Oil & Gas, Inc. appears to own leasehold interest in the NW/4 of said Section 25. Please advise if this is incorrect.

Ocean respectfully requests that Ameristate Oil & Gas, Inc. participate for its proportionate interest in the proposed well. Enclosed for your review and execution are two (2) copies of the AFE for the above captioned well. Should Ameristate Oil & Gas, Inc. elect to participate in the proposed well, please execute and return one (1) copy of this letter and one (1) AFE well cost estimate. An Operating Agreement will be forwarded for your review and approval if you elect to participate in the proposed well. Also, please provide your well information requirements and the names of personnel to receive reports.

If Ameristate Oil & Gas, Inc. is not interested in participating in drilling the proposed well, please call me at 713-265-6897 to discuss other alternatives.

Thank you for your consideration of this proposal.

Yours very truly,

OCEAN ENERGY, INC.

A handwritten signature in cursive script, reading "Derold Maney".

Derold Maney
Senior Land Advisor

_____ AMERISTATE OIL & GAS, INC. ELECTS TO PARTICIPATE in the Triple Hackle Dragon "25" #1 Well.

_____ AMERISTATE OIL & GAS, INC. ELECTS NOT TO PARTICIPATE in the Triple Hackle Dragon "25" #1 Well.

By: _____
Title: _____
Date: _____



January 25, 2002

TMBR/Sharp Drilling, Inc.
P. O. Drawer 10970
Midland, Texas 79702

Attention: Mr. Jeff Phillips

Re: Triple Hackle Dragon "25" #1
1815' FNL and 750' FWL
W/2 Section 25, T16S, R35E
Lea County, New Mexico

Gentlemen:

Ocean Energy Inc. hereby proposes to drill a 13,200' Mississippian Test at a location 1815' FNL and 750' FWL of Section 25, T16S, R35E, Lea County, New Mexico. Based upon our most current title information, TMBR/Sharp Drilling, Inc. appears to own leasehold interest in the NW/4 of said Section 25. Please advise if this is incorrect.

Ocean respectfully requests that TMBR/Sharp Drilling, Inc. participate for its proportionate interest in the proposed well. Enclosed for your review and execution are two (2) copies of the AFE for the above captioned well. Should TMBR/Sharp Drilling, Inc. elect to participate in the proposed well, please execute and return one (1) copy of this letter and one (1) AFE well cost estimate. An Operating Agreement will be forwarded for your review and approval if you elect to participate in the proposed well. Also, please provide your well information requirements and the names of personnel to receive reports.

If TMBR/Sharp Drilling, Inc. is not interested in participating in drilling the proposed well, please call me at 713-265-6897 to discuss other alternatives.

Thank you for your consideration of this proposal.

Yours very truly,

OCEAN ENERGY, INC.

A handwritten signature in cursive script that reads "Derold Maney".

Derold Maney
Senior Land Advisor

_____ TMBR/SHARP DRILLING, INC. ELECTS TO PARTICIPATE in the Triple Hackle Dragon "25" #1 Well.

_____ TMBR/SHARP DRILLING, INC. ELECTS NOT TO PARTICIPATE in the Triple Hackle Dragon "25" #1 Well.

By: _____
Title: _____
Date: _____



January 25, 2002

Fuel Products, Inc.
P. O. Box 3098
Midland, Texas 79702

Attention: Mr. Tom Beall

Re: Triple Hackle Dragon "25" #1
1815' FNL and 750' FWL
W/2 Section 25, T16S, R35E
Lea County, New Mexico

Gentlemen:

Ocean Energy Inc. hereby proposes to drill a 13,200' Mississippian Test at a location 1815' FNL and 750' FWL of Section 25, T16S, R35E, Lea County, New Mexico. Based upon our most current title information, Fuel Products, Inc. appears to own leasehold interest in the NW/4 of said Section 25. Please advise if this is incorrect.


Ocean respectfully requests that Fuel Products, Inc. participate for its proportionate interest in the proposed well. Enclosed for your review and execution are two (2) copies of the AFE for the above captioned well. Should Fuel Products, Inc. elect to participate in the proposed well, please execute and return one (1) copy of this letter and one (1) AFE well cost estimate. An Operating Agreement will be forwarded for your review and approval if you elect to participate in the proposed well. Also, please provide your well information requirements and the names of personnel to receive reports.

If Fuel Products, Inc. is not interested in participating in drilling the proposed well, please call me at 713-265-6897 to discuss other alternatives.

Thank you for your consideration of this proposal.

Yours very truly,

OCEAN ENERGY, INC.


Derold Maney
Senior Land Advisor

_____ FUEL PRODUCTS, INC. ELECTS TO PARTICIPATE in the Triple Hackle Dragon "25" #1 Well.

_____ FUEL PRODUCTS, INC. ELECTS NOT TO PARTICIPATE in the Triple Hackle Dragon "25" #1 Well.

By: _____
Title: _____
Date: _____

January 25, 2002



Mr. Louis Mazzullo
P. O. Box 66657
Albuquerque, New Mexico 87193

Re: Triple Hackle Dragon "25" #1
1815' FNL and 750' FWL
W/2 Section 25, T16S, R35E
Lea County, New Mexico

Dear Mr. Mazzullo,

Ocean Energy Inc. hereby proposes to drill a 13,200' Mississippian Test at a location 1815' FNL and 750' FWL of Section 25, T16S, R35E, Lea County, New Mexico. Based upon our most current title information, you appear to own leasehold interest in the NW/4 of said Section 25. Please advise if this is incorrect.

Ocean respectfully requests that you participate for your proportionate interest in the proposed well. Enclosed for your review and execution are two (2) copies of the AFE for the above captioned well. Should you elect to participate in the proposed well, please execute and return one (1) copy of this letter and one (1) AFE well cost estimate. An Operating Agreement will be forwarded for your review and approval if you elect to participate in the proposed well. Also, please provide your well information requirements and the names of personnel to receive reports.

If you are not interested in participating in drilling the proposed well, please call me at 713-265-6897 to discuss other alternatives.

Thank you for your consideration of this proposal.

Yours very truly,

OCEAN ENERGY, INC.

A handwritten signature in cursive script that reads "Derold Maney".

Derold Maney
Senior Land Advisor

_____ LOUIS MAZZULLO ELECTS TO PARTICIPATE in the Triple Hackle Dragon "25" #1 Well.

_____ LOUIS MAZZULLO ELECTS NOT TO PARTICIPATE in the Triple Hackle Dragon "25" #1 Well.

By: _____
Title: _____
Date: _____



January 25, 2002

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

Attention: Mr. David H. Arrington

Re: Triple Hackle Dragon "25" #1
1815' FNL and 750' FWL
W/2 Section 25, T16S, R35E
Lea County, New Mexico

Gentlemen:

Ocean Energy Inc. hereby proposes to drill a 13,200' Mississippian Test at a location 1815' FNL and 750' FWL of Section 25, T16S, R35E, Lea County, New Mexico. Based upon our most current title information, David H. Arrington Oil & Gas, Inc. appears to own leasehold interest in the NW/4 of said Section 25. Please advise if this is incorrect.

Ocean respectfully requests that David H. Arrington Oil & Gas, Inc. participate for its proportionate interest in the proposed well. Enclosed for your review and execution are two (2) copies of the AFE for the above captioned well. Should David H. Arrington Oil & Gas, Inc. elect to participate in the proposed well, please execute and return one (1) copy of this letter and one (1) AFE well cost estimate. An Operating Agreement will be forwarded for your review and approval if you elect to participate in the proposed well. Also, please provide your well information requirements and the names of personnel to receive reports.

If David H. Arrington Oil & Gas, Inc. is not interested in participating in drilling the proposed well, please call me at 713-265-6897 to discuss other alternatives.

Thank you for your consideration of this proposal.

Yours very truly,

OCEAN ENERGY, INC.

A handwritten signature in cursive script that reads "Derold Maney".

Derold Maney
Senior Land Advisor

_____ DAVID H. ARRINGTON OIL & GAS, INC. ELECTS TO PARTICIPATE in the Triple Hackle Dragon "25" #1 Well.

_____ DAVID H. ARRINGTON OIL & GAS, INC. ELECTS NOT TO PARTICIPATE in the Triple Hackle Dragon "25" #1 Well.

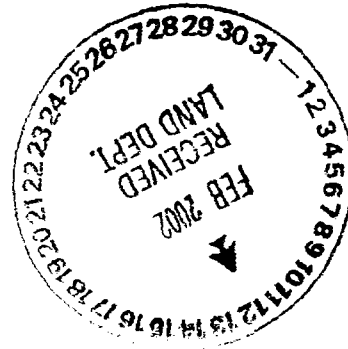
By: _____
Title: _____
Date: _____

January 25, 2002



LOUIS MAZZULLO, INC.
Mr. Louis Mazzullo
P. O. Box 66657
Albuquerque, New Mexico 87193

Re: Triple Hackle Dragon "25" #1
1815' FNL and 750' FWL
W/2 Section 25, T16S, R35E
Lea County, New Mexico



Dear Mr. Mazzullo,

Ocean Energy Inc. hereby proposes to drill a 13,200' Mississippian Test at a location 1815' FNL and 750' FWL of Section 25, T16S, R35E, Lea County, New Mexico. Based upon our most current title information, you appear to own leasehold interest in the NW/4 of said Section 25. Please advise if this is incorrect.

Ocean respectfully requests that you participate for your proportionate interest in the proposed well. Enclosed for your review and execution are two (2) copies of the AFE for the above captioned well. Should you elect to participate in the proposed well, please execute and return one (1) copy of this letter and one (1) AFE well cost estimate. An Operating Agreement will be forwarded for your review and approval if you elect to participate in the proposed well. Also, please provide your well information requirements and the names of personnel to receive reports.

If you are not interested in participating in drilling the proposed well, please call me at 713-265-6897 to discuss other alternatives.

Thank you for your consideration of this proposal.

Yours very truly,

OCEAN ENERGY, INC.

Derold Maney
Derold Maney
Senior Land Advisor

OIL CONSERVATION **COMMISSION**
CASE NUMBER
Ocean EXHIBIT 313

☐ LOUIS MAZZULLO ELECTS TO PARTICIPATE in the Triple Hackle Dragon "25" #1 Well.

☒ LOUIS MAZZULLO ELECTS NOT TO PARTICIPATE in the Triple Hackle Dragon "25" #1 Well.

By: *Louis Mazzullo*
Title: President
Date: 2/6/02

OCEAN ENERGY, INC

DEVELOPMENT DRILLING & COMPLETION

REGION: Permian AFE NO: 01/25/2002 AFE NO: NA
 FIELD: Other Permian - 5620 LEASE/WELL: Triple Hackle Dragon 25 - 1 EST. START DATE 04/01/02
 PROSPECT: Eidson Ranch WORK TYPE: Development Drill & Complete ORIG. DEPT: Drilling
 COUNTY/STATE: Lea Co., New Mexico SURFACE LOC: 1,815' FNL & 750' FWL
 PROPERTY NO.: NA BTM HOLE LOC: Same DEPTH: 13200' MD 13200' TVD
 OPERATOR: Ocean Energy Inc. GEOLOGIC OBJECTIVE: Strawn, Brunson, Morrow, Mesa COORDINATOR: RG Trueheart
 LEGAL DESCRIPTION: Section 25, T16S, R35E

Drill and complete the Eidson Ranch 22-1 as a development well to 13,200' MD/TV. The plan calls for drilling a 17-1/2" surface hole to 500' and setting 13-38" casing. Then drilling an 11" intermediate hole to 5000' and setting 8-5/8" casing. Then drilling a 7-7/8" production hole to 13,200'. The well will be evaluated by mud logs, DST's, and wireline logs. If successful, 5-1/2" production casing will be set. The well will be completed conventionally with a packer and 2-3/8" tubing after being stimulated. A XCD polymer mud system with chlorides above 20,000ppm will be used in drilling the zones of interest.

ESTIMATED INTANGIBLE EXPENSES

ACCOUNT	DESCRIPTION	DRILL	Supplement	COMPLETE	Supplement	TOTAL
221 / 222 - 010	LOCATION COSTS	\$50,000	\$0	\$5,000	\$0	\$55,000
221 / 222 - 020	RIG COSTS	\$408,500	\$0	\$47,000	\$0	\$455,500
221 / 222 - 025	MOB / DEMOB RIG COSTS	\$50,000	\$0	\$0	\$0	\$50,000
221-027	TURNKEY	\$0	\$0	\$0	\$0	\$0
221 / 222 - 030	SHOREBASE SERVICES	\$0	\$0	\$0	\$0	\$0
221 / 222 - 040	FUEL / LUBE / POWER / WTR	\$66,700	\$0	\$3,100	\$0	\$69,800
221-050	DIRECTIONAL SERVICES	\$0	\$0	\$0	\$0	\$0
222 - 060	DOWNHOLE COMPLETION SERVICES			\$111,000	\$0	\$111,000
221 / 222 - 070	FISHING	\$0	\$0	\$0	\$0	\$0
221 / 222 - 080	CEMENT AND SERVICES	\$27,000	\$0	\$28,000	\$0	\$55,000
222 / 222 - 090	FORMATION EVALUATION	\$44,500	\$0	\$0	\$0	\$44,500
221 - 093	OPEN HOLE LOG / LWD	\$50,000	\$0			\$50,000
221 / 222 - 097	CASED HOLE LOG / MECH WIRELINE	\$0	\$0	\$5,000	\$0	\$5,000
221 / 222 - 100	TRANSPORTATION - LAND	\$15,800	\$0	\$8,500	\$0	\$24,300
221-103/222-105	TRANSPORTATION - AIR	\$0	\$0	\$0	\$0	\$0
221-105/222-095	TRANSPORTATION - MARINE	\$0	\$0	\$0	\$0	\$0
221 / 222 - 110	BITS, REAMERS AND STABILIZERS	\$75,500	\$0	\$2,500	\$0	\$78,000
221 / 222 - 120	EQUIPMENT RENTAL	\$75,500	\$0	\$5,300	\$0	\$80,800
221 / 222 - 130	MUD / FLUIDS / CHEMICALS	\$50,000	\$0	\$3,800	\$0	\$53,800
221 / 222 - 140	CONTRACT LABOR	\$71,200	\$0	\$40,500	\$0	\$111,700
221 / 222 - 160	COMMUNICATIONS	\$6,500	\$0	\$500	\$0	\$7,000
221 / 222 - 170	OVERHEAD	\$15,100	\$0	\$0	\$0	\$15,100
221 / 222 - 180	INSURANCE	\$1,300	\$0	\$0	\$0	\$1,300
221 / 222 - 185	CASING / TUBING / HMR / EQ & SERVICE	\$12,500	\$0	\$10,000	\$0	\$22,500
221 / 222 - 200	MISCELLANEOUS	\$2,000	\$0	\$0	\$0	\$2,000
221 - 210	P&A EXPENSE	\$0	\$0			\$0
221 / 222 - 220	COMPANY LABOR	\$0	\$0	\$0	\$0	\$0
221 / 222 - 230	ENVIRONMENTAL	\$16,000	\$0	\$0	\$0	\$16,000
221 - 240	DRILL SITE G&G	\$2,200	\$0	\$0	\$0	\$2,200
221 / 222 - 250	WEATHER DELAY	\$0	\$0	\$0	\$0	\$0
	SUB-TOTAL INTANGIBLE	\$1,040,300	\$0	\$270,200	\$0	\$1,310,500
5100995	CONTINGENCIES 10% (D) 5% (S)	\$104,030	\$0	\$27,020	\$0	\$131,050

TOTAL INTANGIBLES:

\$1,144,330

\$0

\$297,220

\$0

\$1,441,550

ESTIMATED TANGIBLE EXPENSES

TUBULARS	SIZE	DEPTH	FOOTAGE				
		Caisson		\$0	\$0	\$0	\$0
	0.000	0	0	\$0	\$0		
	20.000	60	60	\$2,100	\$0		
	0.000	0	0	\$0	\$0		
	13.375	500	500	\$8,400	\$0		
	8.625	5000	5000	\$72,300	\$0		
	0.000	0	0	\$0	\$0		
	0.000	0	0	\$0	\$0		
226 - 010	TUBULARS - DRILLING			\$82,800	\$0		\$82,800
	0.000	0	0		\$0	\$0	
	5.500	13200	13200		\$110,200	\$0	
	2.375	13200	13100		\$36,500	\$0	
227 - 010	TUBULARS - COMPLETION				\$146,700	\$0	\$146,700
226 / 227 - 020	WELLHEAD EQUIPMENT			\$18,000	\$0	\$18,000	\$36,000
226 / 227 - 030	DOWNHOLE EQUIPMENT			\$3,000	\$0	\$19,500	\$22,500
227 - 050	LEASE SURFACE EQUIPMENT				\$49,000	\$0	\$49,000
227 - 080	VALVES, PIPES AND FITTINGS				\$5,000	\$0	\$5,000
227 - 100	ARTIFICIAL LIFT				\$0	\$0	\$0
227 - 200	MISCELLANEOUS				\$0	\$0	\$0
227 - 210	RECOMPLETION TANGIBLES				\$0	\$0	\$0
	TOTAL TANGIBLES:			\$103,800	\$0	\$238,200	\$342,000

DRILL HOLE AND COMPLETION COSTS

\$1,248,130

\$0

\$535,420

\$0

\$1,783,550

TIME AND COST TO P&A: 2 days \$50,000 <=== P&A time and cost not included in DHC estimate above

ESTIMATED DRILLING DAYS

43

COST/DAY

\$29,026

COST/FT

\$95

ESTIMATED COMPLETION DAYS

2

COST/DAY

\$267,710

COST/FT

\$40.56

or Non-Operator only:

ELECT TO PARTICIPATE AND ACCEPT THE WELL CONTROL INSURANCE COVERAGE.

Approval

Company Name or Individual (PLEASE PRINT)

Date

ELECT TO PARTICIPATE AND DO NOT ACCEPT THE WELL CONTROL INSURANCE COVERAGE.

COMMISSION

Approval

OIL CONSERVATION
Company Name or Individual (PLEASE PRINT)

CASE NUMBER

Ocean EXHIBIT 4