



**COMPENSATED Z-DENSILOG<sup>SM</sup>**  
**COMPENSATED NEUTRON LOG**  
**GAMMA RAY LOG**

**Baker Atlas**

FILE NO: WD5162	COMPANY TMBR/SHARP DRILLING, INC.
API NO: 30-025-35865	WELL BLUE FIN "25" #1
	FIELD TOWNSEND; MISSISSIPPIAN, N.
	COUNTY LEA STATE NEW MEXICO
Ver. 3.81	LOCATION: 1913' FNL & 924' FWL
FINAL PRINTS	OTHER SERVICES DAL DLL/MLL
	SEC 25 TWP T-16-S RGE R-35-E
PERMANENT DATUM	GL ELEVATION 3959 FT
LOG MEASURED FROM	KB 19.25 FT ABOVE P.D.
DRILL. MEAS. FROM	KB
	ELEVATIONS: KB 3978.25 FT DF 3977.25 FT GL 3959.00 FT

DATE	24-JUN-2002		
RUN	TRIP	1	1
SERVICE ORDER	373300		
DEPTH DRILLER	13100 FT		
DEPTH LOGGER	13095 FT		
BOTTOM LOGGED INTERVAL	13095 FT		
TOP LOGGED INTERVAL	100 FT		
CASING DRILLER	9.625 IN	@ 4957 FT	@
CASING LOGGER	4953 FT		
BIT SIZE	8.75 IN		
TYPE OF FLUID IN HOLE	BRINE/FLOWZAN		
DENSITY	VISCOSITY	3.9 LB/G	40 S
PH	FLUID LOSS	10	11 CS
SOURCE OF SAMPLE	CIRCULATION TANK		
RM AT MEAS. TEMP.	0.032 OHMM	@ 101 DEGF	@
RMF AT MEAS. TEMP.	0.032 OHMM	@ 101 DEGF	@
RMC AT MEAS. TEMP.	---	@ ---	@
SOURCE OF RMF	RMC	MEASURED	
RM AT BHT	0.017 OHMM	@ 197 DEGF	@
TIME SINCE CIRCULATION	8 HOURS		
MAX. RECORDED TEMP.	197 DEGF		
EQUIP. NO.	LOCATION	HL 6576	MIDLAND TX
RECORDED BY	RANDY RHODES		
WITNESSED BY	DALE LUBINSKI		



# DUAL LATEROLOG MICRO LATEROLOG GAMMA RAY LOG

**Baker Atlas**

FILE NO: MD5162	COMPANY TMBR/SHARP DRILLING, INC.
API NO: 30-025-35865	WELL BLUE FIN "25" #1
	FIELD TOWNSEND; MISSISSIPPIAN, N.
	COUNTY LEA STATE NEW MEXICO

Ver. 3.81	LOCATION: 1913' FNL & 924' FWL	OTHER SERVICES CN/ZDL DAL
FINAL PRINTS	SEC 25 TWP T-16-S RGE R-35-E	

PERMANENT DATUM	GL	ELEVATION	3959 FT	ELEVATIONS:
LOG MEASURED FROM	KB	19.25 FT	ABOVE P.D.	KB 3978.25 FT
DRILL. MEAS. FROM	KB			DF 3977.25 FT
				GL 3959.00 FT

DATE	24-JUN-2002		
RUN	TRIP	1	
SERVICE ORDER	373300		
DEPTH DRILLER	13100 FT		
DEPTH LOGGER	13095 FT		
BOTTOM LOGGED INTERVAL	13095 FT		
TOP LOGGED INTERVAL	4953 FT		
CASING DRILLER	9.625 IN	@ 4957 FT	@
CASING LOGGER	4953 FT		
BIT SIZE	8.75 IN		
TYPE OF FLUID IN HOLE	BRINE/FLOWZAN		
DENSITY	VISCOSITY	9.9	375
PH	FLUID LOSS	10	11.05
SOURCE OF SAMPLE	CIRCULATION TANK		
RM AT MEAS. TEMP.	0.032 OHMM	@ 101 DEGF	@
RMF AT MEAS. TEMP.	0.032 OHMM	@ 101 DEGF	@
RMC AT MEAS. TEMP.	---	@ ---	@
SOURCE OF RMF	RMC	MEASURED	
RM AT BHT	0.017 OHMM	@ 197 DEGF	@
TIME SINCE CIRCULATION	8 HOURS		
MAX. RECORDED TEMP.	197 DEGF		
EQUIP. NO.	LOCATION	HL 6576	MIDLAND TX
RECORDED BY	RANDY RHODES		
WITNESSED BY	DALE LUBINSKI		

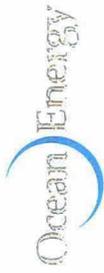


# DIGITAL ACOUSTILOG GAMMA RAY LOG

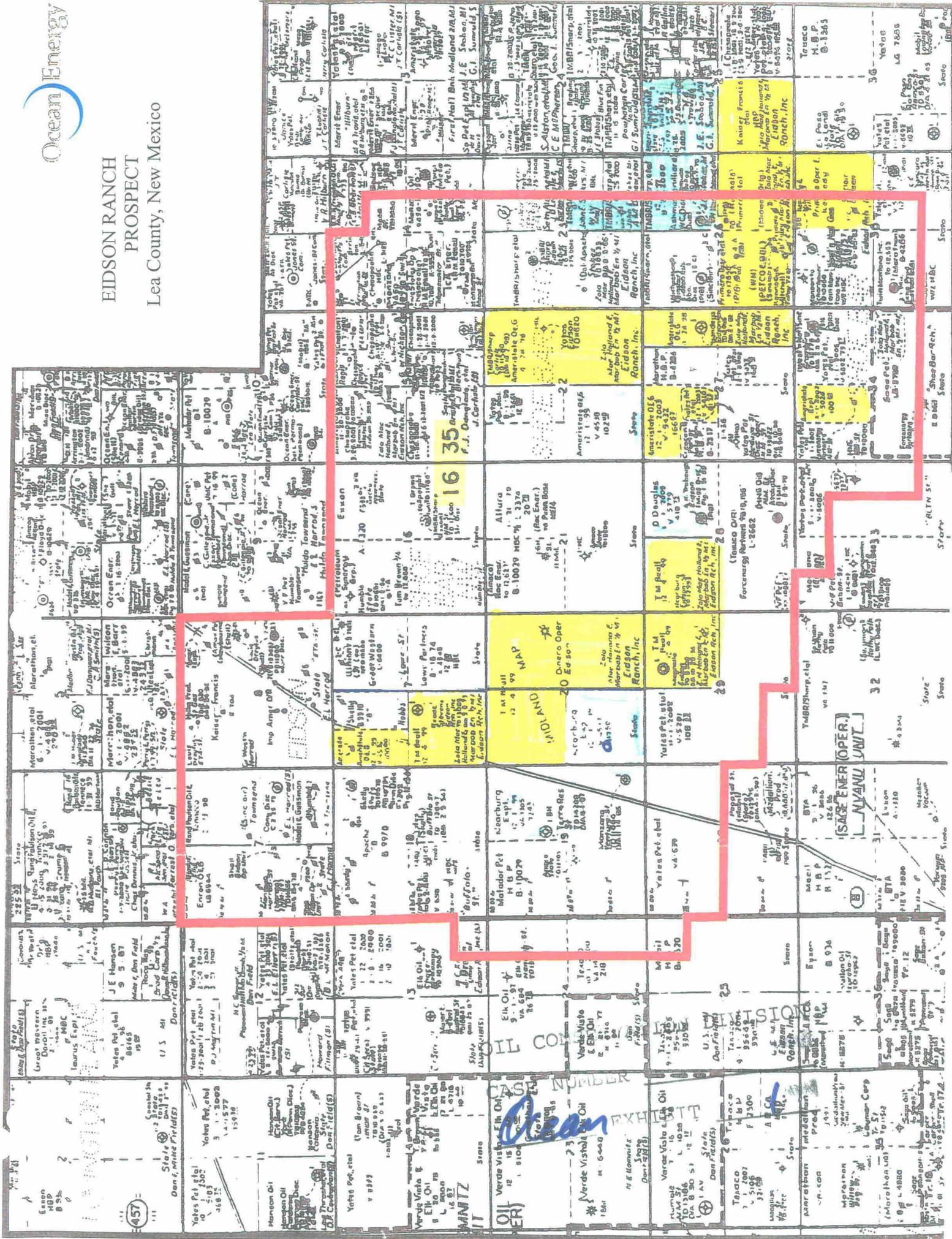
**Baker Atlas**

FILE NO: WD5162	COMPANY WELL	TMBR/SHARP DRILLING, INC. BLUE FIN "25" #1	
API NO: 30-025-35865	FIELD COUNTY	TOWNSEND; MISSISSIPPIAN, N. LEA STATE NEW MEXICO	
Ver. 3.81  FINAL PRINTS	LOCATION: 1913' FNL & 924' FWL  SEC 25 TWP T-16-S RGE R-35-E	OTHER SERVICES CN/ZDL DLL/MLL	
PERMANENT DATUM LOG MEASURED FROM DRILL. MEAS. FROM	GL KB KB	ELEVATION 19.25 FT ABOVE P.D.	3959 FT GL 3978.25 F DF 3977.25 F GL 3959.00 F

DATE	24-JUN-2002		
RUN	TRIP	1	1
SERVICE ORDER	373300		
DEPTH DRILLER	13100 FT		
DEPTH LOGGER	13095 FT		
BOTTOM LOGGED INTERVAL	13095 FT		
TOP LOGGED INTERVAL	4600 FT		
CASING DRILLER	9.625 IN	@ 4957 FT	@
CASING LOGGER	4953 FT		
BIT SIZE	8.75 IN		
TYPE OF FLUID IN HOLE	BRINE/FLOWZAN		
DENSITY	VISCOSITY	9.9 LB/G	40 S
PH	FLUID LOSS	10	11 C3
SOURCE OF SAMPLE	CIRCULATION TANK		
RM AT MEAS. TEMP.	0.032 OHMM	@ 101 DEGF	@
RMF AT MEAS. TEMP.	0.032 OHMM	@ 101 DEGF	@
RMC AT MEAS. TEMP.	---	@ ---	@
SOURCE OF RMF	RMC	MEASURED	
RM AT BHT	0.017 OHMM	@ 197 DEGF	@
TIME SINCE CIRCULATION	8 HOURS		
MAX. RECORDED TEMP.	197 DEGF		
EQUIP. NO.	LOCATION	HL 6576	MIDLAND TX
RECORDED BY	RANDY RHODES		
WITNESSED BY	DALE LUBINSKI		



**EIDSON RANCH PROSPECT**  
Lea County, New Mexico



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- 03/27/01 Called Andy Grooms with Primero Operating (Brannex) and began negotiations to acquire farmin/term assignment.
- 04/25/01 Sent first proposal letter.
- 05/18/01 Sent second proposal letter.
- 06/12/01 Received counter proposal letter from Primero.
- 07/23/01 Final agreement sent to all parties.
- 08/14/01 1<sup>st</sup> amendment changes date agreement must be accepted.
- 11/30/01 2<sup>nd</sup> amendment changes language so well did not have to be on farmout lands and contract depth from 12,500' to 13,200'

OIL CONSERVATION *COMMISSION*  
[REDACTED]  
CASE NUMBER \_\_\_\_\_  
*Dean* EXHIBIT *2*

Ocean Energy

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.



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.

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.

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.

Derold Maney  
Senior Land Advisor

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

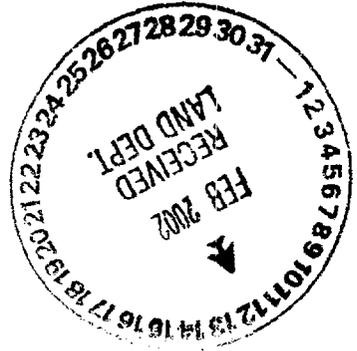
\_\_\_\_\_ DAVID H. ARRINGTON OIL & GAS, INC. ELECTS NOT TO PARTICIPATE in the Triple Hackle Dragon "25" #1 Well.

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

COMMISSION  
OIL CONSERVATION [REDACTED]  
CASE NUMBER [REDACTED]  
Ocean EXHIBIT 3B

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/TVD. The plan calls for drilling a 17-1/2" surface hole to 500' and setting 13-3/8" 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	\$0	\$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	\$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
<b>TOTAL INTANGIBLES:</b>		<b>\$1,144,330</b>	<b>\$0</b>	<b>\$297,220</b>	<b>\$0</b>	<b>\$1,441,550</b>

**ESTIMATED TANGIBLE EXPENSES**

TUBULARS		DEPTH	FOOTAGE				
SIZE	Caisson			\$0	\$0	\$0	\$0
0.000	0	0	0	\$0	\$0		
20.000	60	60	60	\$2,100	\$0		
0.000	0	0	0	\$0	\$0		
13.375	500	500	500	\$8,400	\$0		
8.625	5000	5000	5000	\$72,300	\$0		
0.000	0	0	0	\$0	\$0		
0.000	0	0	0	\$0	\$0		
226 - 010	TUBULARS - DRILLING			\$82,800	\$0		\$82,800
0.000	0	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
<b>TOTAL TANGIBLES:</b>				<b>\$103,800</b>	<b>\$0</b>	<b>\$238,200</b>	<b>\$342,000</b>

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

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

LARGE FORMAT  
EXHIBIT HAS  
BEEN REMOVED  
AND IS LOCATED  
IN THE NEXT FILE

# Reserves Ownership Map

(Based on Blue Fin 25 Decline Curve)

Unit Net Reserves	
OEI	943 MMCFG
DHA	404 MMCFG
TMBR/Sharp	1,348 MMCFG
BF 25 Decline Curve	2,695 MMCFG

Volumetric Net Reserves	
OEI	1,150 MMCFG
DHA	492 MMCFG
TMBR/Sharp	1,643 MMCFG
	3,285 MMCFG

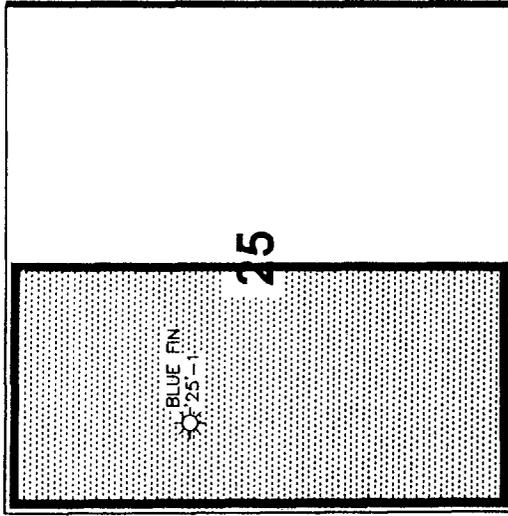
∴ SW4 has only

590 MMCF Avail Not Economic to drill an additional well in SW/4

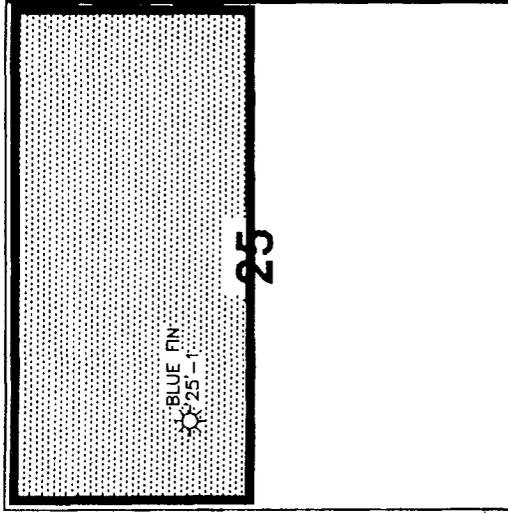
Unit Net Reserves based on EUR of Blue Fine 25-1 (EUR = 2,695 MMCFG)

Volumetric Reserves based on owner share of the volumetric reserves underlying the proposed unit.

Standup 320 Acre Unit



Laydown 320 Acre Unit



Blue Fin 25  
Based on Decline Curve)

Unit Net Reserves	
DHA	420 MMCFG
TMBR/Sharp	2,275 MMCFG
BF 25 Decline Curve	2,695 MMCFG

Volumetric Net Reserves	
DHA	234 MMCFG
TMBR/Sharp	1,273 MMCFG
	1,507 MMCFG
	45%

OIL CONSERVATION DIVISION

CASE NUMBER \_\_\_\_\_

Ocean EXHIBIT 6

VOLUMETRIC RESERVES BY QTR SECTION  
 SEC 24 & 25, T16S, R35E, LEA COUNTY, NM

SECTION	QTR	AC-FT	BHP/Z	BHP/Z abn	POR	SW	RECOVERABLE (MMCFG)	WELLS LOCATED IN QTR SECT	EUR (MMCFG)	% RECOVERABLE FROM QTR SECTION
23	SE/4	636	5,688	530	13%	20%	824			
24	SW/4	753	5,688	530	13%	20%	975	BF 24-1	3,790	389%
25	NW/4	1,147	5,688	530	13%	20%	1,487	BF 25-1	2,695	181%
25	NE/4	16	5,688	530	13%	20%	20			
25	SW/4	1,387	5,688	530	13%	20%	1,798			
25	SE/4	92	5,688	530	13%	20%	119			
26	NE/4	196	5,688	530	13%	20%	254			
36	NW/4	36	5,688	530	13%	20%	47			
TOTAL		4,262					5,524			

NOTE:

1. POROSITY CALCULATED FROM LOWER ZONE
2. WATER SATURATION CALCULATED FROM OPEN HOLE LOGS ON 25-1
3. RESERVOIR TEMPERATURE 180 DEG F

$\frac{\text{Ac-Ft}}{\text{Total}} = \text{MMCF}$   
 $\frac{636}{4263} = 15\% \text{ @ } 24$   
 $\frac{753}{4263} = 17.7\% \text{ @ } 25$   
 $\frac{2642}{4263} = 62\% \text{ @ } 24$   
 $\frac{196}{4263} = 4.6\% \text{ @ } 25$   
 $\frac{36}{4263} = 0.8\%$

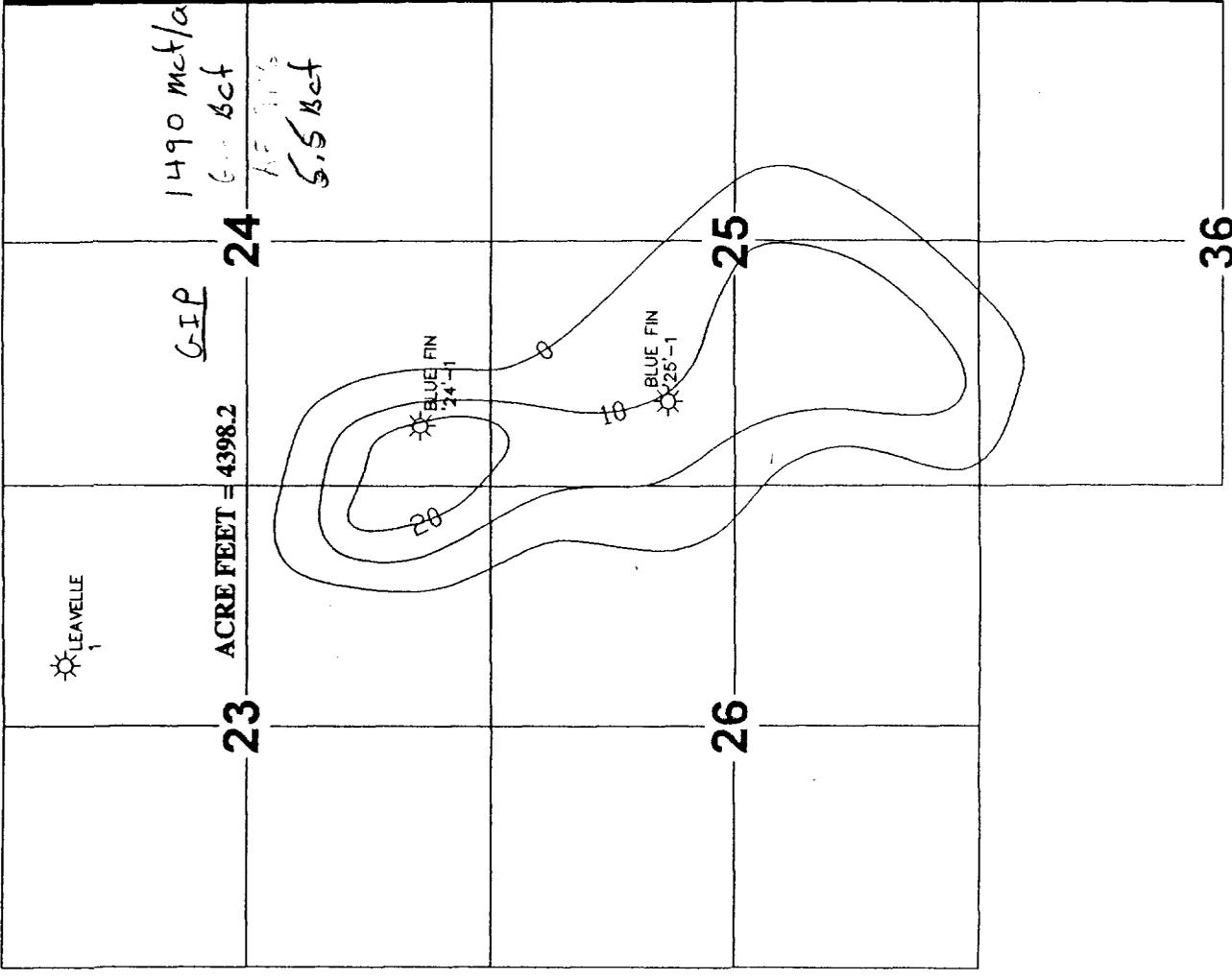
Sec 25 - 2642 ac-ft

W/2 - 1147 + 1387 = 2,534 ac-ft

95.9% of Reservoir in Sec 25 is  
 in the West half of Sec 25.

2

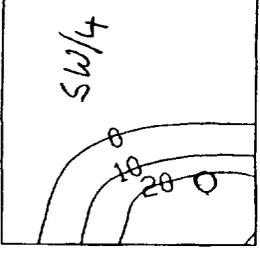
# Lower Austin Net Pay Map Showing 160 Acre Volumes



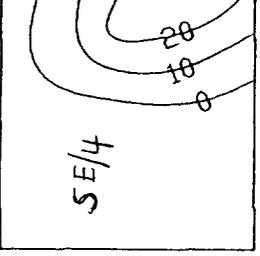
**ACRE FEET = 752.545**  
 Volumetric Reserves = 975 MMCFG  
 Blue Fin 24-1  
 EUR = 3,790 MMCFG  
 24-1 to Produce  
 389% of SW/4 Reserves

Sec  
 Sec 25 = 55%

24



23

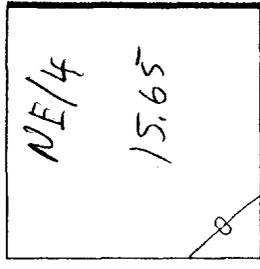


**ACRE FEET = 636.027**  
 Volumetric Reserves = 824 MMCFG

*Decline Curve*  
 BF 24-1 = 3.8 Bcf  
 BF 25-1 = 2.7 Bcf  
 6.5 Bcf

**ACRE FEET = 195.743**  
 Volumetric Reserves = 254 MMCFG

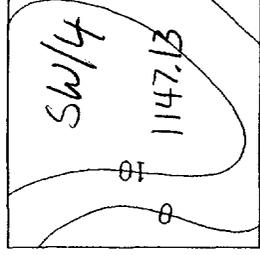
**ACRE FEET = 15.65**  
 Volumetric Reserves = 20 MMCFG



25



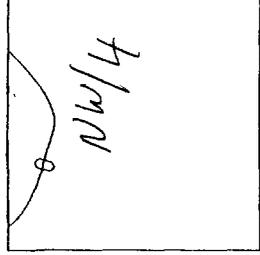
26



**ACRE FEET = 1147.13**  
 Volumetric Reserves = 1,487 MMCFG  
 Blue Fin 25-1  
 EUR = 2,695 MMCFG  
 25-1 to Produce  
 181% of NW/4 Reserves

**ACRE FEET = 1387.18**  
 Volumetric Reserves = 1,798 MMCFG

**ACRE FEET = 91.90**  
 Volumetric Reserves = 119 MMCFG

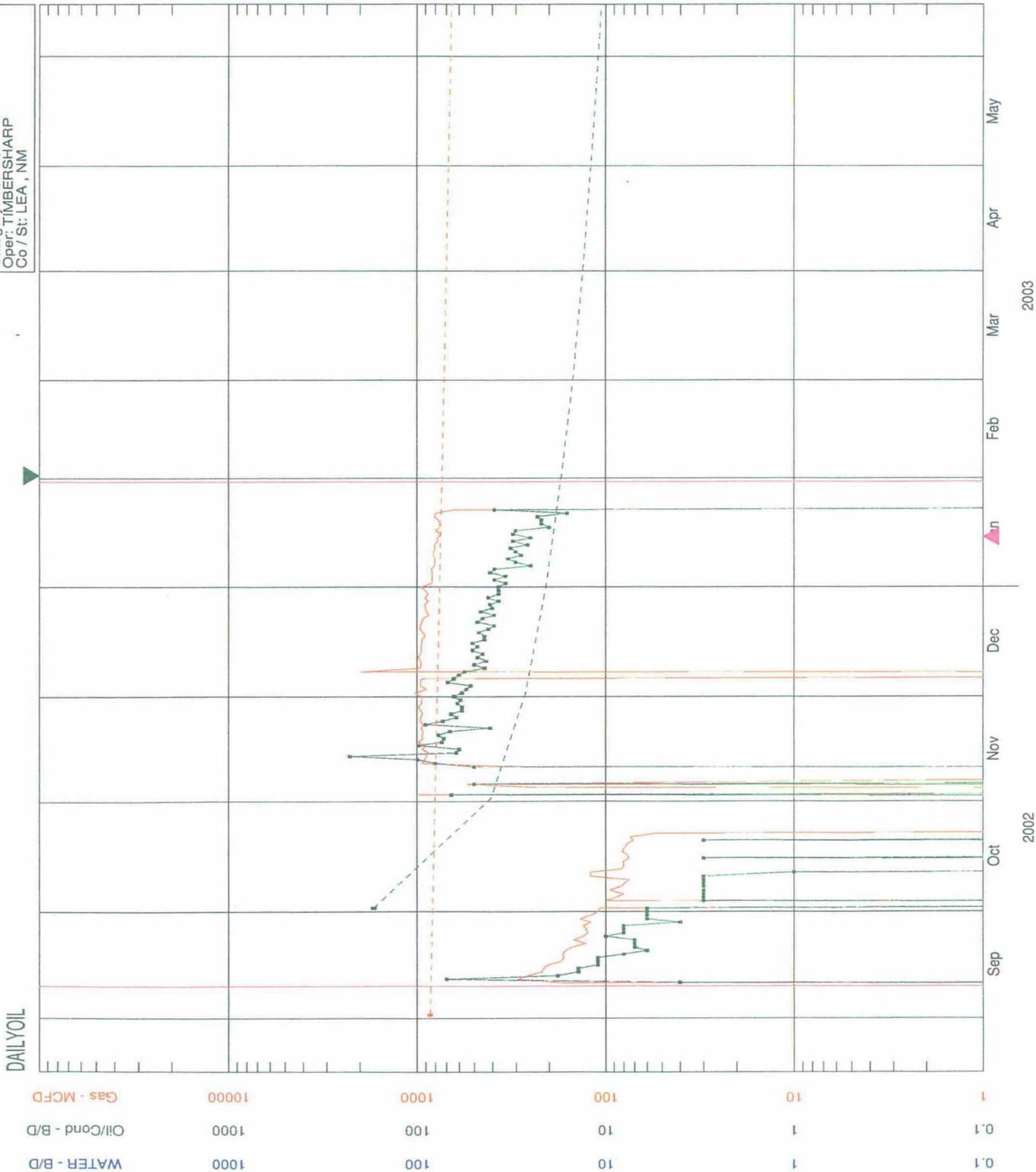


**ACRE FEET = 36.32**  
 Volumetric Reserves = 47 MMCFG

36

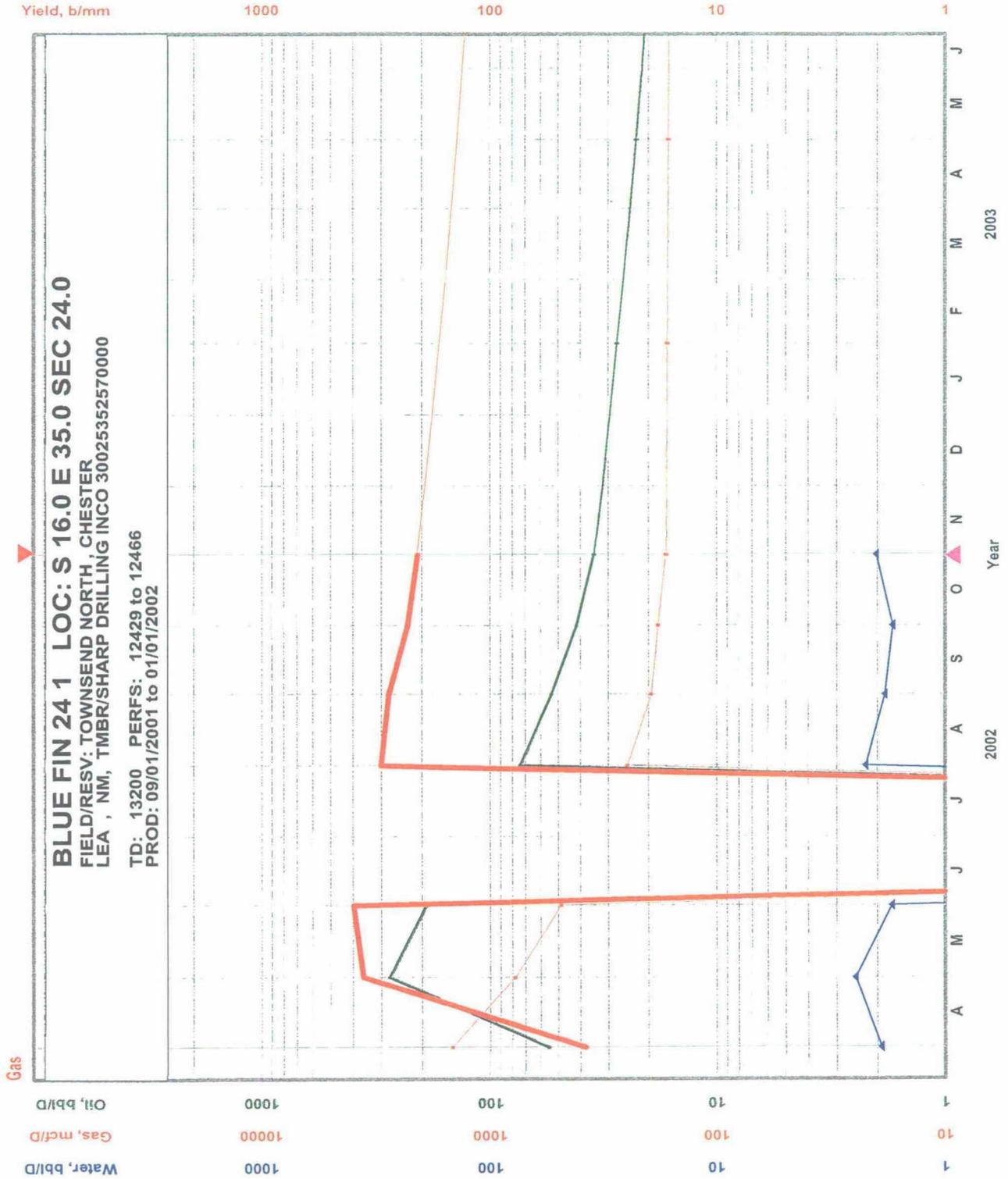
3

Entity: BLUE FINN 25 - 1  
 Field: OTHER PERMIAN  
 Resv: BRUNSON/ATOKA  
 Category: 6SPEC  
 Oper: TIMBERSHARP  
 Co / St: LEA , NM



Gas - MCFD	OEI
Qual=	2/2003
Ref=	72550
Cum=	2622244
Rem=	2694794
EUR=	50,329
Yrs=	737.0
Qref=	24.638558
De=	0.999800
b=	19.7
Qab=	
Oil/Cond - B	OEI
Qual=	2/2003
Ref=	4103
Cum=	20359
Rem=	24462
EUR=	24,159
Yrs=	17.2
Qref=	59.660380
De=	1.500000
b=	1.0
Qab=	
WATER - B/D	2/2003
Ref=	0
Cum=	

(5)



Oil, bb/D	FORC	11/2002	22145
Qual=	FORC	11/2002	22145
Ref=	FORC	11/2002	22145
Cum=	FORC	11/2002	22145
Rem=	FORC	11/2002	22145
EUR=	FORC	11/2002	22145
Yrs=	FORC	11/2002	22145
Qref=	FORC	11/2002	22145
b=	FORC	11/2002	22145
Qab=	FORC	11/2002	22145

Gas, mcf/D	FORC	11/2002	552001
Qual=	FORC	11/2002	552001
Ref=	FORC	11/2002	552001
Cum=	FORC	11/2002	552001
Rem=	FORC	11/2002	552001
EUR=	FORC	11/2002	552001
Yrs=	FORC	11/2002	552001
Qref=	FORC	11/2002	552001
b=	FORC	11/2002	552001
Qab=	FORC	11/2002	552001

Water, bb/D	FORC	11/2002	425
Qual=	FORC	11/2002	425
Ref=	FORC	11/2002	425
Cum=	FORC	11/2002	425
Rem=	FORC	11/2002	425
EUR=	FORC	11/2002	425
Yrs=	FORC	11/2002	425
Qref=	FORC	11/2002	425
b=	FORC	11/2002	425
Qab=	FORC	11/2002	425

OCEAN ENERGY INC.  
ESTIMATED FUTURE RESERVES & CASH FLOW

9

PROPERTY	DESCRIPTION	DATES	SETTINGS
Lease : BLUE FIN 25-2	RSV_CAT : 4PROB SEQ# : 16328	AS OF: 01/2003	DBS : TOTAL ONSHORE
Field : PRIMERO	Operator : OCEAN	PROD : 11/2003	SETTINGS: BUD2003-YR
CO ST : LEA NM		DATE : 03/12/2003	SCENARIO: BW_Bud03
Area : PERMIAN		TIME : 14:37:21	

INTERESTS	NPV TABLE	BFIT PROFIT INDICATORS
WI : 100.000	DISC 5.0	ROR % : 3.23
NRI-OIL : 75.000	NPV -109.2	UNDISC PO YRS : 8.98
NRI-GAS : 75.000	DISC 8.0	DPI : 0.81
NRI-NGL : 75.000	NPV -243.0	DEV CST \$/MCFE : 2.58
REV DATE : 75.000	DISC 10.0	CUM OIL MBO : 0.0
	NPV -316.8	EUR OIL MBO : 7.2
	DISC 12.0	DISC RATE % : 10.00
	NPV -380.6	LIFE YRS : 16.58
	DISC 15.0	BTU FACTOR : 1098.00
	NPV -460.9	POS % : 100.00
	DISC 20.0	CUM GAS MMF : 0.00
	NPV -563.2	EUR GAS MMF : 879.01

MO-YEAR	WLS	GROSS PRODUCTION			NET SALES PRODUCTION				PRICES			
		OIL	NGL	GAS	OIL	NGL	GAS	EQUIV	EQUIV	OIL	NGL	GAS
		MBBLS	MBBLS	MMCF	MBBLS	MBBLS	MMCF	MBOE	MMCFE	\$/BBL	\$/BBL	\$/MCF
12-2003	1.0	0.4	0.0	36.5	0.3	0.0	27.4	4.8	29.0	24.320	0.000	3.662
12-2004	1.0	1.6	0.0	164.8	1.2	0.0	123.6	21.8	130.7	24.320	0.000	3.662
12-2005	1.0	1.2	0.0	133.8	0.9	0.0	100.3	17.6	105.9	24.320	0.000	3.662
12-2006	1.0	0.9	0.0	108.7	0.7	0.0	81.5	14.3	85.7	24.320	0.000	3.662
12-2007	1.0	0.7	0.0	88.2	0.5	0.0	66.2	11.6	69.4	24.320	0.000	3.662
12-2008	1.0	0.6	0.0	71.7	0.4	0.0	53.7	9.4	56.3	24.320	0.000	3.662
12-2009	1.0	0.4	0.0	58.2	0.3	0.0	43.6	7.6	45.6	24.320	0.000	3.662
12-2010	1.0	0.3	0.0	47.3	0.2	0.0	35.4	6.2	36.9	24.320	0.000	3.662
12-2011	1.0	0.3	0.0	38.4	0.2	0.0	28.8	5.0	29.9	24.320	0.000	3.662
12-2012	1.0	0.2	0.0	31.2	0.1	0.0	23.4	4.0	24.3	24.320	0.000	3.662
12-2013	1.0	0.2	0.0	25.3	0.1	0.0	19.0	3.3	19.7	24.320	0.000	3.662
12-2014	1.0	0.1	0.0	20.5	0.1	0.0	15.4	2.7	15.9	24.320	0.000	3.662
12-2015	1.0	0.1	0.0	16.7	0.1	0.0	12.5	2.2	12.9	24.320	0.000	3.662
12-2016	1.0	0.1	0.0	13.6	0.1	0.0	10.2	1.7	10.5	24.320	0.000	3.662
12-2017	1.0	0.1	0.0	11.0	0.0	0.0	8.3	1.4	8.5	24.320	0.000	3.662
S-TOT	1.0	7.1	0.0	865.7	5.3	0.0	649.2	113.5	681.2	24.320	0.000	3.662
AFTER	1.0	0.1	0.0	13.4	0.0	0.0	10.0	1.7	10.3	24.320	0.000	3.662
TOTAL	1.0	7.2	0.0	879.0	5.4	0.0	659.3	115.2	691.5	24.320	0.000	3.662

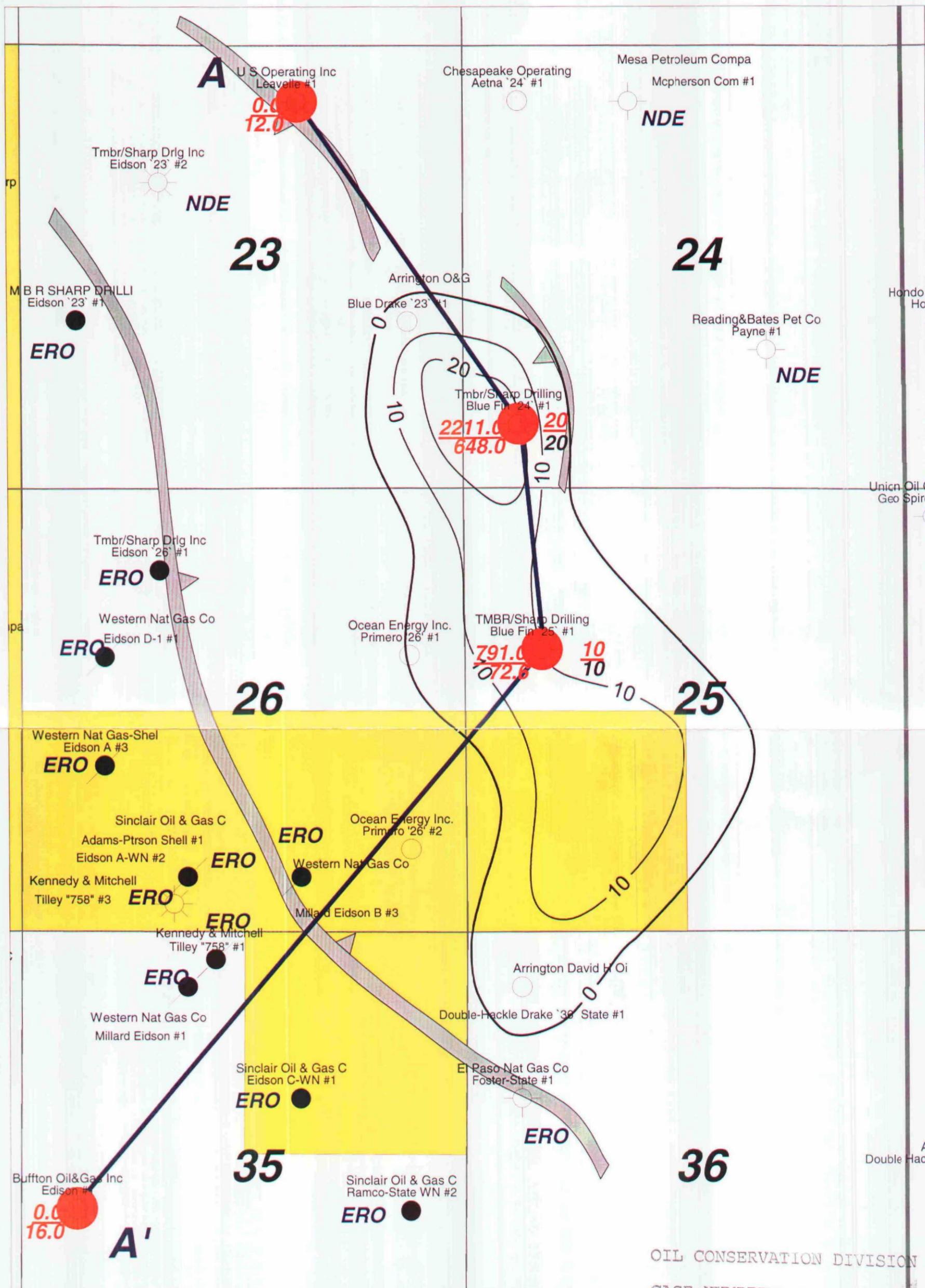
MO-YEAR	NET REVENUE					OPERATING EXPENSE							
	OIL	NGL	GAS	OTHER	TOTAL	DIR	LOE	TRANS	WORKOVER	OTHER	COPAS	TOTAL	OPEX
	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	\$/MCFE
12-2003	6.6	0.0	100.2	0.0	106.9	3.0	0.7	0.0	0.0	0.0	0.0	3.7	0.13
12-2004	29.0	0.0	452.5	0.0	481.5	18.0	3.0	0.0	0.0	0.0	0.0	21.0	0.16
12-2005	22.4	0.0	367.5	0.0	389.8	18.0	2.4	0.0	0.0	0.0	0.0	20.4	0.19
12-2006	17.2	0.0	298.4	0.0	315.6	18.0	2.0	0.0	0.0	0.0	0.0	20.0	0.23
12-2007	13.2	0.0	242.3	0.0	255.6	18.0	1.6	0.0	0.0	0.0	0.0	19.6	0.28
12-2008	10.2	0.0	196.8	0.0	207.0	18.0	1.3	0.0	0.0	0.0	0.0	19.3	0.34
12-2009	7.9	0.0	159.8	0.0	167.7	18.0	1.0	0.0	0.0	0.0	0.0	19.0	0.42
12-2010	6.0	0.0	129.8	0.0	135.8	18.0	0.9	0.0	0.0	0.0	0.0	18.9	0.51
12-2011	4.7	0.0	105.4	0.0	110.0	18.0	0.7	0.0	0.0	0.0	0.0	18.7	0.62
12-2012	3.6	0.0	85.6	0.0	89.2	18.0	0.6	0.0	0.0	0.0	0.0	18.6	0.77
12-2013	2.8	0.0	69.5	0.0	72.3	18.0	0.5	0.0	0.0	0.0	0.0	18.5	0.94
12-2014	2.1	0.0	56.4	0.0	58.6	18.0	0.4	0.0	0.0	0.0	0.0	18.4	1.15
12-2015	1.6	0.0	45.8	0.0	47.5	18.0	0.3	0.0	0.0	0.0	0.0	18.3	1.42
12-2016	1.3	0.0	37.2	0.0	38.5	18.0	0.2	0.0	0.0	0.0	0.0	18.2	1.74
12-2017	1.0	0.0	30.2	0.0	31.2	18.0	0.2	0.0	0.0	0.0	0.0	18.2	2.14
S-TOT	129.5	0.0	2377.4	0.0	2507.0	255.0	15.6	0.0	0.0	0.0	0.0	270.6	0.40
AFTER	1.1	0.0	36.7	0.0	37.8	28.5	0.2	0.0	0.0	0.0	0.0	28.7	2.79
TOTAL	130.6	0.0	2414.1	0.0	2544.7	283.5	15.8	0.0	0.0	0.0	0.0	299.3	0.43

MO-YEAR	STATE TAXES	OPER	CAPITAL	BFIT
	OIL SEV	TOTAL INCOME	INVEST	CASHFLOW
	M\$	M\$	M\$	M\$
12-2003	0.0	11.0	92.2	-1691.3
12-2004	0.0	49.8	410.8	410.8
12-2005	0.0	40.3	329.1	329.1
12-2006	0.0	32.7	263.0	263.0
12-2007	0.0	26.5	209.5	209.5
12-2008	0.0	21.4	166.3	166.3
12-2009	0.0	17.4	131.2	131.2
12-2010	0.0	14.1	102.9	102.9
12-2011	0.0	11.4	79.9	79.9
12-2012	0.0	9.2	61.4	61.4
12-2013	0.0	7.5	46.3	46.3
12-2014	0.0	6.1	34.1	34.1
12-2015	0.0	4.9	24.2	24.2
12-2016	0.0	4.0	16.2	16.2
12-2017	0.0	3.2	9.8	9.8
S-TOT	0.0	259.5	1976.9	193.4
AFTER	0.0	0.7	5.1	5.1
TOTAL	0.0	263.4	1982.0	198.5

9

**LARGE FORMAT  
EXHIBIT HAS  
BEEN REMOVED  
AND IS LOCATED  
IN THE NEXT FILE**





OIL CONSERVATION DIVISION

CASE NUMBER

*Ocean* EXHIBIT 9

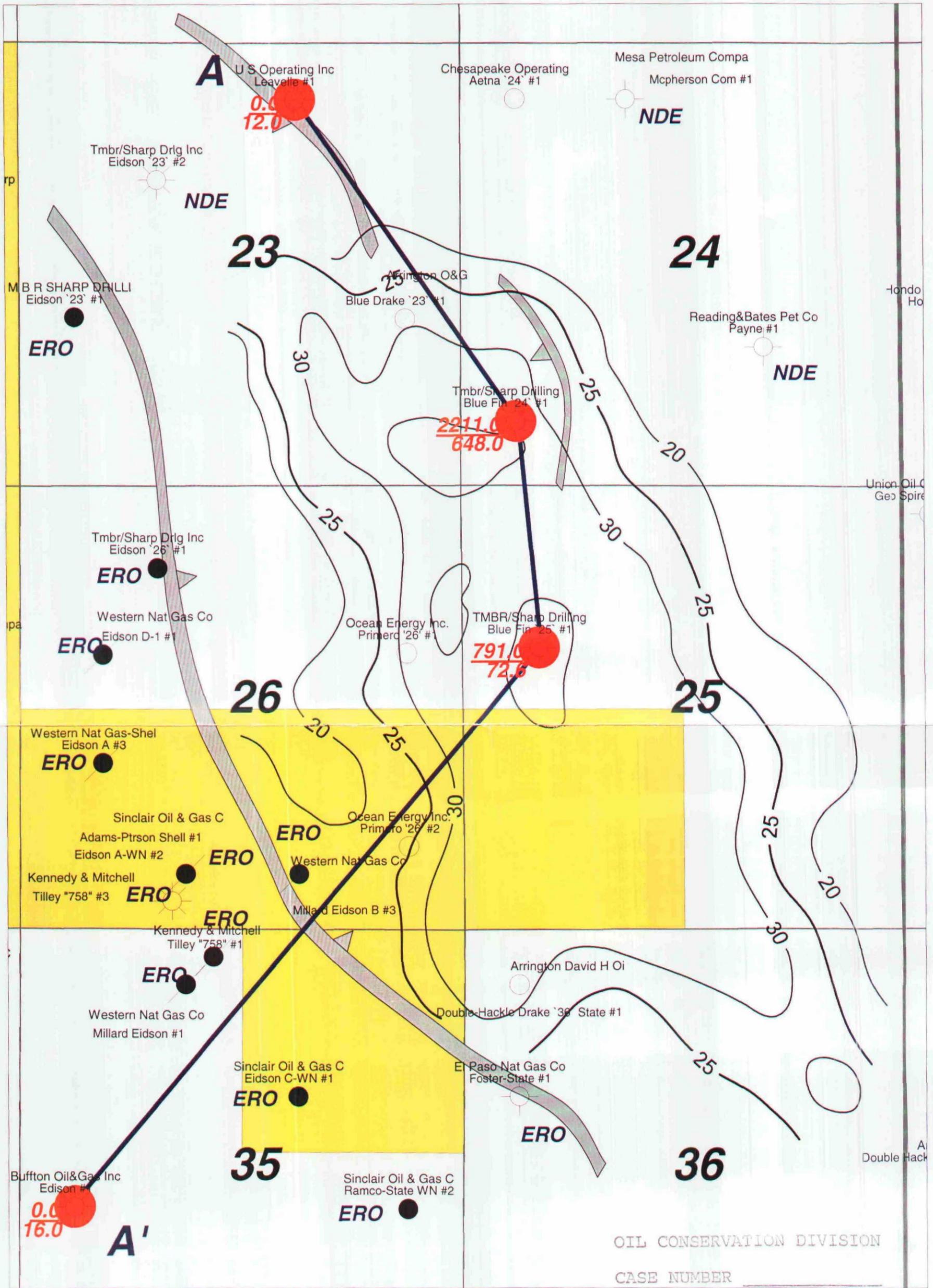


**Austin Daily Gas Production (Mcf/d)**  
**Austin Cumulative Production (Mmcf)**



**Net Pay Lower Austin**  
**Gross Thickness Lower Austin Pay**

<b>OCEAN ENERGY INC.</b>		
PRIMERO PROSPECT, LEA COUNTY NEW MEXICO Net Isopach Lower Austin Pay		
Author: Frank Messa	Scale: 1:11599	Date: 12 March, 2001
Contour interval = 10 ft		



OIL CONSERVATION DIVISION

CASE NUMBER

*Ocean* EXHIBIT *10*

OCEAN ENERGY INC.		
PRIMERO PROSPECT, LEA COUNTY NEW MEXICO Seismic Isochron Map Morrow - Austin		
Author: Bob Silver, Frank Messa	Date: 12 March, 2003	
Contour interval = 5 ms	Scale: 1:13599	

**Austin Daily Gas Production (Mcf)**  
**Austin Cumulative Production (Mmcf)**



LARGE FORMAT  
EXHIBIT HAS  
BEEN REMOVED  
AND IS LOCATED  
IN THE NEXT FILE