

Summary of Communications
Esperanza "11" State Com. #1 Well
W/2 of Section 11, T21S, R27E
Eddy County, New Mexico

Devon Energy Production Company, L.P. - Ken Gray

- 8-02-02: Proposed captioned well via certified mail with AFE enclosed. Offered to acquire their interest via term assignment for cash consideration and retained ORI.
- 8-07-02: Ken called this date to find out what they owned in the unit. I advised Ken of their % interest. They're evaluating our proposal, will get back with us.
- 8-23-02: Follow up letter regarding our proposal.
- 9-06-02: Forwarded our proposed JOA this date with another copy of our AFE for their consideration, should they decide to join.
- 9-6-02: Phone conversation this date with Ken regarding our proposal. Ken says they hope to have us a decision by 9-13-02 as they are to have meeting with their management to discuss our proposal on 9-12-02.
- 9-10-02: Ken Gray and Kevin Harwi met with us this date in our offices. They again advised us they hope to have a decision by 9-13-02.
- 9-10-02: MOC's Exploration Manager - Bruce Insalaco talked to Devon's Geology Manager - George Davis over the phone regarding our proposal. Devon suggested forming a working interest unit wherein Devon would participate with ½ of its interest if Mewbourne would carry Devon to casing point with the remaining half.
- 9-13-02: Sent letter to Ken this date advising him of the correct well locations and requested that they give us an answer before the hearing date.
- 9-13-02 Ken called MOC's Larry Cunningham this date to see if we could postpone this hearing in order to commence working on a large trade agreement covering this land and other lands. Cunningham advised Gray that we could not because of rig schedules. MOC had to proceed with the hearing as planned but we'd continue to work with them.

OIL CONSERVATION DIVISION

CASE NUMBER _____

EXHIBIT 3