

Summary of Communications  
Esperanza "14" State Com. #1 Well  
W/2 of Section 14, T21S, R27E  
Eddy County, New Mexico

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

- 2-21-02: Proposed captioned well via certified mail with AFE enclosed. Offered to acquire their interest via term assignment for a cash consideration and retained ORI.
- 3-06-02: Offered to purchase Devon's Allied State Com. #1 Well (an Atoka well dedicated to the N/2 of the captioned Section 14 which produces approximately 40 MCFGPD) for a cash consideration.
- 4-02-02: Called Ken this date, he said they were evaluating our proposal but he thought they probably would not participate in the well.
- 4-09-02: Follow up call this date, left message.
- 4-17-02 MOC's Larry Cunningham and Bruce Insalaco met with Devon's Ken Gray and George Davis in Oklahoma City this date in Devon's offices to discuss our proposal. Ken suggested that in order for our proposal to be evaluated, he suggested that we file a compulsory pooling application.
- 5-06-02: Follow up letter this date wherein I advised Ken of their percentage ownership in the proposed well.
- 6-11-02: Follow up letter advising Ken as a courtesy that MOC had plans to file for compulsory pooling for the July 11<sup>th</sup> hearing date.
- 7-02-02: Follow up this date, left message, Ken will be on vacation until 7-8-02.
- 7-09-02: Follow up call this date Ken says Devon's George Davis recommended that they join in this well. Ken says he could give us a formal response soon.
- 7-18-02: MOC's Bruce Insalaco had lunch w/Ken and Devon's geologist this date in Oklahoma City. They still can't give us an answer.
- 8-01-02: Proposed new well location this date via certified mail due to MOC's further geologist evaluation of the area and due to surface considerations. Current proposed location is now 660' FS & WL.

OIL CONSERVATION DIVISION

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

EXHIBIT \_\_\_\_\_

- 8-22-02: Follow up letter this date. Advised Devon of their percentage interest in the proposed spacing unit according to our title examination.
- 9-06-02: Per Ken this date, they hope to have a decision by Friday the 13<sup>th</sup> as they are to meet w/upper management on Thursday, September 12<sup>th</sup>.
- 9-10-02: Per MOC's Bruce Insalaco's phone conversation with Devon's George Davis this date, Devon wanted to form a WI unit wherein Devon would participate with ½ of its interest if MOC would carry Devon to casing point with Devon's remaining interest.
- 9-10-02: Ken and Kevin Harwi of Devon met w/us in our office this date. They were in town for the monthly landmen's meeting. They hope to have an answer for us by September 13<sup>th</sup>.
- 9-13-02 Follow up letter this date. Advised Devon that the proposed well location was altered slightly due to surface considerations per the BLM's request.
- 9-13-02: Ken called MOC's Larry Cunningham this date to see if we'd postpone the hearing to commence negotiations for a larger trade including Devon's leasehold in this land and other lands. Cunningham advised Ken that we could not do this due to rig schedules and farmout expiration dates.

Harvey E. Yates Company - Melissa Randle and Vernon Dyer

- 2-21-02: Proposed captioned well this date via certified mail, included AFE.
- 2-28-02: Per Heyco's (Melissa's) letter this date, they requested well information as to the previously drilled MOC Esperanza "15" State Com. #1 Well wherein Heyco was force pooled. They wanted a geological presentation and a copy of our proposed JOA for their review.
- 3-06-02: Per my letter this date, we declined to give them the requested well information as it was confidential.
- 6-11-02: Follow up call to Melissa. Requested Melissa to check w/their geologist to see if they had our well information as to the MOC wells in Section 15 and 23 which should now be available to the public.
- 6-24-02: Sent Melissa a copy of the logs and daily drilling/completion reports for MOC's Esperanza "15" State Com. #1 Well and Esperanza "23" State #1 Well.

- 8-01-02: Reproposed captioned well this date via certified mail as the location was changed to 660' FSL & 600' FWL due to MOC's further geological evaluation of the area and surface considerations.
- 8-22-02: Follow up letter this date requesting Heyco's decision as to their participation.
- 8-28-02: Faxed Melissa certain pages taken from MOC's Drilling Opinion of Title dated 4-4-02 which sets forth the Heyco leasehold interest and Shinnery's interest for their confirmation.
- 9-03-02: Follow up call this date. Melissa advised me they did not want to join in the well that they would give us a term assignment of their leasehold interest. She's to send me their form of term assignment for our approval.
- 9-06-02: Per Melissa's letter this date, she advised me that Heyco and Shinnery would give us a term assignment of their interest on their form.

Shinnery Investment Company - James H. Yates

- 4-08-02: Proposed captioned well this date via certified mail w/AFE enclosed.
- 8-01-02: Reproposed captioned well to be located at 660' FSL & 660' FWL due to further geological evaluation and due to surface considerations.
- 8-22-02: Follow up letter this date, advised Shinnery of their percentage interest in the proposed well.

Yates Energy Corporation - Shari Hamilton

- 2-21-02: Proposed captioned well this date via certified mail w/AFE enclosed.
- 8-01-02: Reproposed well via certified mail w/AFE enclosed for captioned well to be located 660' FSL & 660' FWL due to MOC's further geological evaluation and surface considerations.
- 8-22-02: Follow up letter this date, advised Shari of the Yates percentage interest in the proposed well.
- 9-5-02: Called Shari this date, she advised me that they were going to have a meeting this afternoon to decide on their participation in the proposed well. She'll get back with me.

- 9-12-02: Follow up letter this date. Reminded Shari that the pooling hearing was scheduled for Thursday, September 19<sup>th</sup>. Also advised her that the well location was altered slightly due to archeological and other surface considerations per the BLM's request.
- 9-13-02: Shari called this date and advised me that Yates would participate in the proposed well. I'm to send her an Operating Agreement for execution.

Cibola Energy Corporation and Jalapeno Corporation - Harvey E. Yates, Jr., Anne Riggs and Claudia Stevenson

- 2-21-02: Proposed captioned well this date via certified mail w/AFE enclosed.
- 3-26-02: Received Mr. Yates' letter dated this date acknowledging that they had received our well proposal. He advised that they had prepared a Correction of Assignment of Oil and Gas Leases and recorded same wherein their interest and Shinnery Investment's interest had changed.
- 4-19-02: Per their letter this date, they requested revised documents regarding their interest in order for them to make their decision. I didn't understand their request as there are no "revised documents".
- 4-30-02: Per my letter this date I forwarded Claudia a copy of our Division Order Title Opinion dated 4-11-02 for the Esperanza "15" State Com. #1 Well (they were force pooled in this well) and a copy of our Drilling Opinion of Title dated 4-14-02 for the proposed Esperanza "14" State Com. #1 Well for her information.
- 8-01-02: Reproposed captioned well via certified mail w/AFE enclosed as well location was changed due to further geological evaluation and surface considerations.
- 8-22-02: Follow up letter this date. Advised them of their percentage interests in the proposed well.
- 9-05-02: Talked w/Anne Riggs this date she says Mr. Yates has been out of town a lot. They hope to let us know of their decision soon. She requested a copy of our form of term assignment.
- 9-05-02: Faxed Anne our form of term assignment for Mr. Yates' review in the event he decided not to participate in the proposed well.
- 9-12-02: Follow up letter this date advising Cibola and Jalapeno that the pooling hearing is coming up on September 19<sup>th</sup>. Also advised them that the well location was slightly altered per the BLM's request.

- 9-16-02: Mr. Yates called this date and said he would give us a term assignment of his interest on the same terms as Heyco's agreement using our form of term assignment with some revisions. I advised him we would dismiss him from the hearing as soon as the assignment was executed.
- 9-17-02 Faxed Mr. Yates the proposed revised assignment for his review and acceptance.