



Texaco Exploration and Production, Inc.

Denver, CO 80201-8000  
1601 DTC Boulevard  
Denver, CO 80237

March 31, 1994

NM62753 - State of NM B-4282

Lea County, New Mexico

NM-94-14

MAR 31 1994

Mr. M. J. Baiamonte  
Forcenergy Gas Exploration, Inc.  
2730 SW 3rd Avenue, Suite 800  
Miami, Florida 33129-2237

Gentlemen:

Thank you for your farmout request covering our acreage in the NE/4 NE/4 of Section 14, T-17-S, R-35-E. We are not entering into any trades in Lea County at this time. Please contact us if and when you are ready to drill a well and we will make a decision at that time.

Please give me a call at (303) 793-4244 if you have any questions.

Very truly yours,

Ronald W. Lanning  
West Region Landman

RWL:

CCA

**BEFORE THE  
OIL CONSERVATION DIVISION  
Santa Fe, New Mexico**

Case No. 10992 Exhibit No. 3

Submitted by: Forcenergy Gas Exploration, Inc.

Hearing Date: June 9, 1994

# Forcenergy



## Gas Exploration, Inc.

March 29, 1994

VIA FAX (303) 793-4150

Texaco USA  
P. O. Box 2100  
Denver, Colorado 80201

Attention: Ron Lanning

Re: Farmout Request  
Our Shoe Bar Prospect  
Lea County, New Mexico

Gentlemen:

Forcenergy Gas Exploration, Inc. ("Forcenergy"), is contemplating the drilling of a well ("Test Well") at a location of our choice in the SE/4 of Section 14, Township 17 South, Range 35 East, Lea County, New Mexico. Forcenergy hereby requests a farmout of your interest in NE/4 of Section 14, Township 17 South, Range 35 East, Lea County, New Mexico ("Farmout Area") under the following terms and conditions:

1. On or before September 1, 1994 and after the execution of a mutually acceptable farmout agreement whichever is the later, Forcenergy will commence or cause to be commenced operations on the Test Well, which will be drilled to a minimum depth of 13,000' or to a depth sufficient to test the Mississippian Lime which occurs in the Shoe Bar 14 State Com. No. 1 Well located in the W/2 of Section 14, T17S-R35E, at a depth of approximately 12,880 feet, whichever is the lesser ("Contract Depth").
2. If the Test Well is drilled to the Contract Depth and is completed as a producer, Forcenergy will earn all of your rights contained within the spacing unit for the Test Well, down to a depth of 100 feet below the stratigraphic equivalent of the deepest depth drilled in said well. If the Test Well is drilled to the Contract Depth and is plugged and abandoned as a dry hole, Forcenergy will earn no interest but will have the right, but not the obligation, to commence or cause to be commenced within 180 days after the termination of operations on the Test Well, operations for a subsequent well at a location of our choice within the Farmout Area.

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#### HEADQUARTERS

Forcenergy Center  
2730 SW 3rd Avenue  
Suite 800

TELEPHONE  
305/856-8500  
FAX  
305/856-4300

#### REGIONAL OFFICE

Lakeway Three  
3838 North Causeway Boulevard  
Suite 2060  
Metairie, Louisiana 70002

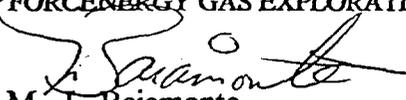
TELEPHONE  
504/838-7022  
FAX  
504/838-7017

3. Forcenergy's earning for subsequent wells will be under the same terms and conditions applicable to the Test Well, except that a subsequent well may be drilled to any depth Forcenergy so elects. The Farmout Agreement will also contain standard escape provisions.
4. In any assignment to earned acreage, you will retain an overriding royalty equal to the amount by which 25% exceeds lease burdens. Any overriding royalty reserved, will be proportionately reduced to reflect your interest in the leases in the spacing unit(s) earned herein. Your said overriding royalty reserved may be converted upon payout of the Test Well and any subsequent wells at your option to a 25% working interest, proportionately reduced.

The drilling of the Test Well and/or subsequent wells will require the consummation of advantageous trades with third parties. As such, we must make our proposal subject to the satisfactory completion of said trades. Our proposal is also conditioned upon the ability to obtain the consent of the applicable regulatory agencies.

As an alternative to the farmout proposal set forth above, should you wish to join in the drilling of the Test Well described above, we would welcome the opportunity to discuss this matter further. Cost estimates will be furnished during these discussions.

Sincerely,  
**FORCENERGY GAS EXPLORATION, INC.**

  
**M. J. Baiamonte**  
**Land Manager**

MJB/cc  
 K:\ACCT\ELIZ\FARMOUT3

Texaco

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\*\*\* ACTIVITY REPORT \*\*\*  
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TRANSMISSION OK

TX/RX NO.	9984
CONNECTION TEL	13037934150
CONNECTION ID	
START TIME	03/29 15:44
USAGE TIME	01'22
PAGES	3
RESULT	OK

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\*\*\* ACTIVITY REPORT \*\*\*  
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*Texaco*

TRANSMISSION OK

TX/RX NO.	0019
CONNECTION TEL	13037934150
CONNECTION ID	
START TIME	03/30 15:24
USAGE TIME	01'35
PAGES	3
RESULT	OK

# Forcenergy



## Gas Exploration, Inc.

March 29, 1994

368-1554  
VIA FAX (915) 367-1320

Phillips Petroleum Company  
4001 Pembroke  
Odessa, Texas 79762

Attention: Paul Hall

Re: Farmout Request  
Our Shoe Bar Prospect  
Lea County, New Mexico

Gentlemen:

Forcenergy Gas Exploration, Inc. ("Forcenergy"), is contemplating the drilling of a well ("Test Well") at a location of our choice in the SE/4 of Section 14, Township 17 South, Range 35 East, Lea County, New Mexico. Forcenergy hereby requests a farmout of your interest in NE/4 of Section 14, Township 17 South, Range 35 East, Lea County, New Mexico ("Farmout Area") under the following terms and conditions:

1. On or before September 1, 1994 and after the execution of a mutually acceptable farmout agreement whichever is the later, Forcenergy will commence or cause to be commenced operations on the Test Well, which will be drilled to a minimum depth of 13,000' or to a depth sufficient to test the Mississippian Lime which occurs in the Shoe Bar 14 State Com. No. 1 Well located in the W/2 of Section 14, T17S-R35E, at a depth of approximately 12,880 feet, whichever is the lesser ("Contract Depth").
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2730 SW 3rd Avenue  
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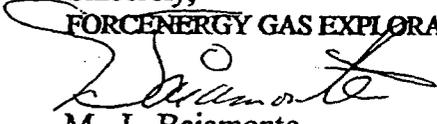
3. Forcenergy's earning for subsequent wells will be under the same terms and conditions applicable to the Test Well, except that a subsequent well may be drilled to any depth Forcenergy so elects. The Farmout Agreement will also contain standard escape provisions.
4. In any assignment to earned acreage, you will retain an overriding royalty equal to the amount by which 25% exceeds lease burdens. Any overriding royalty reserved, will be proportionately reduced to reflect your interest in the leases in the spacing unit(s) earned herein. Your said overriding royalty reserved may be converted upon payout of the Test Well and any subsequent wells at your option to a 25% working interest, proportionately reduced.

The drilling of the Test Well and/or subsequent wells will require the consummation of advantageous trades with third parties. As such, we must make our proposal subject to the satisfactory completion of said trades. Our proposal is also conditioned upon the ability to obtain the consent of the applicable regulatory agencies.

In addition, we are aware that Dawson Geophysical Company has requested permission on Phillip's behalf to cross our acreage in Sections 10, 14, and 23, T17S-35E for the purpose of shooting 3-D seismic. We understand Mr. Eric Isaacson in your office is managing this project. Naturally should we grant permission to Dawson, it would be with the understanding that we amend section 1.71 of the proposed Seismic Agreement whereby allowing Forcenergy full access to the final processed migrated data at no cost and with no waiting period. We feel a prompt response to our above mentioned proposal shall secure an equally prompt response to Dawson's request.

As an alternative to the farmout proposal set forth above, should you wish to join in the drilling of the Test Well described above, we would welcome the opportunity to discuss this matter further. Cost estimates will be furnished during these discussions.

Sincerely,  
FORCENERGY GAS EXPLORATION, INC.



M. J. Baiamonte  
Land Manager

cc: Eric Isaacson  
Phillips Petroleum Co.

MJB/cc  
K:AACCTNELIZFARMOUT2

*Phillips*

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\*\*\* ACTIVITY REPORT \*\*\*  
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TRANSMISSION OK

TX/RX NO.	9992
CONNECTION TEL	19153681554
CONNECTION ID	
START TIME	03/29 15:58
USAGE TIME	01'34
PAGES	3
RESULT	OK

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\*\*\* ACTIVITY REPORT \*\*\*  
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TRANSMISSION OK

TX/RX NO.	0035
CONNECTION TEL	19153681554
CONNECTION ID	
START TIME	03/31 12:52
USAGE TIME	01'12
PAGES	2
RESULT	OK