

JAMES BRUCE
ATTORNEY AT LAW

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SANTA FE, NEW MEXICO 87504

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HYDE PARK ESTATES
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

OIL CONSERVATION DIV.
01 OCT -5 PM 2:53

October 5, 2001

Hand Delivered

Lori Wrotenbery
Oil Conservation Commission
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Case Nos. 12535, 12567, 12569, and 12590 *de novo*, and
Case No. 12738 (Ocean Energy Resources, Inc./Yates
Petroleum Corporation)

Hearing scheduled for October 12, 2001

Dear Ms. Wrotenbery:

Enclosed are (1) five copies of Ocean's pre-hearing statement, and
(2) five sets of Ocean's exhibits. Please note that Ocean's
exhibits 8 and 9 are missing from the exhibit packages. Those are
being overnighted to me and will be submitted Tuesday morning.

Very truly yours,


James Bruce
Attorney for Ocean Energy Resources, Inc.

cc: William F. Carr

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION COMMISSION

OIL CONSERVATION DIV.
OCT -5 PM 2:53

IN THE MATTER OF THE HEARINGS CALLED
BY THE OIL CONSERVATION COMMISSION
FOR THE PURPOSE OF CONSIDERING:

APPLICATION OF OCEAN ENERGY RESOURCES,
INC. FOR COMPULSORY POOLING AND FOUR
NON-STANDARD OIL AND GAS SPACING AND
PRORATION UNITS, LEA COUNTY, NEW MEXICO. Case No. 12,535

APPLICATION OF OCEAN ENERGY RESOURCES,
INC. FOR COMPULSORY POOLING AND FOUR
NON-STANDARD OIL AND GAS SPACING AND
PRORATION UNITS, LEA COUNTY, NEW MEXICO. Case No. 12,567

APPLICATION OF YATES PETROLEUM CORPORATION
FOR COMPULSORY POOLING AND THREE NON-
STANDARD OIL AND GAS SPACING AND
PRORATION UNITS, LEA COUNTY, NEW MEXICO. Case No. 12,569

APPLICATION OF YATES PETROLEUM CORPORATION
FOR COMPULSORY POOLING AND THREE NON-
STANDARD OIL AND GAS SPACING AND
PRORATION UNITS, LEA COUNTY, NEW MEXICO. Case No. 12,590

APPLICATION OF YATES PETROLEUM CORPORATION
FOR TWO NON-STANDARD OIL AND GAS SPACING
AND PRORATION UNITS, LEA COUNTY, NEW MEXICO. Case No. 12,738

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Ocean Energy Resources, Inc. as required by the Oil Conservation Commission.

APPEARANCES

APPLICANT

Ocean Energy Resources, Inc.
Suite 1600
1001 Fannin
Houston, Texas 77002
Attention: Derold Maney
(713) 265-6897

APPLICANT'S ATTORNEY

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

OPPONENT

Yates Petroleum Corporation

OPPONENT'S ATTORNEY

William F. Carr

STATEMENT OF THE CASE

APPLICANT

Ocean Energy Resources, Inc. ("Ocean") seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying Lots 1-8 of irregular Section 3, Township 16 South, Range 35 East, NMPM, and in the following manner:

- (a) Lots 1-8 to form a non-standard 355.80-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing;
- (b) Lots 3-6 to form a non-standard 177.21-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing;
- (c) Lots 3 and 4 to form a non-standard 97.21-acre oil spacing and proration unit for any formations and/or pools developed on 80-acre spacing; and
- (d) Lot 3 to form a non-standard 48.78-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing.

The units are to be dedicated to Ocean's Townsend State Com. Well No. 10, to be located at an orthodox well location in Lot 3 of Section 3. (Ocean's original proposal was for a well located in Lot 4 of Section 3.)

There are four primary issues in these consolidated matters:

- (1) Well location: Well location depends on geology. Ocean's evidence (seismic and well control) will prove that the "NW $\frac{1}{4}$ " (Lots 3-6) of Section 3 is the best location for the initial well in the unit.
- (2) Operatorship: Ocean's proposed well is located on a tract in which it owns over 80% of the working interest. Therefore, if Ocean's location is chosen, Ocean should be named operator.
- (3) Good faith negotiations: (a) Ocean began negotiating with Yates and the other interest owners to obtain their voluntary joinder in a well in June 2000. Yates did not even send a well proposal to interest owners until after it filed its pooling application in December 2000; and (b) Ocean continued to negotiate with Yates after entry of the Division's order, including with respect to the well location. In August 2001 the parties reached agreement on a compromise well location in Lot 3 of Section 3. However, Yates then insisted that it operate the well, even though Ocean owns over 80% of the working interest in Lots 3-6 of Section 3. When

agreement was not reached on this issue, Yates filed its non-standard unit application (Case No. 12,738).

(4) Yates' request for two non-standard units: Yates has requested (a) a non-standard unit comprised of Lots 1, 2, 7, and 8, in which it owns 100% of the working interest, and (b) a non-standard unit comprised of Lots 3-6, in which Ocean owns over 80% of the working interest. Ocean opposes the non-standard unit application. Well spacing remains 320 acres, and non-standard units should be rarely approved by the Division and the Commission. If the Commission grants Yates' application in this case, based simply on ownership issues, then numerous such applications will be filed with the Division in the future. Such a policy could also adversely affect future drilling practices.

OPPONENT

PROPOSED EVIDENCE

APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Derold Maney (landman)	20 min.	seven
Frank Messa (geologist)	15 min.	two
Robert Silver (geophysicist)	20 min.	four

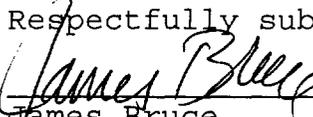
OPPONENT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
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PROCEDURAL MATTERS

Ocean requests that all cases be consolidated for hearing.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Ocean Energy Resources,
Inc.

CERTIFICATE OF SERVICE

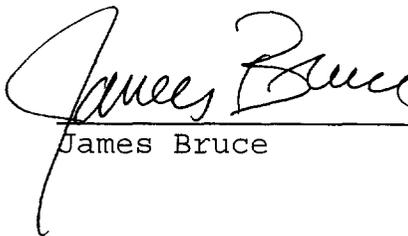
I hereby certify that a copy of the foregoing Pre-Hearing Statement was served upon the following counsel this 5th day of October, 2001 in the manner noted below:

By U.S. Mail

William F. Carr
Holland & Hart LLP and Campbell & Carr
Post Office Box 2208
Santa Fe, New Mexico 87504

By Hand Delivery

Stephen C. Ross
Oil Conservation Commission
120 South St. Francis Drive
Santa Fe, New Mexico 87505



James Bruce

OCEAN ENERGY RESOURCES, INC.
EXHIBIT 2
CASE NOS. 12535 AND 12567

<u>Owner</u>	<u>Lands</u>	<u>Interest in Well Unit</u>
Ocean Energy Resources, Inc.	Lots 3-6	41.072056%
Yates Petroleum Corporation	Lots 1, 2, 7, 8	35.135750%
Yates Drilling Company	Lots 1, 2, 7, 8	5.019393%
Abo Petroleum Corporation	Lots 1, 2, 7, 8	5.019393%
Myco Industries, Inc.	Lots 1, 2, 7, 8	<u>5.019393%</u>
		50.193929%
David H. Arrington Oil & Gas Inc.	Lots 3-6	5.331300%
Tom R. Cone (Unleased)	Lot 3-6	1/5 x 11/384
Marilyn Cone, Trustee of the D.C. Trust (Unleased)	Lots 3, 4, 6 ¹	1/5 x 11/384
LWJ Partnership (Unleased)	Lots 3, 4, 6	1/5 x 11/384
Kenneth G. Cone (Unleased)	Lot 3-6	1/5 x 11/384
Kenneth G. Cone, Trustee of the Kenneth G. Cone Children's Trust U/W/O Kathleen Cone (Unleased)	Lot 3-6	1/5 x 11/384
Clifford Cone (Unleased)	Lots 3, 4, 6	1/5 x 11/384
Clifford Cone, Trustee of the Clifford Cone Family Trust U/W/O Kathleen Cone (Unleased)	Lots 3, 4, 6	1/5 x 11/384
The Long Trusts (Unleased)	Lot 5 ²	4/5 x 11/384
The Blanco Company (Unleased)	Lot 5	1/16
Keith Pratt Daniels (Unleased)	Lot 5	1/32
Lynda Pratt Rast (Unleased)	Lot 5	<u>1/32</u>
		3.402715%
	Total:	100.000000%

Sonic Oil & Gas, L.P. (Unleased) Lots 3-6 4/5 x 11/384
(Wolfcamp formation only)

¹The interests of Marilyn Cone, Trustee, LWJ Partnership, Clifford Cone, and Clifford Cone, Trustee in Lots 3-6 cover all depths except the Wolfcamp formation.

²The interest of The Long Trusts in Lot 5 covers all depths except the Wolfcamp formation.



May 31, 2000

VIA FAX (915) 682-4139 & US MAIL

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

Attn: Mr. David H. Arrington

OIL CONSERVATION DIVISION

CASE NUMBER _____

Re: Proposed 12,950' Morrow Test Well
Townsend St. COM #10 Well
660' FWL and 800' FNL
Section 3, T16S, R35E
Lea County, New Mexico

Ocean EXHIBIT 3A

Dear Mr. Arrington:

Ocean Energy Resources, Inc. hereby proposes to drill at 12,950' Morrow Test at a location 660' FWL and 800' FNL of Section 3, T16S, R35E, Lea County, New Mexico. If the well is successfully completed in the Morrow formation, a 320-acre proration unit consisting of the N/3 of said Section 3 would be established. Based upon our most current title information, David H. Arrington Oil & Gas, Inc. (DHA) appears to own leasehold interest in the NW/4 of said Section 3. Please advise if this is incorrect.

Ocean respectfully requests that DHA either participate for its proportionate interest in the proposed well, or in the alternative, grant Ocean a term assignment covering all of DHA interest in the NW/4 of Section 3, T16S, R35E, Lea County, New Mexico, based upon the following general terms:

1. \$100.00 per mineral acre
2. One year primary term
3. Your reservation of a proportionally reduced overriding royalty interest equal to the difference between 20% and existing lease burdens

Enclosed for your review and execution are two (2) copies of the AFE for the above captioned well. You will be provided an operating agreement covering the N/3 of said Section 3 within the next few days. Should DHA elect to participate in the proposed well, please execute and return one (1) copy of this letter, one (1) AFE well cost estimate, and one (1) copy of the Operating Agreement. Also, please provide your well information requirements and the names of personnel to receive reports. Should DHA elect to grant

Ocean a term assignment, please make the appropriate election in the space provided below, and return one (1) fully executed copy of this letter to the undersigned. Upon receipt of your election a term assignment will be prepared and forwarded for your execution, along with a draft for the appropriate bonus amount.

Thanks for your consideration of this proposal, and if you have any questions please call me at (713) 265-6897.

Yours very truly,

OCEAN ENERGY RESOURCES, INC.,
a subsidiary of OCEAN ENERGY, INC.



Derold Maney
Senior Staff Landman

DAVID H. ARRINGTON OIL & GAS, INC.
ELECTS TO PARTICIPATE in the Townsend St. COM #10 Well

DAVID H. ARRINGTON OIL & GAS, INC.
ELECTS NOT TO PARTICIPATE in the Townsend St. COM #10 Well

By: _____
Title: _____
Date: _____

DAVID H. ARRINGTON OIL & GAS, INC., hereby **elects to grant** Ocean Energy Resources, Inc. a term assignment covering Yates interest in the NE/4 of Section 3, T16S R35E, Lea County, New Mexico based upon the above mentioned terms.

By: _____
Title: _____
Date: _____

May 31, 2000

Ocean Energy

VIA FAX (505) 748-4572 & US MAIL

Yates Petroleum Corporation
Yates Drilling Company
Abo Petroleum Corporation
Myco Industries, Inc.
105 S. Fourth Street
Artesia, New Mexico 88210—2118

Attn: Mr. Robert Bullock

Re: Proposed 12,950' Morrow Test Well
Townsend St. COM #10 Well
660' FWL and 800' FNL
Section 3, T16S, R35E
Lea County, New Mexico

Dear Mr. Arrington:

Ocean Energy Resources, Inc. hereby proposes to drill at 12,950' Morrow Test at a location 660' FWL and 800' FNL of Section 3, T16S, R35E, Lea County, New Mexico. If the well is successfully completed in the Morrow formation, a 320-acre proration unit consisting of the N/3 of said Section 3 would be established. Based upon our most current title information, Yates Petroleum Corporation et al (Yates) appears to own leasehold interest in the NE/4 of said Section 3. Please advise if this is incorrect.

Ocean respectfully requests that Yates either participate for its proportionate interest in the proposed well, or in the alternative grant Ocean a term assignment covering all of Yates's interest in the NE/4 of Section 3, T16S, R35E, Lea County, New Mexico, based upon the following general terms:

1. \$100.00 per mineral acre
2. One year primary term
3. Your reservation of a proportionally reduced overriding royalty interest equal to the difference between 20% and existing lease burdens

Enclosed for your review and execution are two (2) copies of the AFE for the above captioned well. You will be provided an operating agreement covering the N/3 of said Section 3 within the next few days. Should Yates elect to participate in the proposed well, please execute and return one (1) copy of this letter, one (1) AFE well cost estimate, and one (1) copy of the Operating Agreement. Also, please provide your well information requirements and the names of personnel to receive reports. Should Yates elect to grant Ocean a term assignment, please make the appropriate election in the space provided

May 31, 2000

Page 2

below, and return one (1) fully executed copy of this letter to the undersigned. Upon receipt of your election a term assignment will be prepared and forwarded for your execution, along with a draft for the appropriate bonus amount.

Thanks for your consideration of this proposal, and if you have any questions please call me at (713) 265-6897.

Yours very truly,

OCEAN ENERGY RESOURCES, INC.,
a subsidiary of OCEAN ENERGY, INC.



Derold Maney
Senior Staff Landman

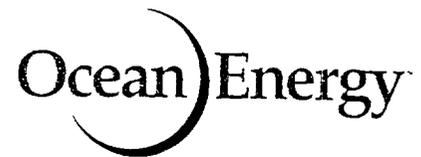
YATES PETROLEUM CORPORATION
ELECTS TO PARTICIPATE in the Townsend St. COM #10 Well

YATES PETROLEUM CORPORATION
ELECTS NOT TO PARTICIPATE in the Townsend St. COM #10 Well

By: _____
Title: _____
Date: _____

YATES PETROLEUM CORPORATION, hereby elects to grant Ocean Energy Resources, Inc. a term assignment covering Yates interest in the NE/4 of Section 3, T16S R35E, Lea County, New Mexico based upon the above mentioned terms.

By: _____
Title: _____
Date: _____



June 26, 2000

Yates Petroleum Corporation
Yates Drilling Company
Abo Petroleum Corporation
Myco Industries, Inc.
105 S. Fourth Street
Artesia, New Mexico 88210-2118

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

Attn: David H. Arrington

Attn: Mr. Robert Bullock

Re: Townsend State Com #10 Well
Section 3, T16S, R35E
Lea County, New Mexico

Gentlemen:

Enclosed for your review is a copy of the proposed Operating Agreement covering the above referenced well. Please review the Agreement and advise weather or not it is acceptable.

Ocean is interested in drilling this well as soon as possible. Therefore, your prompt attention in this matter is greatly appreciated.

If you have any questions or comments, please give me a call at (713) 265-6897,

Yours very truly,

OCEAN ENERGY RESOURCES, INC.,
a subsidiary of OCEAN ENERGY, INC.

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

Derold Maney
Senior Staff Landman

Enclosure

214 West Texas
Suite 400 (Zip 79701)
P.O. Box 2071
Midland, Texas 79702

DAVID H. ARRINGTON OIL & GAS, INC.

Area Code: 915
Phone : 682-6685
Fax: 682-4139

September 29, 2000

CERTIFIED MAIL RETURN RECEIPT REQUESTED: 70993220 000511836002

Ocean Energy Resources, Inc.
Attn: Mr. Derold Maney
1001 Fannin, Suite 1600
Houston, TX 77002

Re: B.B. Skunk State Com #1 Well
660' FNL and 1980' FWL
Section 3, T16S, R35E
Lea County, NM
Our North, North Airport



Ladies and Gentlemen:

David H. Arrington Oil & Gas, Inc., PO Box 2071, Midland, Texas 79702 hereby proposes the drilling of the captioned well at the location referenced above to test the Mississippian formations. This well will be drilled to an approximate depth of 13,100'. You will find enclosed an AFE for the drilling and completion of this well which sets forth the anticipated costs. We intend to commit Lots 1,2,3,4,5,6,7,and 8 (being the N/2) of said Section 3 to the spacing unit for this well.

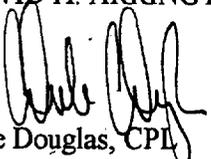
In the event you should desire to participate in the drilling of this test well, please so indicate by signing and returning one copy of the AFE to my attention as soon as possible. In the event you should elect to participate, we will forward for your review and execution a Joint Operating Agreement.

In the alternative, in the event you should wish to not participate in this test well, we would request that you grant a term assignment of your interest in your leasehold position in the in this proposed spacing unit, pursuant to the following terms and conditions: (i) \$100.00 per acre bonus, (ii) deliver an 80% NRI, retaining as an ORRI the difference if any between 20% and current leasehold burdens, and (iii) one (1) year primary term.

Should there be any questions or comments regarding this matter, please advise.

Yours very truly,

DAVID H. ARRINGTON OIL & GAS, INC.


Dale Douglas, CPL

Enclosure

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
TANYA M. TRUJILLO
ROBERT J. SUTPHIN, JR.

JACK M. CAMPBELL
1916-1999



JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-6043
E-MAIL: law@westofpecos.com

December 21, 2000

12-28-00

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: AFFECTED INTEREST OWNERS

Re: Application of Yates Petroleum Corporation for compulsory pooling and three non-standard oil and gas spacing and proration units, Lea County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that Yates Petroleum Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking the compulsory pooling of certain spacing and proration units in Lots 1 through 8 of Irregular Section 3, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico. Said units will be dedicated to a well which Yates Petroleum Corporation proposes to drill at a standard location 660 feet from the North and East lines of said Section 3 to test all formations from the surface to the base of the Morrow formation.

This application has been set for hearing before a Division Examiner on January 11, 2001. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Prehearing Statement three days in advance of a scheduled hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,

William F. Carr
ATTORNEY FOR YATES
PETROLEUM CORPORATION

Enc.

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986

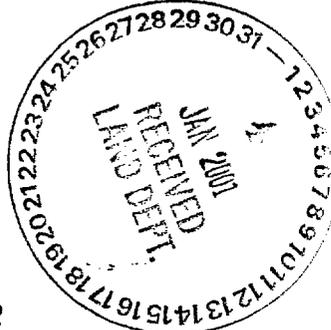


S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

December 27, 2000

Working Interest Owners
Addressee List Attached



Via Certified Mail

Re: **AFE**
Daisy AFS St #2
Township 16 South, Range 35 East
Section 3: 660' FNL & 660' FEL
Lea County, New Mexico

Ladies and Gentlemen:

Please find enclosed our AFE proposing the drilling of the captioned well to test the Morrow/Mississippian formation at approximately 13,100'.

The proposed proration unit located in irregular Section 3 is Lots 1 through 8 which forms a non-standard 355.80 acre spacing unit.

We will forward our Joint Operating Agreement for your review as soon as you have indicated your desire to participate in this proposed test.

Please call me at (505) 748-4351 if you have any questions regarding this proposal.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Robert Bullock
Landman

RB:bn

DAISY AFS ST #2
ADDRESSEE LIST

Tom R. Cone
PO Box 778
Jay, OK 74346

Kenneth G. Cone
PO Box 11310
Midland, TX 79702

Kenneth G. Cone, Trustee
Kenneth G. Cone Children's Trust
PO Box 11310
Midland TX 79702

Marilyn Cone, Trustee
of the D.C. Trust
PO Drawer 1629
Lovington, NM 88260

Clifford Cone
PO Drawer 1629
Lovington, NM 88260

Clifford Cone, Trustee of the
Clifford Cone Family Trust U/W/O
Kathleen Cone
PO Drawer 1629
Lovington, NM 88260

Keith Pratt Daniels
PO Box 190766
Dallas, TX 75219

Lynda Pratt Rast
1202 Marlee Lane
Arlington, TX 76014

Phillip L. White
The Blanco Company
PO Box 2168
Santa FE, NM 87504-2168

The Long Trusts
PO Box 3096
Kilgore, TX 75663

LWJ Partnership
PO Box 64244
Lubbock, TX 79424

Ocean Energy Resources, Inc.
1001 Fannin, Suite 1600
Houston, TX 77002-6794

David H. Arrington Oil & Gas, Inc.
214 West Texas, Suite 400
Midland, TX 79701

Yates Petroleum Corporation
Yates Drilling Company
Abo Petroleum Corporation
Myco Industries, Inc.
105 South Fourth Street
Artesia, NM 88210

Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile*

September 27, 2000

Mr. Tom R. Cone
Post Office Box 778
Jay, Oklahoma 74346

Re: Oil and Gas Lease Acquisition,
Lots 3, 4, 5, of Section 3-All Depths
Lot 6 of Section 3-All Depths, Save & Except
The Depths between 10,394 feet and 10,442 feet
T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico
Containing 177.21 gross acres
And 1.015266 net acres, more or less

Dear Mr. Cone:

By virtue of my letter of September 27, 2000 (see copy attached), I mailed you the oil and gas lease covering the captioned lands. In addition, I said I would mail you a check in the amount of \$152.19 representing the bonus consideration due upon receipt of the lease.

Since, the present plans our to drill a well at a location on the captioned lands early next year, I have enclosed my check in the amount \$152.19 representing the bonus consideration due for the two (2) year paid up oil and gas lease.

Please forward the fully executed lease to me at the captioned address as soon as possible. Should you have any questions, please call me at the captioned phone number. Thank you for your prompt attention to this matter.

Yours truly,

Blaine Hess

Bh/arh
Enclosure

OIL CONSERVATION DIVISION

CASE NUMBER _____

Ocean EXHIBIT 3B

Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile*

September 12, 2000

Ms. Marilyn Cone,
Trustee of the D.C. Trust
Post Office Drawer 1629
Lovington, New Mexico 88260

Re: Oil and Gas Lease Offering,
Lots 3, 4, 6 of Section 3, All Depths,
Save & Except the depths between
10,394 feet and 10,442 feet
T-16-S, R-35-E, N.M.P.M.,
Lea County, New Mexico
Containing 137.21 gross acres
And .786099 net acres, more or less

Dear Ms. Cone:

We are completing our acquisition of oil and gas leases covering the captioned lands. In this respect, we submit an offer to lease your mineral interest in the captioned lands of \$150.00 per net mineral acre bonus consideration for a two (2) year oil and gas lease that provides for a one-quarter (1/4th) royalty interest on production.

Please consider this proposal as we are anxious to finalize our plans for this project. Please contact me at the above phone number to discuss this proposal. Thank you.

Yours truly,

Blaine Hess

Bh/arh

Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile*

September 12, 2000

LWJ Partnership
Post Office Box 64244
Lubbock, Texas 79424

Re: Oil and Gas Lease Offering,
Lots 3, 4, 6 of Section 3, All Depths,
Save & Except the depths between
10,394 feet and 10,442 feet
T-16-S, R-35-E, N.M.P.M.,
Lea County, New Mexico
Containing 137.21 gross acres
And .786099 net acres, more or less

Gentlemen:

We are completing our acquisition of oil and gas leases covering the captioned lands. In this respect, we submit an offer to lease your mineral interest in the captioned lands of \$150.00 per net mineral acre bonus consideration for a two (2) year oil and gas lease that provides for a one-quarter (1/4th) royalty interest on production.

Please consider this proposal as we are anxious to finalize our plans for this project. Please contact me at the above phone number to discuss this proposal. Thank you.

Yours truly,

Blaine Hess

Bh/arh

Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile*

September 12, 2000

Mr. Kenneth G. Cone
Post Office Box 11310
Midland, Texas 79702

Re: Oil and Gas Lease Offering,
Lots 3, 4, 5, of Section 3-All Depths
Lot 6 of Section 3-All Depths, Save & Except
The Depths between 10,394 feet and 10,442 feet.
T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico
Containing 177.21 gross acres
And 1.015266 net acres, more or less

Dear Mr. Cone:

We are completing our acquisition of oil and gas leases covering the captioned lands. In this respect, our plans are to drill a Morrow Test well at a location on the captioned lands.

Therefore, we submit an offer to lease your mineral interest in the captioned lands of \$150.00 per net mineral acre bonus consideration for a two (2) year oil and gas lease that provides for a one-quarter (1/4) royalty interest on production.

Please consider this proposal as we are anxious to finalize our plans for this project. Please contact me at the above phone number to discuss this proposal. Thank you.

Yours truly,

Blaine Hess

Bh/arh

Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile*

September 12, 2000.

Mr. Kenneth G. Cone
Trustee of the Kenneth
G. Cone Children's Trust
Post Office Box 11310
Midland, Texas 79702

Re: Oil and Gas Lease Offering,
Lots 3, 4, 5, of Section 3-All Depths
Lot 6 of Section 3-All Depths, Save & Except
The Depths between 10,394 feet and 10,442 feet
T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico
Containing 177.21 gross acres
And 1.015266 net acres, more or less

Dear Mr. Cone:

We are completing our acquisition of oil and gas leases covering the captioned lands. In this respect, our plans are to drill a Morrow Test well at a location on the captioned lands.

Therefore, we submit an offer to lease your mineral interest in the captioned lands of \$150.00 per net mineral acre bonus consideration for a two (2) year oil and gas lease that provides for a one-quarter (1/4) royalty interest on production.

Please consider this proposal as we are anxious to finalize our plans for this project. Please contact me at the above phone number to discuss this proposal. Thank you.

Yours truly,

Blaine Hess

Bh/arh

Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile*

September 12, 2000

Mr. Clifford Cone
Post Office Drawer 1629
Lovington, New Mexico 88260

Re: Oil and Gas Lease Offering,
Lots 3, 4, 6 of Section 3, All Depths,
Save & Except the depths between
10,394 feet and 10,442 feet
T-16-S, R-35-E, N.M.P.M.,
Lea County, New Mexico
Containing 137.21 gross acres
And .786099 net acres, more or less

Dear Mr. Cone:

We are completing our acquisition of oil and gas leases covering the captioned lands. In this respect, we submit an offer to lease your mineral interest in the captioned lands of \$150.00 per net mineral acre bonus consideration for a two (2) year oil and gas lease that provides for a one-quarter (1/4th) royalty interest on production.

Please consider this proposal as we are anxious to finalize our plans for this project. Please contact me at the above phone number to discuss this proposal. Thank you.

Yours truly,

Blaine Hess

Bh/arh

Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile*

September 12, 2000

Mr. Clifford Cone,
Trustee of the Clifford Cone
Family Trust U/W/O Kathleen Cone
Post Office Drawer 1629
Lovington, New Mexico 88260

Re: Oil and Gas Lease Offering,
Lots 3, 4, 6 of Section 3, All Depths,
Save & Except the depths between
10,394 feet and 10,442 feet
T-16-S, R-35-E, N.M.P.M.,
Lea County, New Mexico
Containing 137.21 gross acres
And .786099 net acres, more or less

Dear Mr. Cone:

We are completing our acquisition of oil and gas leases covering the captioned lands. In this respect, we submit an offer to lease your mineral interest in the captioned lands of \$150.00 per net mineral acre bonus consideration for a two (2) year oil and gas lease that provides for a one-quarter (1/4th) royalty interest on production.

Please consider this proposal as we are anxious to finalize our plans for this project. Please contact me at the above phone number to discuss this proposal. Thank you.

Yours truly,

Blaine Hess

Bh/arh

Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 facsimile

September 12, 2000

The Long Trusts
Post Office Box 3096
Kilgore, Texas 75663

Re: Oil and Gas Lease Offering,
Lot 5 of Section 3-All Depths,
Save & Except the depths between
10,394 feet and 10,442 feet
T-16-S, R-35-E, N.M.P.M.,
Lea County, New Mexico
Containing 40.00 gross acres
And .916667 net acres, more or less

Gentlemen:

Lot 4 — We are completing our acquisition of oil and gas leases covering the captioned lands. In this respect, our plans are to drill a Morrow Test well at a location on the captioned lands.

Therefore, we submit an offer to lease your mineral interest in the captioned lands of \$150.00 per net mineral acre bonus consideration for a two (2) year oil and gas lease that provides for a one-quarter (1/4) royalty interest on production.

Please consider this proposal as we are anxious to finalize our plans for this project. Please contact me at the above phone number to discuss this proposal. Thank you.

Yours truly,

Blaine Hess

Bh/arh

Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile*

September 12, 2000

Mr. Philip L. White
The Blanco Company
Post Office Box 2168
Santa Fe, New Mexico 87504-2168

Re: Oil and Gas Lease Offering,
- Lot 5 of Section 3,
T-16-S, R-35-E, N.M.P.M.,
Lea County, New Mexico
Containing 40.00 gross acres
And 2.5 net acres, more or less

Dear Philip:

lot 4
We are completing our acquisition of oil and gas leases covering the captioned lands. In this respect, our plans are to drill a Morrow Test well at a location on the captioned lands.

Therefore, we submit an offer to lease your mineral interest in the captioned lands of \$150.00 per net mineral acre bonus consideration for a two (2) year oil and gas lease that provides for a one-quarter (1/4) royalty interest on production.

Please consider this proposal as we are anxious to finalize our plans for this project. Please contact me at the above phone number to discuss this proposal. Thank you.

Yours truly,

Blaine Hess

Bh/arh

Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile*

September 15, 2000

Mr. Philip L. White
The Blanco Company
Post Office Box 2168
Santa Fe, New Mexico 87504-2168

Re: Oil and Gas Lease Offering,
Lot 5 of Section 3,
T-16-S, R-35-E, N.M.P.M.,
Lea County, New Mexico
Containing 40.00 gross acres
And 2.5 net acres, more or less

Dear Philip:

In reference to our conversation of today, I am sending this letter to clarify that the proposed location of the Morrow Test well is located on Lot 4 of Section 3 instead of Lot 5 as described in my letter of September 12, 2000.

Also, we submit an offer to lease your mineral interest in the captioned lands of \$150.00 per net mineral acre bonus consideration for a two (2) year paid up oil and gas lease that provides for a one-quarter (1/4) royalty interest on production.

Please consider this proposal as we are anxious to finalize our plans for this project. Please contact me at the above phone number to discuss this proposal. Thank you.

Yours truly,

Blaine Hess

Bh/arh

Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile*

September 15, 2000

Ms. Keith Pratt Daniels
Post Office Box 190766
Dallas, Texas 75219

Re: Oil and Gas Lease Offering,
Lot 5 of Section 3, "
T-16-S, R-35-E, N.M.P.M.,
Lea County, New Mexico
Containing 40.00 gross acres
And 1.25 net acres, more or less

Dear Ms. Daniels:

We are completing our acquisition of oil and gas leases covering the captioned lands. In this respect, we submit an offer to lease your mineral interest in the captioned lands of \$150.00 per net mineral acre bonus consideration for a two (2) year paid up oil and gas lease that provides for a one-quarter (1/4) royalty interest on production.

Please consider this proposal as we are anxious to finalize our plans for this project. Please contact me at the above phone number to discuss this proposal. Thank you.

Yours truly,

Blaine Hess

Bh/arh

Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile*

September 15, 2000

Ms. Lynda Pratt Rast
1202 Marlee Lane
Arlington, Texas 76014

Re: Oil and Gas Lease Offering,
Lot 5 of Section 3,
T-16-S, R-35-E, N.M.P.M.,
Lea County, New Mexico
Containing 40.00 gross acres
And 1.25 net acres, more or less

Dear Ms. Rast:

We are completing our acquisition of oil and gas leases covering the captioned lands. In this respect, we submit an offer to lease your mineral interest in the captioned lands of \$150.00 per net mineral acre bonus consideration for a two (2) year paid up oil and gas lease that provides for a one-quarter (1/4) royalty interest on production.

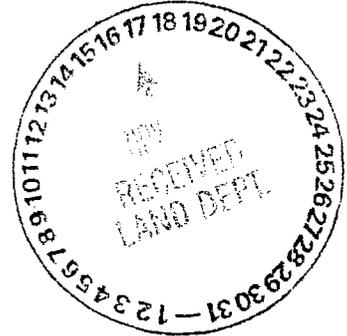
Please consider this proposal, as we are anxious to finalize our plans for this project. Please contact me at the above phone number to discuss this proposal. Thank you.

Yours truly,

Blaine Hess

Bh/arh

Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile*



November 8, 2000

Mr. Tom R. Cone
Post Office Box 778
Jay, Oklahoma 74346

Re: Lots 1 thru 8 of Section 3,
T-16-S, R-35-E, N.M.P.M.
Lea County, New Mexico
Townsend Area

Dear Mr. Cone:

Ocean Energy Resources, Inc. hereby proposes the drilling of the Townsend State Com # 10 well in Lot 4 of Section 3, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico. The well will be drilled to a depth of approximately 12,950 feet to test the Morrow formation.

You have previously been extended an opportunity to lease your mineral rights and, having not reached a lease agreement with you, we now request your participation in the above described well. Your election to participate shall be evidenced by your execution of an Authority for Expenditure and Joint Operating Agreement, naming Ocean Energy Resources, Inc. as operator, and payment of your proportionate share of the drilling cost.

We would appreciate your notifying us as to your election on or before November 27, 2000, as we anticipate commencing the well in the latter part of December 2000. Should you respond affirmatively, Ocean Energy Resources, Inc. will provide a Joint Operating Agreement along with an invoice for your drilling cost.

Thank you for your attention to this matter.

Yours truly,

Blaine Hess

Enc: AFE dated May 9, 2000

cc: Mr. Derold Maney, Ocean Energy Resources, Inc.

**Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 facsimile**

November 8, 2000

Ms. Marilyn Cone
Trustee of the D.C. Trust
Post Office Drawer 1629
Lovington, New Mexico 88260

Re: Lots 1 thru 8 of Section 3,
T-16-S, R-35-E, N.M.P.M.
Lea County, New Mexico
Townsend Area

Dear Ms. Cone:

Ocean Energy Resources, Inc. hereby proposes the drilling of the Townsend State Com # 10-well in Lot 4 of Section 3, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico. The well will be drilled to a depth of approximately 12,950 feet to test the Morrow formation.

You have previously been extended an opportunity to lease your mineral rights and, having not reached a lease agreement with you, we now request your participation in the above described well. Your election to participate shall be evidenced by your execution of an Authority for Expenditure and Joint Operating Agreement, naming Ocean Energy Resources, Inc. as operator, and payment of your proportionate share of the drilling cost.

We would appreciate your notifying us as to your election on or before November 27, 2000, as we anticipate commencing the well in the latter part of December 2000. Should you respond affirmatively, Ocean Energy Resources, Inc. will provide a Joint Operating Agreement along with an invoice for your drilling cost.

Thank you for your attention to this matter.

Yours truly,

Blaine Hess

Enc: AFE dated May 9, 2000
cc: Mr. Derold Maney, Ocean Energy Resources, Inc.

Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile*

November 8, 2000

LWJ Partnership
Post Office Box 64244
Lubbock, Texas 79424

Re: Lots 1 thru 8 of Section 3,
T-16-S, R-35-E, N.M.P.M.
Lea County, New Mexico
Townsend Area

Gentlemen:

Ocean Energy Resources, Inc. hereby proposes the drilling of the Townsend State Com # 10 well in Lot 4 of Section 3, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico. The well will be drilled to a depth of approximately 12,950 feet to test the Morrow formation.

You have previously been extended an opportunity to lease your mineral rights and, having not reached a lease agreement with you, we now request your participation in the above described well. Your election to participate shall be evidenced by your execution of an Authority for Expenditure and Joint Operating Agreement, naming Ocean Energy Resources, Inc. as operator, and payment of your proportionate share of the drilling cost.

We would appreciate your notifying us as to your election on or before November 27, 2000, as we anticipate commencing the well in the latter part of December 2000. Should you respond affirmatively, Ocean Energy Resources, Inc. will provide a Joint Operating Agreement along with an invoice for your drilling cost.

Thank you for your attention to this matter.

Yours truly,

Blaine Hess

Enc: AFE dated May 9, 2000
cc: Mr. Derold Maney, Ocean Energy Resources, Inc.

Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile*

November 8, 2000

Mr. Kenneth G. Cone, Individually
And as Trustee of the Kenneth G.
Cone Children's Trust
Post Office Box 11310
Midland, Texas 79702

Re: Lots 1 thru 8 of Section 3,
T-16-S, R-35-E, N.M.P.M.
Lea County, New Mexico
Townsend Area

Dear Mr. Cone:

Ocean Energy Resources, Inc. hereby proposes the drilling of the Townsend State Com # 10 well in Lot 4 of Section 3, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico. The well will be drilled to a depth of approximately 12,950 feet to test the Morrow formation.

You have previously been extended an opportunity to lease your mineral rights and, having not reached a lease agreement with you, we now request your participation in the above described well. Your election to participate shall be evidenced by your execution of an Authority for Expenditure and Joint Operating Agreement, naming Ocean Energy Resources, Inc. as operator, and payment of your proportionate share of the drilling cost.

We would appreciate your notifying us as to your election on or before November 27, 2000, as we anticipate commencing the well in the latter part of December 2000. Should you respond affirmatively, Ocean Energy Resources, Inc. will provide a Joint Operating Agreement along with an invoice for your drilling cost.

Thank you for your attention to this matter.

Yours truly,

Blaine Hess

Enc: AFE dated May 9, 2000

cc: Mr. Derold Maney, Ocean Energy Resources, Inc.

**Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile***

November 8, 2000

Mr. Clifford Cone, Individually
And as Trustee of the Clifford
Cone Family Trust
Post Office Drawer 1629
Lovington, New Mexico 88260

Re: Lots 1 thru 8 of Section 3,
T-16-S, R-35-E, N.M.P.M.
Lea County, New Mexico
Townsend Area

Dear Mr. Cone:

Ocean Energy Resources, Inc. hereby proposes the drilling of the Townsend State Com # 10 well in Lot 4 of Section 3, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico. The well will be drilled to a depth of approximately 12,950 feet to test the Morrow formation.

You have previously been extended an opportunity to lease your mineral rights and, having not reached a lease agreement with you, we now request your participation in the above described well. Your election to participate shall be evidenced by your execution of an Authority for Expenditure and Joint Operating Agreement, naming Ocean Energy Resources, Inc. as operator, and payment of your proportionate share of the drilling cost.

We would appreciate your notifying us as to your election on or before November 27, 2000, as we anticipate commencing the well in the latter part of December 2000. Should you respond affirmatively, Ocean Energy Resources, Inc. will provide a Joint Operating Agreement along with an invoice for your drilling cost.

Thank you for your attention to this matter.

Yours truly,

Blaine Hess

Enc: AFE dated May 9, 2000

cc: Mr. Derold Maney, Ocean Energy Resources, Inc.

**Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile***

November 8, 2000

The Long Trusts
Post Office Box 3096
Kilgore, Texas 75663

Re: Lots 1 thru 8 of Section 3,
T-16-S, R-35-E, N.M.P.M.
Lea County, New Mexico
Townsend Area

Gentlemen:

Ocean Energy Resources, Inc. hereby proposes the drilling of the Townsend State Com # 10 well in Lot 4 of Section 3, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico. The well will be drilled to a depth of approximately 12,950 feet to test the Morrow formation.

You have previously been extended an opportunity to lease your mineral rights and, having not reached a lease agreement with you, we now request your participation in the above described well. Your election to participate shall be evidenced by your execution of an Authority for Expenditure and Joint Operating Agreement, naming Ocean Energy Resources, Inc. as operator, and payment of your proportionate share of the drilling cost.

We would appreciate your notifying us as to your election on or before November 27, 2000, as we anticipate commencing the well in the latter part of December 2000. Should you respond affirmatively, Ocean Energy Resources, Inc. will provide a Joint Operating Agreement along with an invoice for your drilling cost.

Thank you for your attention to this matter.

Yours truly,

Blaine Hess

Enc: AFE dated May 9, 2000

cc: - Mr. Derold Maney, Ocean Energy Resources, Inc.

Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile*

November 8, 2000

Mr. Philip L. White
The Blanco Company
Post Office Box 2168
Santa Fe, New Mexico 87504-2168

Re: Lots 1 thru 8 of Section 3,
T-16-S, R-35-E, N.M.P.M.
Lea County, New Mexico
Townsend Area

Dear Mr. White:

Ocean Energy Resources, Inc. hereby proposes the drilling of the Townsend State Com # 10-well in Lot 4 of Section 3, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico. The well will be drilled to a depth of approximately 12,950 feet to test the Morrow formation.

You have previously been extended an opportunity to lease your mineral rights and, having not reached a lease agreement with you, we now request your participation in the above described well. Your election to participate shall be evidenced by your execution of an Authority for Expenditure and Joint Operating Agreement, naming Ocean Energy Resources, Inc. as operator, and payment of your proportionate share of the drilling cost.

We would appreciate your notifying us as to your election on or before November 27, 2000, as we anticipate commencing the well in the latter part of December 2000. Should you respond affirmatively, Ocean Energy Resources, Inc. will provide a Joint Operating Agreement along with an invoice for your drilling cost.

Thank you for your attention to this matter.

Yours truly,

Blaine Hess

Enc: AFE dated May 9, 2000
cc: Mr. Derold Maney, Ocean Energy Resources, Inc.

**Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile***

November 8, 2000

Ms. Keith Pratt Daniels
Post Office Box 190766
Dallas, Texas 75219

Re: Lots 1 thru 8 of Section 3,
T-16-S, R-35-E, N.M.P.M.
Lea County, New Mexico
Townsend Area

Dear Ms. Daniels:

Ocean Energy Resources, Inc. hereby proposes the drilling of the Townsend State Com # 10 well in Lot 4 of Section 3, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico. The well will be drilled to a depth of approximately 12,950 feet to test the Morrow formation.

You have previously been extended an opportunity to lease your mineral rights and, having not reached a lease agreement with you, we now request your participation in the above described well. Your election to participate shall be evidenced by your execution of an Authority for Expenditure and Joint Operating Agreement, naming Ocean Energy Resources, Inc. as operator, and payment of your proportionate share of the drilling cost.

We would appreciate your notifying us as to your election on or before November 27, 2000, as we anticipate commencing the well in the latter part of December 2000. Should you respond affirmatively, Ocean Energy Resources, Inc. will provide a Joint Operating Agreement along with an invoice for your drilling cost.

Thank you for your attention to this matter.

Yours truly,

Blaine Hess

Enc: AFE dated May 9, 2000

cc: Mr. Derold Maney, Ocean Energy Resources, Inc.

Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile*

November 8, 2000

Ms. Lynda Pratt Rast
1202 Marlee Lane
Arlington, Texas 76014

Re: Lots 1 thru 8 of Section 3,
T-16-S, R-35-E, N.M.P.M.
Lea County, New Mexico
Townsend Area

Dear Ms. Rast:

Ocean Energy Resources, Inc. hereby proposes the drilling of the Townsend State Com # 10 well in Lot 4 of Section 3, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico. The well will be drilled to a depth of approximately 12,950 feet to test the Morrow formation.

You have previously been extended an opportunity to lease your mineral rights and, having not reached a lease agreement with you, we now request your participation in the above described well. Your election to participate shall be evidenced by your execution of an Authority for Expenditure and Joint Operating Agreement, naming Ocean Energy Resources, Inc. as operator, and payment of your proportionate share of the drilling cost.

We would appreciate your notifying us as to your election on or before November 27, 2000, as we anticipate commencing the well in the latter part of December 2000. Should you respond affirmatively, Ocean Energy Resources, Inc. will provide a Joint Operating Agreement along with an invoice for your drilling cost.

Thank you for your attention to this matter.

Yours truly,

Blaine Hess

Enc: AFE dated May 9, 2000
cc: Mr. Derold Maney, Ocean Energy Resources, Inc.

**Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400**

November 8, 2000

Sonic Oil & Gas, L.P.
Post Office Box 1240
Graham, Texas 76450

Re: Lots 1 thru 8 of Section 3,
T-16-S, R-35-E, N.M.P.M.
Lea County, New Mexico
Townsend Area

Gentlemen:

Ocean Energy Resources, Inc. hereby proposes the drilling of the Townsend State Com # 10 well in Lot 4 of Section 3, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico. The well will be drilled to a depth of approximately 12,950 feet to test the Morrow formation.

In this respect, we submit an offer to lease your mineral interest in Lots 3, 4, 5 of Section 3 at \$50.00 per net mineral acre bonus consideration for a two (2) oil and gas lease that provides for a one-fifth (1/5th) royalty interest on production.

In the event you decide not to lease your mineral interest, we request your participation in the above described well. Your election to participate shall be evidenced by your execution of an Authority for Expenditure and Joint Operating Agreement, naming Ocean Energy Resources, Inc. as operator, and payment of your proportionate share of the drilling cost.

We would appreciate your notifying us as to your election on or before November 27, 2000, as we anticipate commencing the well in the latter part of December 2000. Should you respond affirmatively, Ocean Energy Resources, Inc. will provide a Joint Operating Agreement along with an invoice for your drilling cost.

Thank you for your attention to this matter.

Yours truly,

Blaine Hess

Enc: AFE dated May 9, 2000

cc: Mr. Derold Maney, Ocean Energy Resources, Inc.

WELLNAME: TOWNSEND STATE COM #10 PROSPECT: TOWNSEND DATE: 04/20/2001
 AFE TITLE: Drill and Complet
 PROJECT AFE NO: 10220 DEPTH: 12950 MD 12950 TVD
 FIELD: Townsend COUNTRY: Lee LAT/LONG SBL: /-
 SURFACE LOC: 660 FWL 800TNL X-Y SBL: X= Y=
 BTM HOLE LOC: 660 FWL 800TNL X-Y SBL: X= Y=
 OTHER LOC DESCRIPTION: Sec 3 - T163-R35E, Lee Cty, NM
 GEOLOGIC OBJECTIVE: Morrow/Upper Atoka/Strawn/Wolfcamp
 PROJECT SCOPE: Drill and complete the Townsend State Com #10 as a Morrow producer. The target objectives are the Strawn, the Atoka and the Morrow. The well plan calls for 13-3/8" casing at 500', 8-5/8" casing at 5,000', and, if successful, 5-1/2" casing at TD. There are three possible open hole DST's planned for in the well in the Strawn, Atoka & Morrow. This well will not require a 7" intermediate casing string through the Wolfcamp. The well location spots it out of the Wolfcamp fairway. A mud logger will be operational by 9,000'. TD electric logs will be a CNL/LDT/GR/CA, PE & DIL w/Rxo. GR, Cal.

AFE Number		10220-D	10220-C			
AFE Status		Original-Drill	SUP1-Drill	Original-Compl	SUP1-Compl	
ESTIMATED INTANGIBLE EXPENSES						
ACCOUNT	DESCRIPTION	DRILL	Supplement	COMPLETE	Supplement	TOTAL
221 / 222 - 010	LOCATION COSTS	\$51,500	\$0	\$3,000	\$0	\$54,500
221 / 222 - 020	RIG COSTS	\$507,400	\$0	\$37,000	\$0	\$544,400
221 / 222 - 025	MOB / DEMOB RIG COSTS	\$92,500	\$0	\$0	\$0	\$92,500
221-027	TURNKEY	\$0	\$0			\$0
221 / 222 - 030	SHOREBASE SERVICES	\$0	\$0	\$0	\$0	\$0
221 / 222 - 040	FUEL / LUBE / POWER / WTR	\$77,400	\$0	\$5,000	\$0	\$82,400
221-040	DIRECTIONAL SERVICES	\$0	\$0			\$0
221 - 040	DOWNHOLE COMPLETION SERVICES			\$40,000	\$0	\$40,000
221 / 222 - 070	FISHING	\$0	\$0	\$0	\$0	\$0
221 / 222 - 080	CEMENT AND SERVICES	\$32,500	\$0	\$30,000	\$0	\$62,500
222 / 222 - 090	FORMATION EVALUATION	\$21,000	\$0	\$0	\$0	\$21,000
221 - 092	OPEN HOLE LOG / LWD	\$30,000	\$0			\$30,000
221 / 222 - 097	CASED HOLE LOG / MCH WIRELINE	\$0	\$0	\$10,000	\$0	\$10,000
221 / 222 - 100	TRANSPORTATION - LAND	\$14,800	\$0	\$6,700	\$0	\$21,500
221-101/222-101	TRANSPORTATION - AIR	\$0	\$0	\$0	\$0	\$0
221-105/222-095	TRANSPORTATION - MARINE	\$0	\$0	\$0	\$0	\$0
221 / 222 - 110	BITS, BEAMERS AND STABILIZERS	\$13,000	\$0	\$2,900	\$0	\$15,900
221 / 222 - 120	EQUIPMENT RENTAL	\$12,900	\$0	\$5,900	\$0	\$18,800
221 / 222 - 130	MUD / FLUIDS / CHEMICALS	\$50,000	\$0	\$4,000	\$0	\$54,000
221 / 222 - 140	CONTRACT LABOR	\$75,700	\$0	\$1,300	\$0	\$77,000
221 / 222 - 160	COMMUNICATIONS	\$4,400	\$0	\$400	\$0	\$4,800
221 / 222 - 170	OVERHEAD	\$14,200	\$0	\$2,300	\$0	\$16,500
221 / 222 - 180	INSURANCE	\$9,700	\$0	\$0	\$0	\$9,700
221 / 222 - 185	CASING / TUBING / HMR / EQ & SERVICE	\$13,000	\$0	\$11,000	\$0	\$24,000
221 / 222 - 200	MISCELLANEOUS	\$2,000	\$0	\$0	\$0	\$2,000
221 - 210	P&A EXPENSE	\$0	\$0			\$0
221 / 222 - 220	COMPANY LABOR	\$2,200	\$0	\$0	\$0	\$2,200
221 / 222 - 230	ENVIRONMENTAL	\$0	\$0	\$0	\$0	\$0
221 - 240	DRILL SITE G&G	\$4,300	\$0	\$0	\$0	\$4,300
221 / 222 - 250	WEATHER DELAY	\$0	\$0	\$0	\$0	\$0
	SUB-TOTAL INTANGIBLE	\$1,187,300	\$0	\$191,100	\$0	\$1,378,400
510095	CONTINGENCIES @ 10.00% 10.00%	\$118,730	\$0	\$19,110	\$0	\$137,840
TOTAL INTANGIBLES:		\$1,306,030	\$0	\$210,210	\$0	\$1,516,240

ESTIMATED TANGIBLE EXPENSES					
TUBULARS					
	SIZE	DEPTH	FOOTAGE		
226 - 010	TUBULARS - DRILLING		\$43,500	\$0	\$43,500
227 - 020	TUBULARS - COMPLETION			\$152,900	\$0
224 / 227 - 020	WELLHEAD EQUIPMENT		\$11,000	\$0	\$11,000
224 / 227 - 020	DOWNHOLE EQUIPMENT		\$11,000	\$0	\$11,000
227 - 020	LEASE SURFACE EQUIPMENT			\$31,000	\$0
227 - 020	VALVES, PIPES AND FITTINGS			\$5,000	\$0
227 - 100	ARTIFICIAL LIFT			\$0	\$0
227 - 100	MISCELLANEOUS			\$0	\$0
227 - 110	RECOMPLETION TANGIBLES			\$0	\$0
TOTAL TANGIBLES:			\$105,500	\$0	\$237,900

DRY HOLE AND COMPLETION COSTS \$1,411,530 \$448,110 \$1,859,640

TIME AND COST TO P&A: 1 days \$50,000 ← P&A time and cost included in DHC estimate above
 ESTIMATED DRILLING DAYS 43 COST/DAY \$32,826 COST/FT \$109.06
 ESTIMATED COMPLETION DAYS 7 COST/DAY \$64,015.71 COST/FT \$34.66
 PREPARED BY: RQ Trecheval APPROVAL

OIL CONSERVATION DIVISION
 CASE NUMBER _____
Ocean EXHIBIT 4

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF OCEAN ENERGY RESOURCES,
INC. FOR COMPULSORY POOLING AND FOUR
NON-STANDARD OIL AND GAS SPACING AND
PRORATION UNITS, LEA COUNTY, NEW MEXICO.

Case No. 12,535

AFFIDAVIT REGARDING NOTICE

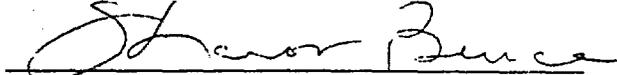
STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

James Bruce, being duly sworn upon his oath, deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters set forth herein.
2. I am an attorney for Applicant.
3. Applicant has conducted a good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the Application filed herein.
4. Notice of the Application was provided to the interest owners at their correct addresses by certified mail. Copies of the notice letter and certified return receipts are attached hereto as Exhibit A.
5. Applicant has complied with the notice provisions of Division Rule 1207.


James Bruce

SUBSCRIBED AND SWORN TO before me this 10th day of January, 2001, by James Bruce.


Notary Public

My Commission Expires:
3/14/2001

OIL CONSERVATION DIVISION
CASE NUMBER _____
Ocean EXHIBIT 5A

JAMES BRUCE

ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA
HYDE PARK ESTATES
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

October 26, 2000

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Yates Petroleum Corporation
Yates Drilling Company
Abo Petroleum Corporation
Myco Industries, Inc.
105 South Fourth Street
Artesia, New Mexico 88210

Attention: Chuck Moran

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

Ladies and Gentlemen:

Enclosed is a copy of an application for compulsory pooling, filed with the New Mexico Oil Conservation Division by Ocean Energy Resources, Inc., regarding Lots 1-8 of Section 3, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico. This application is scheduled to be heard at 8:15 a.m. on Thursday, November 16, 2000 at the Division's offices at 2040 South Pacheco Street, Santa Fe, New Mexico 87505. As an interest owner in the proposed well, you have the right to appear at the hearing and participate in the case. Failure to appear at the hearing will preclude you from contesting this matter at a later date.

Very truly yours,


James Bruce

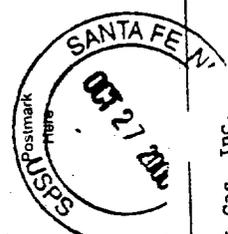
Attorney for Ocean
Energy Resources, Inc.



**U.S. Postal Service
CERTIFIED MAIL RECEIPT**
(Domestic Mail Only; No Insurance Coverage Provided)

6678 2277 1200 0090 0002
6678 2277 1200 0090 0002

Postage	\$ 0.55
Certified Fee	1.40
Return Receipt Fee (Endorsement Required)	1.25
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 3.20



Recipient's Name (Please Print Clearly) _____
 David H. Arrington Oil & Gas, Inc.
 Street, Apt. P.O. Box 2071
 Midland, Texas 79702
 City, State, ZIP+4

PS Form 3800, February 2000 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Yates Petroleum Corporation
 Yates Drilling Company
 Abo Petroleum Corporation
 Myco Industries, Inc.
 105 South Fourth Street
 Artesia, New Mexico 88210
 Attention: Chuck Moran

2. Article Number (Copy from service label)
 7000 0600 0024 3122 8186
 PS Form 3811, July 1999 Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) _____ Date of Delivery _____
 JOANN FITESS 10-30-00
 C. Signature _____
 X Sp Ann Driggs
 D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below:

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
 4. Restricted Delivery? (Extra Fee) Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

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

2. Article Number (Copy from service label)
 7000 0600 0024 3122 8193
 PS Form 3811, July 1999 Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) _____ B. Date of Delivery _____
 S Slough 10-31-00
 C. Signature _____ Agent Addressee
 X S Slough
 D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below:

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
 4. Restricted Delivery? (Extra Fee) Yes

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**
(Domestic Mail Only; No Insurance Coverage Provided)

6678 2277 1200 0090 0002
6678 2277 1200 0090 0002



Postage	\$ 0.55
Certified Fee	1.40
Return Receipt Fee (Endorsement Required)	1.25
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 3.20

Recipient (Send by mailer)
 Yates Petroleum Corporation
 Yates Drilling Company
 Abo Petroleum Corporation
 Myco Industries, Inc.
 105 South Fourth Street
 Artesia, New Mexico 88210

PS Form 3800, February 2000 See Reverse for Instructions

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF OCEAN ENERGY RESOURCES,
INC. FOR COMPULSORY POOLING AND FOUR
NON-STANDARD OIL AND GAS SPACING AND
PRORATION UNITS, LEA COUNTY, NEW MEXICO.

Case No. 12,567

AFFIDAVIT REGARDING NOTICE

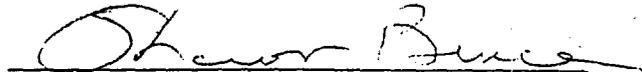
STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

James Bruce, being duly sworn upon his oath, deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters set forth herein.
2. I am an attorney for Applicant.
3. Applicant has conducted a good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the Application filed herein.
4. Notice of the Application was provided to the interest owners at their correct addresses by certified mail. Copies of the notice letter and certified return receipts are attached hereto as Exhibit A.
5. Applicant has complied with the notice provisions of Division Rule 1207.


James Bruce

SUBSCRIBED AND SWORN TO before me this 10th day of January, 2001, by James Bruce.


Notary Public

My Commission Expires:
3/14/2001

OIL CONSERVATION DIVISION
CASE NUMBER _____
Ocean EXHIBIT 5B

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA
HYDE PARK ESTATES
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

December 19, 2000

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

To: Persons on Exhibit A

Ladies and Gentlemen:

Enclosed is a copy of an application for compulsory pooling, filed with the New Mexico Oil Conservation Division by Ocean Energy Resources, Inc., regarding Lots 1-8 of Section 3, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico. This application is scheduled to be heard at 8:15 a.m. on Thursday, January 11, 2001 at the Division's offices at 2040 South Pacheco Street, Santa Fe, New Mexico 87505. As an interest owner in the proposed well, you have the right to appear at the hearing and participate in the case. Failure to appear at the hearing will preclude you from contesting this matter at a later date.

Very truly yours,



James Bruce

Attorney for Ocean
Energy Resources, Inc.



EXHIBIT A

Kenneth G. Cone, individually and
as Trustee of the Kenneth G. Cone
Children's Trust U/W/O Kathleen Cone
P.O. Box 11310
Midland, Texas 79702

Sonic Oil & Gas, L.P.
P.O. Box 1240
Graham, Texas 76450

The Blanco Company
P.O. Box 2168
Santa Fe, New Mexico 87504

Keith Pratt Daniels
P.O. Box 190766
Dallas, Texas 75219

Lynda Pratt Rast
1202 Marlee Lane
Arlington, Texas 76014

The Long Trusts
P.O. Box 3096
Kilgore, Texas 75663

Marilyn Cone, Trustee
of the D.C. Trust
P.O. Drawer 1629
Lovington, New Mexico 88260

LWJ Partnership
P.O. Box 64244
Lubbock, Texas 79424

Clifford Cone, individually and
as Trustee of the Clifford Cone
Family Trust
P.O. Drawer 1629
Lovington, New Mexico 88260

**U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)**

Article Sent To:

Postage \$	55
Certified Fee	1.40
Return Receipt Fee (Endorsement Required)	1.25
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees \$	3.20

Name (Please Print Clearly) (To be completed by mailer)

Keith Pratt Daniels
P.O. Box 190766
Dallas, Texas 75219
City, State, ZIP+4

PS Form 3800, July 1999

See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Keith Pratt Daniels
P.O. Box 190766
Dallas, Texas 75219

3. Service Type

- Certified Mail
- Express Mail
- Registered
- Insured Mail
- C.O.D.

4. Restricted Delivery? (Extra Fee) Yes No

2. Article Number (Copy from service label)

7099 3220 0005 9418 9114

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0852

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

The Long Trusts
P.O. Box 3096
Kilgore, Texas 75663

2. Article Number (Copy from service label)

7099 3220 0005 9418 9150

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0852

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

KEITH DANIELS 7-23-00

C. Signature

X Keith Daniels Agent

D. Is delivery address different from item 1? Yes No

If YES, enter delivery address below:

3. Service Type

- Certified Mail
- Express Mail
- Registered
- Insured Mail
- C.O.D.

4. Restricted Delivery? (Extra Fee) Yes No

2. Article Number (Copy from service label)

7099 3220 0005 9418 9114

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0852

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

ELISA SETMI STOUT 7-22-00

C. Signature

X Elisa Setmi Stout Agent

D. Is delivery address different from item 1? Yes No

If YES, enter delivery address below:

3. Service Type

- Certified Mail
- Express Mail
- Registered
- Return Receipt for Merchandise
- Insured Mail
- C.O.D.

4. Restricted Delivery? (Extra Fee) Yes No

**U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)**

Article Sent To:

Postage \$	55
Certified Fee	1.40
Return Receipt Fee (Endorsement Required)	1.25
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees \$	3.20

Name (Please Print Clearly) (To be completed by mailer)

The Long Trusts
P.O. Box 3096
Kilgore, Texas 75663

City, State, ZIP+4

PS Form 3800, July 1999

See Reverse for Instructions

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**
(Domestic Mail Only; No Insurance Coverage Provided)

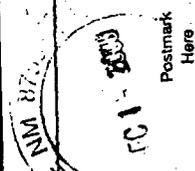
Article Sent To:

Postage \$	55
Certified Fee	1.40
Return Receipt Fee (Endorsement Required)	1.25
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees \$	3.20

Name (Please Print Clearly)
Sonic Oil & Gas, L.P.
P.O. Box 1240 76450
Street, Apt. No Graham, Texas
City, State, ZIP+4

PS Form 3800, July 1999

See Reverse for Instructions



SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

The Blanco Company
P.O. Box 2168
Santa Fe, New Mexico 87504

2. Article Number (Copy from service label)

1099 3220 0005 9418 9181

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature *Phyllis*

D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below: Yes No

3. Service Type

- Certified Mail
- Registered
- Insured Mail
- Express Mail
- Return Receipt for Merchandise
- C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Sonic Oil & Gas, L.P.
P.O. Box 1240
Graham, Texas 76450

2. Article Number (Copy from service label)

1099 3220 0005 9418 9198

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature *Wclustre*

D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below: Yes No

3. Service Type

- Certified Mail
- Registered
- Insured Mail
- Express Mail
- Return Receipt for Merchandise
- C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**
(Domestic Mail Only; No Insurance Coverage Provided)

Article Sent To:

Postage \$	55
Certified Fee	1.40
Return Receipt Fee (Endorsement Required)	1.25
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees \$	3.20

Return Receipt Fee (Endorsement Required)

Restricted Delivery Fee (Endorsement Required)

Total Postage & Fees

Name (Please Print Clearly) (To be administered by mail)

The Blanco Company
P.O. Box 2168
Street, Apt. No Santa Fe, New Mexico 87504
City, State, ZIP+4

PS Form 3800, July 1999

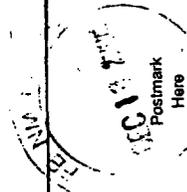
See Reverse for Instructions

7099 3220 0005 9418 9181

**U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)**

Article Sent To:

Postage	\$ 5.50
Certified Fee	1.50
Return Receipt Fee (Endorsement Required)	1.25
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 3.20



Name (Kenneth G. Cone, individually and as Trustee of the Kenneth G. Cone Children's Trust U/W/O Kathleen Cone)
 Street, P.O. Box 11310
 Midland, Texas 79702
 City, State, ZIP+4

PS Form 3800, July 1989 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Kenneth G. Cone, individually and as Trustee of the Kenneth G. Cone Children's Trust U/W/O Kathleen Cone
 P.O. Box 11310
 Midland, Texas 79702

2. Article Number (Copy from service label)
 4099 3220 0005 9418 9804

PS Form 3811, July 1999 Domestic Return Receipt 102595-00-M-0952

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Marilyn Cone, Trustee of the D.C. Trust
 P.O. Drawer 1629
 Lovington, New Mexico 88260

2. Article Number (Copy from service label)
 4099 3220 0005 9418 9743

PS Form 3811, July 1999 Domestic Return Receipt 102595-00-M-0952

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery
 C. Signature
 D. Is delivery different from item 1? Yes No
 If YES, enter delivery address below:

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes No

**U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)**

Article Sent To:

Postage	\$ 5.50
Certified Fee	1.50
Return Receipt Fee (Endorsement Required)	1.25
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 3.20



Name (Ple Marilyn Cone, Trustee of the D.C. Trust
 Street, Apt P.O. Drawer 1629
 Lovington, New Mexico 88260
 City, State, ZIP+4

PS Form 3800, July 1999 See Reverse for Instructions

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery
 C. Signature
 D. Is delivery different from item 1? Yes No
 If YES, enter delivery address below:

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes No

1. Article Addressed to:

Kenneth G. Cone, individually and as Trustee of the Kenneth G. Cone Children's Trust U/W/O Kathleen Cone
 P.O. Box 11310
 Midland, Texas 79702

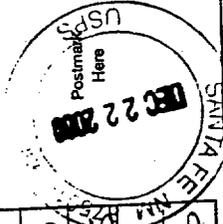
2. Article Number (Copy from service label)
 4099 3220 0005 9418 9804

PS Form 3811, July 1999 Domestic Return Receipt 102595-00-M-0952

**U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)**

Article Sent To:

Postage	\$ 5.55
Certified Fee	1.40
Return Receipt Fee (Endorsement Required)	1.25
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 3.20



Name (Please Print Clearly) Clifford Cone, individually and as Trustee of the Clifford Cone Family Trust
 Street, Apt. No.: P.O. Drawer 1629
 City, State, ZIP+: Lovington, New Mexico 88260

PS Form 3800, July 1999 See Reverse for Instructions

7099 9220 0005 9418 9682

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Clifford Cone, individually and as Trustee of the Clifford Cone Family Trust
 P.O. Drawer 1629
 Lovington, New Mexico 88260

2. Article Number (Copy from service label)

1099 3220 0005 9418

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly)

C. Signature *Clifford Cone*

D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below:

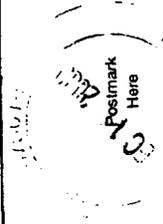
3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes No

**U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)**

Article Sent To:

Postage	\$ 5.55
Certified Fee	1.40
Return Receipt Fee (Endorsement Required)	1.25
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 3.20



Name (Please Print Clearly) Lynda Pratt Raab
 Street, Apt. No.: 1202 Marlee Lane
 City, State, ZIP+ 4: Arlington, Texas 76014

PS Form 3800, July 1999 See Reverse for Instructions

7099 9220 0005 9418 9682

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

LWJ Partnership
P.O. Box 64244
Lubbock, Texas 79424

2. Article Number (Copy from service label)

1099 3220 0005 9418 9736

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0992

OEI

COMPLETE THIS SECTION ON DELIVERY

- A. Received by (Please Print Clearly) _____ B. Date of Delivery _____
- C. Signature _____ Agent Addressee
- X** D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below: _____

3. Service Type
- Certified Mail Express Mail
- Registered Return Receipt for Merchandise
- Insured Mail C.O.D.
4. Restricted Delivery? (Extra Fee) Yes No

**U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)**

Article Sent To:

7099 3220 0005 9418 9736

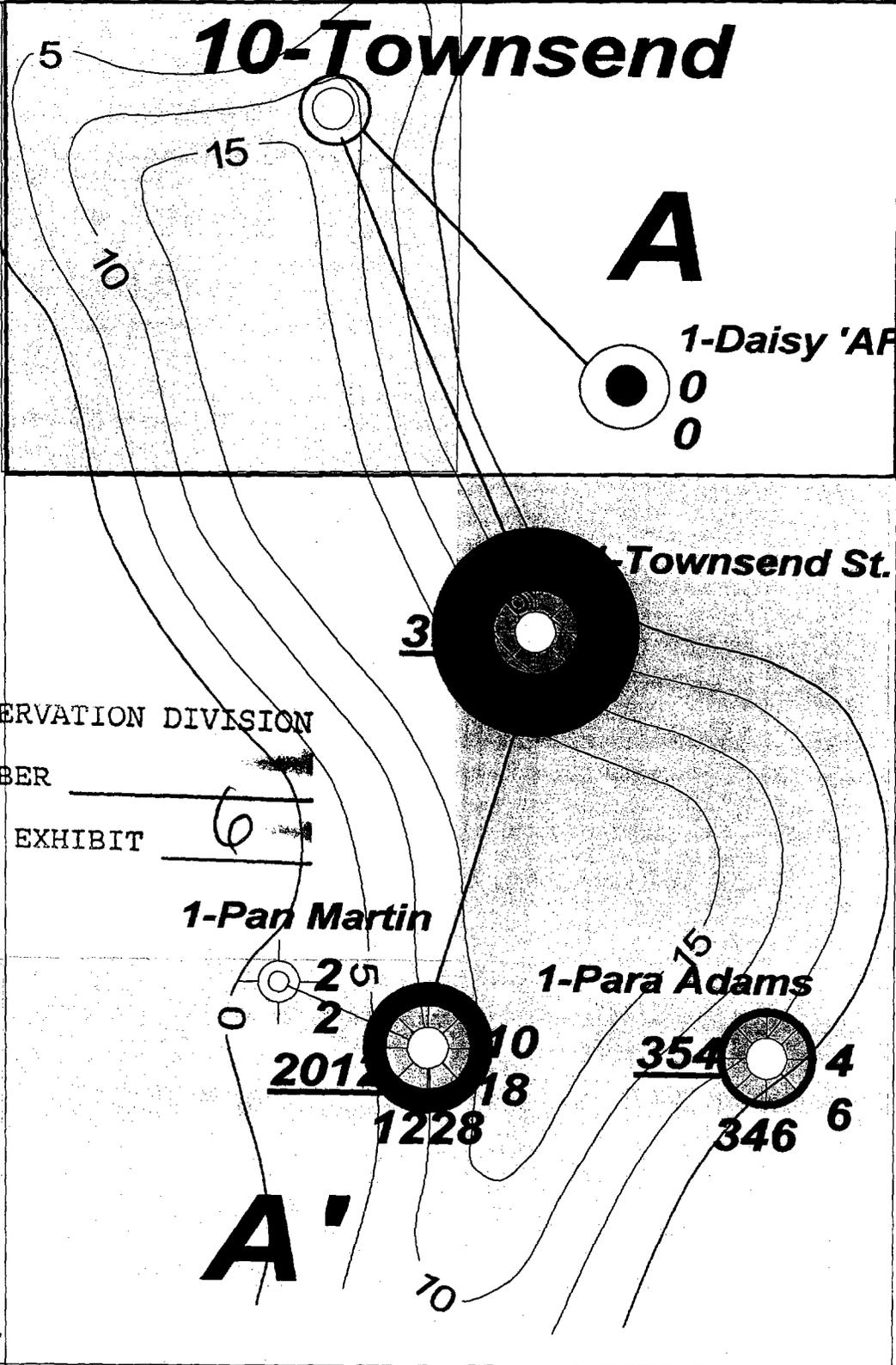
Postage \$	5.55
Certified Fee	1.80
Return Receipt Fee (Endorsement Required)	1.25
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 3.20



Name (Please Print) LWJ Partnership
P.O. Box 64244
Street, Apt. No.: Lubbock, Texas 79424
City, State, ZIP+4 _____

PS Form 3800, July 1999 See Reverse for Instructions

10-Townsend



OIL CONSERVATION DIVISION
CASE NUMBER _____
EXHIBIT 6

0
0
id St.



Legend

- Curr. Gas Rate (Mcf/d)
- Net Porosity > 8% Neu-Den
- Net Sand GR < 60 API
- Cumm. Gas Prod. (MMcf)

T10hear.gpf

Ocean Energy, Inc.		
Northern Shelf Regional Townsend 10 Morrow Prospect Net Isopach Mesa Sand		
Frank Messe	C.L.S.	10/3/01
Den Por > 8%	Scale 1:12000	Wells > 120/97

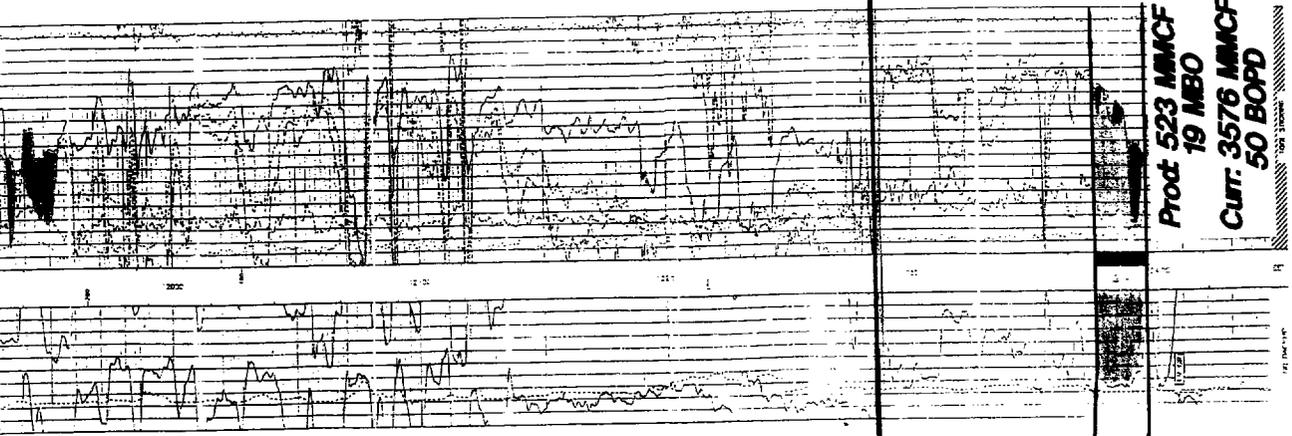
BAKER HUGHES COMPENSATED NEUTRON LOG

WELL: [blank] FIELD: [blank] COUNTY: [blank] STATE: [blank]

DATE: [blank] TIME: [blank]

LOG NO: [blank]

LOGGERS: [blank]



Prod: 523 MMCF
19 MBO
Curr: 3576 MMCFD
50 BOPD

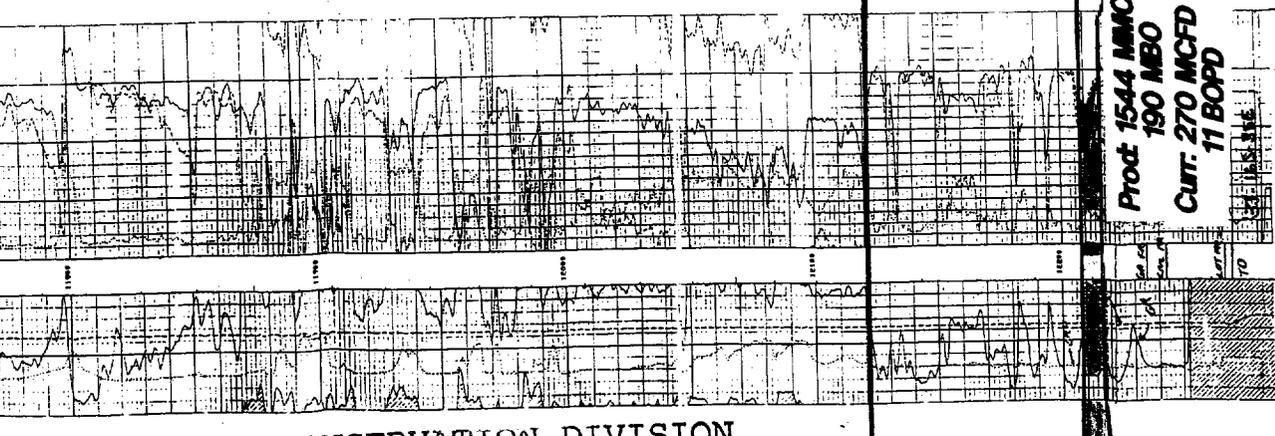
COMPENSATED NEUTRON LOG DENSITY

COMPANY: Mesa Petroleum Co.

WELL: Townsend State #1 FIELD: Townsend COUNTY: Lea STATE: New Mexico

DATE: 3/15/58

LOGGERS: [blank]



Prod: 1544 MMCF
190 MBO
Curr: 270 MCFD
11 BOPD

OIL CONSERVATION DIVISION

CASE NUMBER _____
EXHIBIT 7

TOWNSEND #10

Mesa Sand

Datum: Top Morrow Line

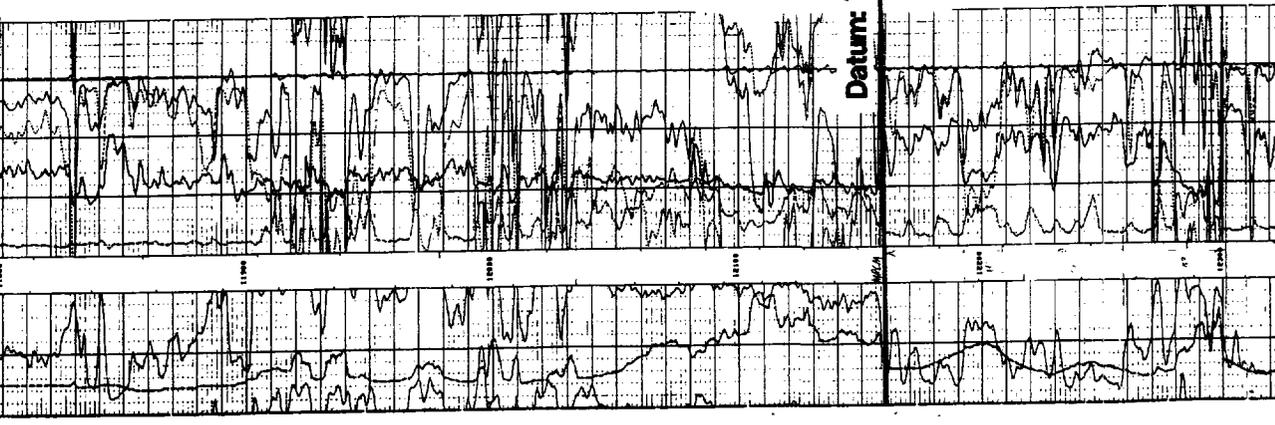
COMPENSATED NEUTRON LOG DENSITY

COMPANY: Yates Petroleum Corporation

WELL: DABY 'A' STATE #1 FIELD: BISON COUNTY: Lea STATE: New Mexico

DATE: 1/25/58

LOGGERS: [blank]



OIL CONSERVATION DIVISION

CASE NUMBER

EXHIBIT

8

Line A

Wmsand #1

OCEAN ENERGY INC.

Townsend Area

Morrow Lime to Chester Lime Isochron

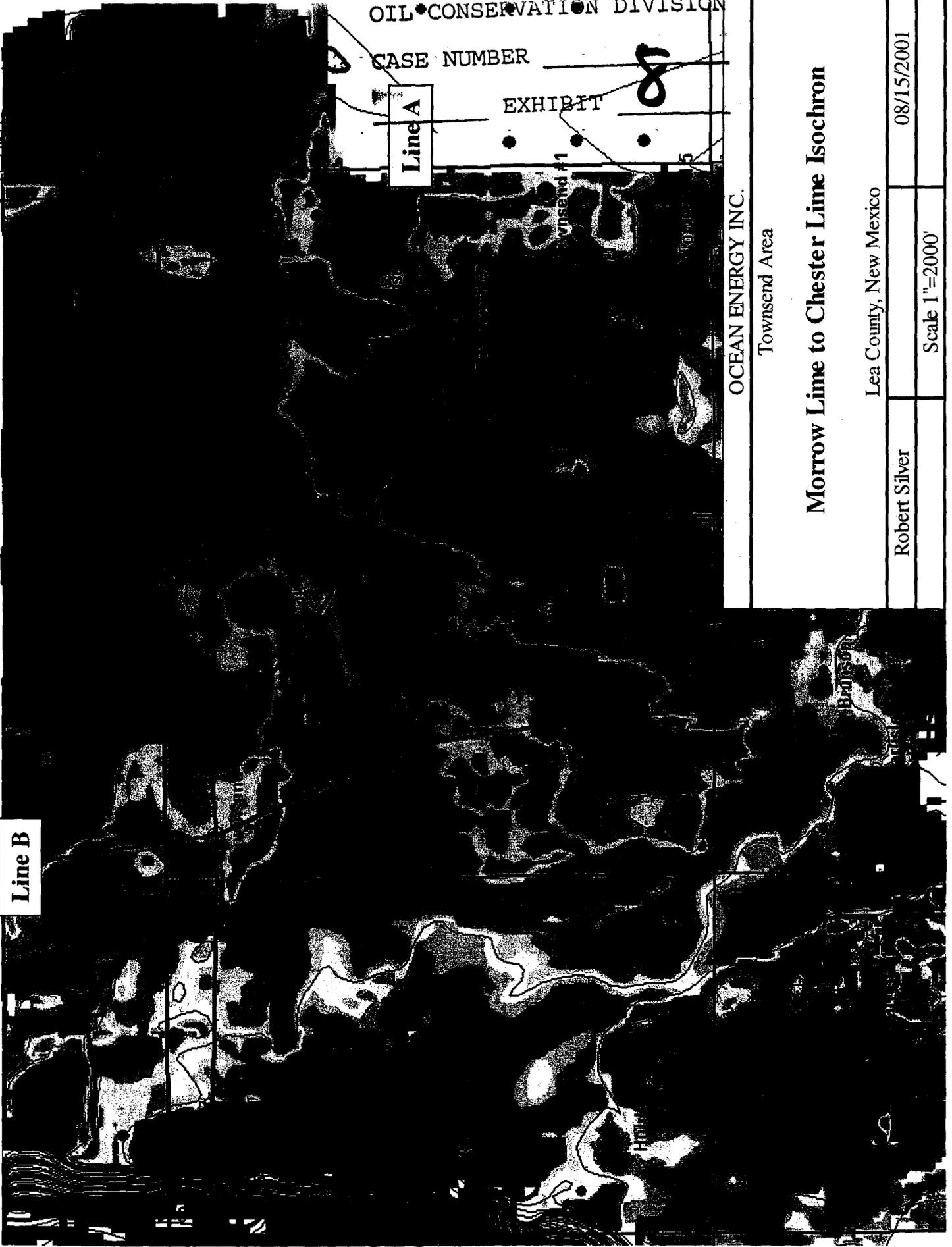
Lea County, New Mexico

Robert Silver

08/15/2001

Scale 1"=2000'

Line B



OIL CONSERVATION DIVISION

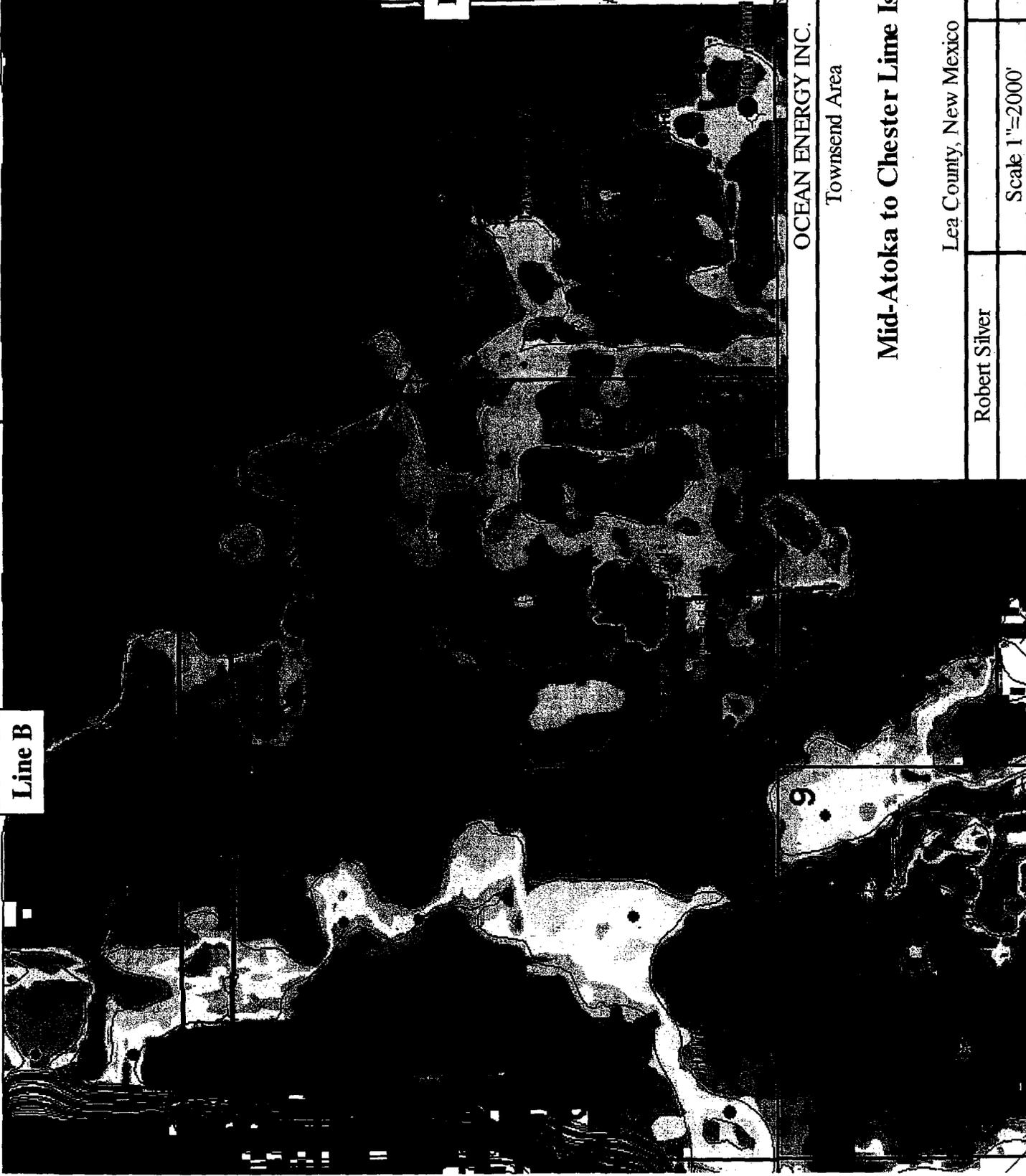
CASE NUMBER

Line A

EXHIBIT

9

Line B



OCEAN ENERGY INC.

Townsend Area

Mid-Atoka to Chester Lime Isochron

Lea County, New Mexico

Robert Silver

08/15/2001

Scale 1"=2000'

OIL CONSERVATION DIVISION

CASE NUMBER

Cisco

EXHIBIT
Strawn

10

Atoka Lm

Mid-Atoka

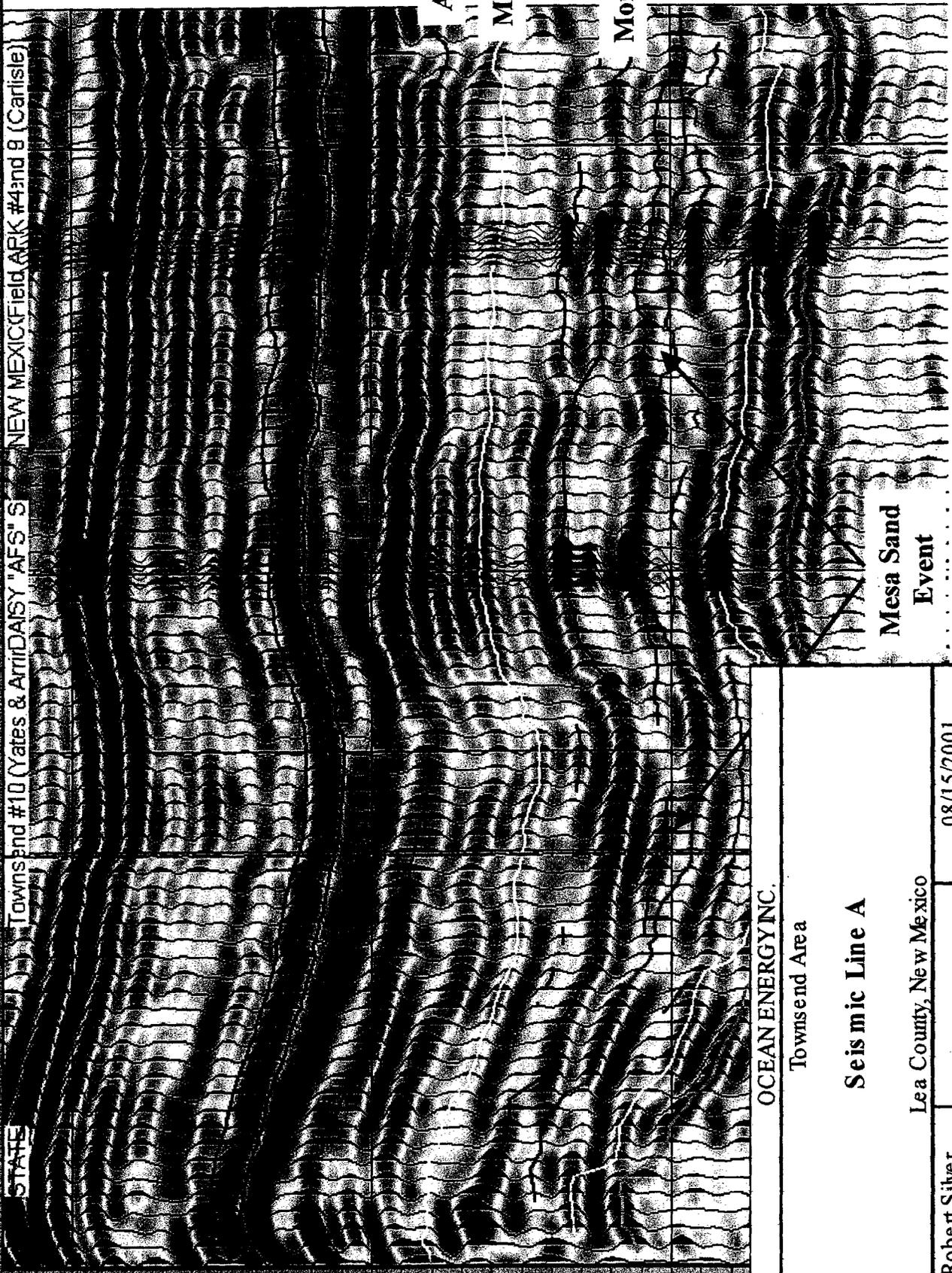
Morrow Lm

Chester

Miss Lm

Line A

STATE OF NEW MEXICO (Yates & Arridaisy "AFS" S) NEW MEXICO Field ARK #4 and 9 (Carlisle)



OCEAN ENERGY INC.

Townsend Area

Seismic Line A

Lea County, New Mexico

Robert Silver

08/15/2001

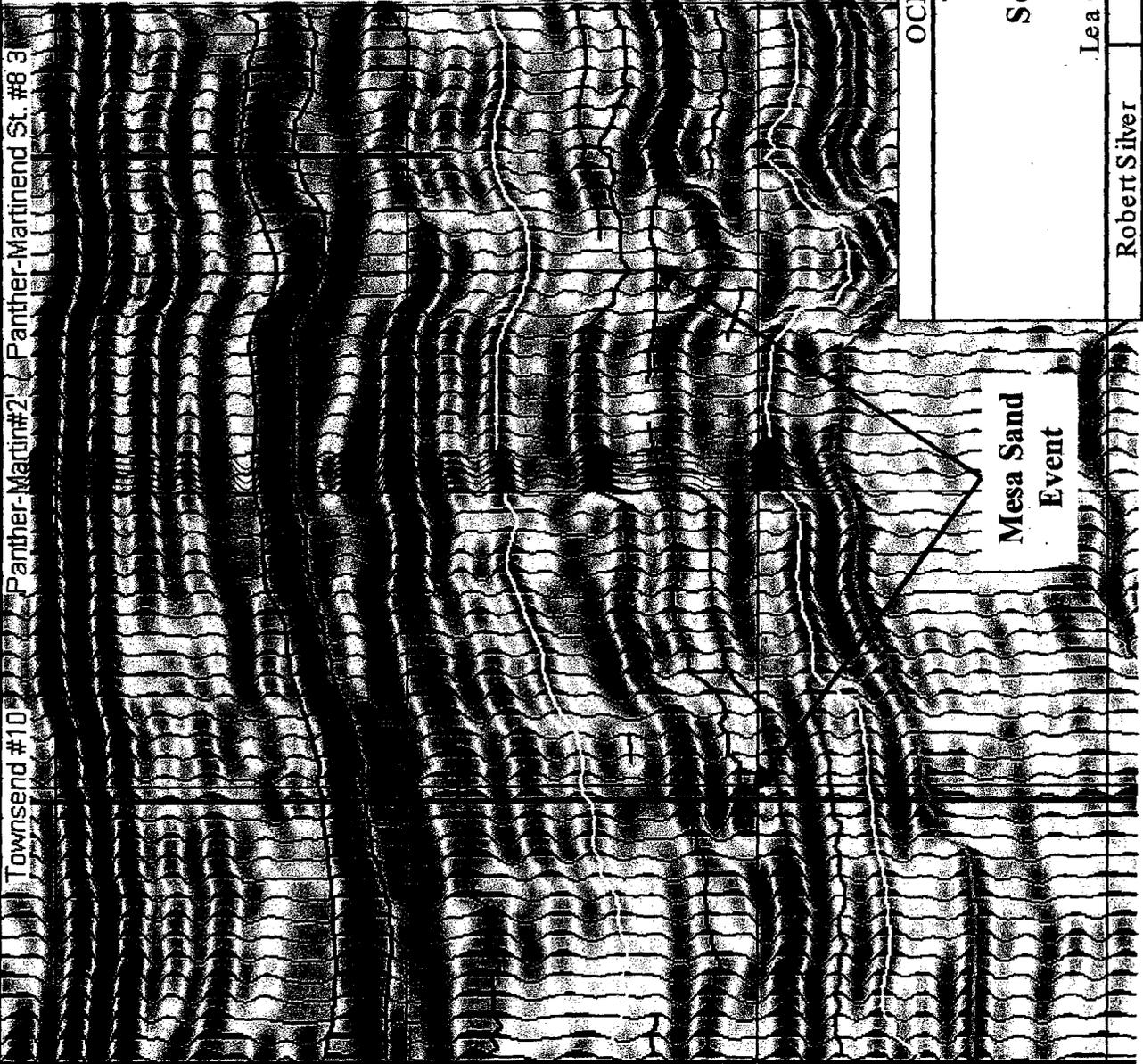
Scale 20"/second

1:500

Line B

Townsend #10 Panther-Martin#2 Panther-Martinend St. #8 3

Cisco



OIL CONSERVATION DIVISION

CASE NUMBER

EXHIBIT

Strawn

Atoka Lm

Mid-Atoka

Morrow Lm

Austin Lm

Chester

Miss Lm

OCEAN ENERGY INC.

Townsend Area

Seismic Line B

Lea County, New Mexico

Robert Silver

08/15/2001

Scale 20"/second

Mesa Sand
Event

1.400

1.600

1.700