

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

**IN THE MATTER OF THE APPLICATION
OF EGL RESOURCES, INC.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

CASE NO. 13049

Rio Blanco "4" Fed Com Well No. 1
1980' FNL and FWL of Section 4 T-23-S, R-34-E

CHRONOLOGY

1998:

Subject well was originally drilled in 1998 to a total depth of 13,373' by Santa Fe Energy Resources, Inc. (predecessor to Devon Energy) and completed in the Morrow formation at 12,916'-12,945'.

Landreth owned a 50% leasehold interest in the N/2 Section 4 spacing/unitized unit covering the Morrow/Atoka formations. Landreth joined for 12.5% working interest and farmed out his remaining 37.5% on the basis of a proportionate 25% back in after payout. The well paid out, resulting in Landreth owning 21.88% working interest from that point forward.

EGL Resources, Inc. owned no interest in Section 4 at the time this well was drilled. Its predecessor in title, Hunt Oil Company, owned a 25% working interest in the spacing unit for this well, which it farmed out on the basis of a proportionate 25% reversionary working interest at payout, resulting in a 6.24% working interest at that point. The after-payout interest of the other parties was Santa Fe Energy (now Devon) 35.93% and Southwestern Energy Production Company 35.93%.

September 18, 1998:

An Operating Agreement was entered into between the parties dated September 18, 1998, designating Santa Fe Energy as operator. This operating agreement was limited to rights from surface to the base of the Morrow formation.

March, 2000:

The Morrow formation ceased to produce in March 2000. Santa Fe Energy proposed and did a workover in the Atoka formation at approximately 12,056'. Landreth joined for his 21.88% working interest.

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APRIL 10, 2003

EGL/LANDRETH

EXHIBIT NO. 4

July, 2000:

The recompletion attempt was unsuccessful and was abandoned in July 2000 without establishing production for the Atoka.

There has been no production from this well since July 2000. Consequently, the Communitization Agreement expired by its own terms. The Operating Agreement referenced above also expired by its own terms.

March 1, 2001:

EGL Resources, Inc. acquired the interest of Hunt Oil Company, consisting of an undivided ½ leasehold interest in the NE/4 and SW/4 of Section 4, effective March 1, 2001.

May, 2001:

Landreth sent Devon a complete package of information (geologic interpretation, leasehold ownership summary, and proposed terms of trade) in an effort to interest Devon in acquiring additional interest from Landreth in Section 4 and serving as operator of a re-entry of the Rio Blanco "4" Fed Com No. 1 or a new well to test the Devonian. Devon responded verbally that it was going to participate in a 3D spec shot across this area and would withhold a decision on Landreth's proposal until the 3D data was acquired. Devon subsequently advised that it was not interested in pursuing the prospect.

March 15, 2002:

On March 15, 2002 EGL Resources sent a letter proposal and AFE to re-enter the Rio Blanco "4" Fed Com No. 1 to all working interest owners, proposing a working interest unit covering all of Section 4 for this operation. The working interest ownership at that time for the proposed 640-acre unit was EGL Resources 25%, Landreth 62.5%, Devon 3.125%, Southwestern Energy 3.125%, First Roswell Corp. 6.25%. Neither Devon nor Southwestern Energy ever responded to this proposal.

September 20, 2002:

Landreth sends letter to Devon pointing out that he had been trying for three years to get the various companies represented in Section 4 to commit to the re-entry or the drilling of a well to test the Devonian, noting that Devon had never responded to any prior proposal. This letter contained a preliminary proposal as the basis for moving forward.

October, 2002:

Devon makes a trade to acquire the ½ leasehold interest owned by First Roswell Corporation in the S/2 NW/4 Section 4.

Verbal discussions begin with Devon in an attempt to reach agreement on a trade.

November 4, 2002:

Devon now has the results of the 3D seismic and is suddenly very interested in making a deal with Landreth and EGL Resources to acquire any interest which they are willing to farmout. Devon makes its first written farmout proposal on this date.

November, December 2002-January 2003:

Substantial negotiations and proposals back and forth. Devon continues to acquire interests in adjoining lands which it is later unwilling to share with Landreth and EGL as part of an agreement to develop the prospect.

February 7, 2003:

Devon sends it last farmout proposal. More negotiations.

February 27, 2003:

EGL Resources sends (by certified mail) a formal re-entry proposal to all owners in Section 4, with AFE and Operating Agreement.

February 28, 2003:

Devon faxes and mails a formal re-entry proposal with AFE, but no Operating Agreement, asks for a response by March 13, stating it will seek compulsory pooling if necessary. Devon proposes 320-acre (N/2) spacing unit and participating area, whereas all prior proposals from Devon have been based on a 640-acre working interest unit. This proposal reduces Landreth's interest in the re-entry from 62.5% to 50%.

March 7, 2003:

Devon files Application for Compulsory Pooling for the N/2 of Section 4.

March 18, 2003:

Received certified letter dated March 7 from Kellahin & Kellahin advising of Devon's scheduling of a hearing with the NMOCD on April 10.

EGL Resources files Application for Compulsory Pooling for a hearing on April 10 with EGL Resources as operator of the 640-acre spacing unit.