



"Sue Ann Craddock"
<sueanncraddock@zi
anet.com>

07/07/2004 10:47 AM

To: <:ssmith@mewbourne.com>
cc:
Subject: FW: Mewbourne - Falcon Keys "33" State COM #1

OIL CONSERVATION DIVISION
CASE NUMBER
EXHIBIT NUMBER 3B

Steve - I had your address wrong on the first one - thanks -sac

Sue Ann Craddock
670 Dona Ana Road, SW
Deming, New Mexico 88030
505 546-8802 - Office
505 546-7551 - Fax
713 898-8178 - Mobile
sueanncraddock@zianet.com

-----Original Message-----

From: Sue Ann Craddock [mailto:sueanncraddock@zianet.com]
Sent: Wednesday, July 07, 2004 10:42 AM
To: 'Sikora, Jeff'
Cc: Mary Lou Fry (E-mail); 'ssmith@mebourne.com'; J. P. Bryan (E-mail)
Subject: RE: Mewbourne - Falcon Keys "33" State COM #1

Jeff - I am asking Steven to change this exhibit because participation is on a well by well basis - however, I do not believe the acreage, not owned jointly by Chisos and Pure, is subject to the Edge Agreement - so therefore a reference to subsequent operations and being subject to the Edge Agreement would not be correct. As noted on our letter to you on June 28, 2004, Chisos reserved the rights to dispute the inclusion of other non-jointly held acreage under the Exploration Agreement.

Thus - the reference to "Initial Well" should be changed to "Well" and "Subsequent Operations" should be deleted.

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-----Original Message-----

From: Sikora, Jeff [mailto:jsikora@edgepet.com]
Sent: Wednesday, July 07, 2004 8:48 AM
To: Sue Ann Craddock (E-mail)
Subject: Mewbourne - Falcon Keys "33" State COM #1

Sue Ann,

Thank you for sending the letter and AFE to Mewbourne and copying me. Are you ok with the JOA Steve sent? I don't think he is correct that Edge and Chisos would be 6.25% each in "all subsequent operations" as is stated on Exh. "A-4" to the JOA. If another well is drilled in the contract area (W/2 of Sec. 33) prior to Edge satisfying its obligation under our EA, Edge would still have to carry Chisos. Maybe we should ask Steve to add to the JOA a provision that makes the interests of Chisos and Edge subject to our EA and in the event of a discrepancy, the provisions of the EA will control. What do you think?

Jeff A. Sikora, CPL
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(713) 427-8843

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"Sikora, Jeff"
<jsikora@edgepet.com>
m>

07/09/2004 02:35 PM

To: 'Sue Ann Craddock' <sueanncraddock@zianet.com>
cc: "J. P. Bryan (E-mail)" <bryanj@teai.com>, "Mary Lou Fry (E-mail)"
<frym@teai.com>, ssmith@mewbourne.com, "Elias, John"
<jelias@edgepet.com>, "Larry Cochran (E-mail)"
<lcochran@eldonpartners.com>, "Gabrisch, Mark"
<mgabrisch@edgepet.com>

Subject: RE: Mewbourne Falcon Keys "33"

Sue Ann - Edge believes the Mewbourne well will be drilled pursuant to our Exploration Agreement, under which we have already met our obligation to carry Chisos through the tanks on 2 deep wells. Thanks.

Jeff Sikora

-----Original Message-----

From: Sue Ann Craddock [mailto:sueanncraddock@zianet.com]

Sent: Friday, July 09, 2004 8:03 AM

To: Sikora, Jeff

Cc: J. P. Bryan (E-mail); Mary Lou Fry (E-mail); ssmith@mewbourne.com

Subject: Mewbourne Falcon Keys "33"

Jeff - in keeping with the proposal that Mary Lou Fry made to Robert Thomas yesterday, the Exhibit A to the JOA for the Mewbourne well should reflect "through the tanks" and not to casing point as currently shown and any interest earned by Edge in this well would be based on a 75.00% net revenue interest. sac

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