

Hudson, Brett
From: Hudson, Brett
Sent: Tuesday, October 31, 2006 9:46 AM
To: 'Karl.Nordquist@total.com'
Subject: W/2 of 20-21S-26E Eddy County, New Mexico

Attachments: Hudson, Brett (hudsob) - 10-31-06 - GQ4BCGJ.pdf; Hudson, Brett (hudsob) - 10-31-06 - KYZRHUZ.pdf; Hudson, Brett (hudsob) - 10-31-06 - MHJLB7N.pdf

Mr. Nordquist:

To follow up on our conversation yesterday concerning the Transfer of Operating Rights from Fina (successor of interest to Tenneco) and Devon Energy (successor of interest to EM Nominee Partnership) covering the rights from surface to 11,150' in the W/2 of 20-21S-26E Federal Lease NM-84-B. Please review the attached correspondence between Mr. R. Keith Turner, JD of Fina and Mr. Mike S. Bogart of Perry & Perry, Inc. dated March 18, 1999 concerning this matter. I have also attached a brief ownership report and title opinion for your review covering the above captioned lands. We are currently preparing to recomplete a well in this section in the Delaware formation and are under a fast approaching deadline from the BLM and State. Your prompt attention to this matter would be greatly appreciated. We need this to be resolved by December 1, 2006. Let me know if you need any other information concerning this matter.



Hudson, Brett
(hudsob) - 10-31...



Hudson, Brett
(hudsob) - 10-31...



Hudson, Brett
(hudsob) - 10-31...

Thanks for your attention on this matter,

Brett A. Hudson
Devon Energy Production Company, L.P.
Petroleum Landman
Western Division
Office: 405.228.8589
Cell: 405.204.3144
20 North Broadway
Oklahoma City, Oklahoma 73102

Oil Conservation Division
Case No. _____
Exhibit No. 2

Hudson, Brett

From: Sherry.ABPLANALP@total.com
Sent: Wednesday, November 01, 2006 2:17 PM
To: Karl.NORDQUIST@total.com
Cc: Hudson, Brett
Subject: Re: Fw: W/2 of 20-21S-26E Eddy County, New Mexico
Attachments: Hudson, Brett (hudsob) - 10-31-06 - GQ4BCGJ.pdf; Hudson, Brett (hudsob) - 10-31-06 - KYZRHUZ.pdf; Hudson, Brett (hudsob) - 10-31-06 - MHJLB7N.pdf

Karl:

I have reviewed the conveyance from TOC Gulf Coast to Fina Oil and Chemical Company and found no evidence that this federal lease was ever conveyed to Fina. It would appear from Keith's letter that Tenneco had already conveyed their interest to EM Nominee Partnership Company via the Quit Claim Deed dated February 14, 1984.

Sherry Abplanalp
Manager, Land Administration
TOTAL E&P USA. INC.
800 Gessner, Suite 700
Houston, Texas 77024
713.647.3361
sherry.abplanalp@TOTAL.com

Karl NORDQUIST/HOU/US/EP/Corp

11/01/2006 12:57 PM

To Sherry ABPLANALP/HOU/US/EP/Corp@E&P

cc

Subject Fw: W/2 of 20-21S-26E Eddy County, New Mexico

Sherry,

Could you please check to see if we have any info about this Eddy County issue? If you want to get back to Devon directly, please feel free.

Thanks. Karl

— Forwarded by Karl NORDQUIST/HOU/US/EP/Corp on 11/01/2006 12:55 PM —

"Hudson, Brett" <Brett.Hudson@dvn.com>

To <Karl.Nordquist@total.com>

cc

10/31/2006 09:45 AM

Subject W/2 of 20-21S-26E Eddy County, New Mexico

1/25/2007

TOTAL E&P USA, INC.

November 1, 2006



Mr. Brett A. Hudson
Devon Energy Production Company, L.P.
20 North Broadway
Oklahoma City, OK 73102

Re: Arco Federal No. 2 Well
W/2, Section 20-T21S-R26E
Eddy County, New Mexico

Dear Brett:

You have requested that TOTAL E&P USA, INC., as successor to the interest of Fina Oil and Chemical Company convey certain operating rights (50%) from the surface to 11,150' in the captioned lands. We have researched our early chain of title documentation and found no record of any assignment from Tenneco Oil Company or TOC Gulf Coast, Inc. We, therefore, claim no interest in this acreage.

It has been my experience, in trying to clear up title matters previous to this that El Paso Corporation actually is the successor in interest to any acreage not conveyed out of Tenneco Oil Company. I have, on at least one occasion, been able to obtain curative documents from their legal group located at 1001 Louisiana Street, Houston, Texas 77002. My contact was Clay Latimer, an attorney, who I believe no longer is employed by El Paso Corporation.

Should you need additional information or wish to discuss this matter further, please contact me at 713.647.3361 or at sherry.abplanalp@total.com.

Sincerely,


Sherry Abplanalp
Manager, Land Administration

cc: Mr. Karl Nordquist



800 Gessner, Suite 700, Houston, TX 77024-4284
Tel 713 647 3000 - Fax 713 647 3003

Hudson, Brett

From: Munding, Victor
Sent: Tuesday, November 14, 2006 4:29 PM
To: 'LaFleur, Larry (LarryLaFleur)'
Cc: Hudson, Brett
Subject: FW: W/2 of 20-21S-26E Eddy County, New Mexico

Attachments: Hudson, Brett (hudsob) - 11-14-06 - WGZAFM5.pdf; Hudson, Brett (hudsob) - 10-31-06 - GQ4BCGJ.pdf; Hudson, Brett (hudsob) - 10-31-06 - KYZRHUZ.pdf; Hudson, Brett (hudsob) - 10-31-06 - MHJLB7N.pdf

Larry:

Please review the attached email and let me know if you can shed any light on this matter. Your assistance in resolving this title defect is very much appreciated.

Thanks Vic

From: Hudson, Brett
Sent: Tuesday, November 14, 2006 10:50 AM
To: Munding, Victor
Subject: FW: W/2 of Section 20-T21S- R26E Eddy County, New Mexico

Vic:

In accordance with Title Requirement # 2 of that certain Drilling and Division Order Title Opinion dated November 28, 1998, covering the above described lands, Devon is attempting to determine the successors in interest to the 50% leasehold interest formerly owned by Tenneco and EM Nominee partnership under the W/2 of Section 20, from the surface to the base of the Delaware formation. Attached is a copy of some correspondence that we have received from Total. Total (successor in interest to Fina) sent a letter to Devon dated November 1, 2006, in which they are not claiming any interest in this tract. After talking with Karl Nordquist at Total for some time, Karl advised me that these properties may have been sold to El Paso. However, upon reviewing the information in Devon's files, Devon believes that these interests were never transferred to Fina. Based on the attached Quitclaim Deed between Tenneco and EM Nominee Partnership dated 2/14/1984, we are under the assumption that the subject property was transferred to EM Nominee Partnership before the sale, whereby Devon later acquired EM Nominee Partnership's interest in this area. EM Nominee Partnership was subsequently bought by Hallwood, who was later bought by Pure, which is now Chevron. What we are looking for is a copy of the Stock Option Purchase Agreement dated 2/14/1984 between Tenneco Oil Company as Seller, and Energy Methods Corporation, as Buyer. The Quitclaim Deed references Section 2 of the Exhibit to the Stock Option Purchase Agreement dated 2/14/1984." However, this is not an adequate legal description to identify the property. If we could obtain a copy of said Stock Option Purchase Agreement, we could then verify the legal description and waive the title requirement. Attached is a copy of both the Quitclaim Deed and the letter from Total, along with a copy of the title opinion, ownership reports, and other correspondence for your review. Let me know if you need any additional information.

In order to cure the subject title requirement, Devon requires 1) a copy of said Stock Option Purchase Agreement, or 2) a Quit Claim Deed from Chevron, as successor in interest to Tenneco, EM Nominee Partnership, Hallwood and Pure to Devon.



Devon Energy Corporation
20 North Broadway
Oklahoma City, Oklahoma 73102-8260
Fax 405-552-8113

December 11, 2006

Tenneco Oil Company
C/O Lorrie I. Swink
1001 Louisiana Street
Houston, Texas 77002-5089

Re: Arco Fed No. 2
W/2 Section 20-T21S-R26E
Federal Lease NM-84B
Eddy County, New Mexico

Gentlemen:

Devon Energy Production Company, L.P. ("Devon") as operator, intends to re-complete the referenced to the Delaware formation. The Arco Federal No. 2 was previously drilled in 1999 to a total depth of 11,321' and was completed in the Morrow formation but has been in a temporarily abandoned status since at least October 2005.

Record title to the operating rights under the referenced lease and lands from the surface to the base of the Delaware formation currently vests in Tenneco Oil Company 50%, Devon 25%, and Fasken Oil & Ranch, Ltd. 25%. However, by Quit Claim Deed dated October 12, 1988 Tenneco Oil Company assigned all of its interest in the "Catclaw Draw Unit Area as described in Section 2 of the Exhibit to a Stock Option Purchase Agreement dated February 14, 1984 between Energy Methods Corporation, as Buyer and Tenneco Oil Company, as Seller" to EM Nominee Partnership Company ("EM"). Although the intent of the above mentioned Quit Claim Deed with respect to the W/2 of said Section 20 is unclear, EM apparently was of the opinion that all of Tenneco's interest was conveyed to EM. Subsequently, by assignment dated August 9, 1998, EM conveyed to Devon all of its interest in the W/2 of Section 20 from the surface to 11,150'.

Under the circumstances, Devon feels compelled to propose this operation to Tenneco Oil Company, or its successor. In that regard, you will find enclosed Devon's Authority for Expenditure ("AFE") for the estimated costs to drill and complete a 4000' Delaware oil well. Such costs are estimated to be \$610,000.00 DHC and \$835,000.00 CWC. In the event you should elect to participate in Devon's proposed operation, please so indicate by signing and returning one copy of the enclosed AFE to the undersigned at your earliest convenience. Upon receipt of an executed AFE, Devon will forward a Joint Operating Agreement for your review and execution.

If there are any questions or if additional information is required feel free to contact me at (405) 228-8589.

Yours very truly,

DEVON ENERGY PRODUCTION COMPANY, L.P.

Brett Hudson
Petroleum Landman
Enclosure



Devon Energy Corporation
20 North Broadway
Oklahoma City, Oklahoma 73102-8260
Fax 405-552-8113

December 11, 2006

Tenneco Oil Company
C/O State of Connecticut
Secretary of the State
30 Trinity Street
Hartford, CT 06103

Re: Arco Fed No. 2
W/2 Section 20-T21S-R26E
Federal Lease NM-84B
Eddy County, New Mexico

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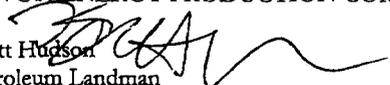
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Yours very truly,

DEVON ENERGY PRODUCTION COMPANY, L.P.

Brett Hudson
Petroleum Landman
Enclosure





Devon Energy Corporation
20 North Broadway
Oklahoma City, Oklahoma 73102-8260
Fax 405-552-8113

December 11, 2006

Tenneco Oil Company
C/O CT Corporation System
1 Commercial Plaza
Hartford, CT 06103

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W/2 Section 20-T21S-R26E
Federal Lease NM-84B
Eddy County, New Mexico

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Yours very truly,

DEVON ENERGY PRODUCTION COMPANY, L.P.

Brett Hudson
Petroleum Landman
Enclosure



Devon Energy Corporation
20 North Broadway
Oklahoma City, Oklahoma 73102-8260
Fax 405-552-8113

January 5, 2007

Tenneco Oil Company
C/O Lorrie Swink
1001 Louisiana Street
Houston, Texas 77002-5089

Re: Arco 20 Fed Com # 2
1320' FSL & 2323' FWL
Section 20, Township 21 South, Range 26 East
Eddy County, New Mexico

Ladies and Gentlemen:

By letter dated December 11, 2006 Devon Energy Production Company, L.P. ("Devon") as operator notified you of its intent to re-complete the Arco 20 Fed Com # 2 as a 4000' Delaware oil well at an unorthodox location on the above referenced lands. Devon proposed this well as a new drill to Tenneco due to the fact that Tenneco did not pay any of the cost down to the Delaware formation in the original well drilled to the Morrow formation in 1999. Record title to the operating rights under the referenced lease and lands from the surface to the base of the Delaware formation currently vests in Tenneco Oil Company 50%, Devon 25%, and Fasken Oil & Ranch, Ltd. 25%. However, by Quit Claim Deed dated October 12, 1988 Tenneco Oil Company assigned all of its interest in the "Catclaw Draw Unit Area as described in Section 2 of the Exhibit to a Stock Option Purchase Agreement dated February 14, 1984 between Energy Methods Corporation, as Buyer and Tenneco Oil Company, as Seller" to EM Nominee Partnership Company ("EM"). Although the intent of the above mentioned Quit Claim Deed with respect to the W/2 of said Section 20 is unclear, EM apparently was of the opinion that all of Tenneco's interest was conveyed to EM. Subsequently, by assignment dated August 9, 1998, EM conveyed to Devon all of its interest in the W/2 of Section 20 from the surface to 11,150'

In addition to the above mentioned well proposal, Devon has attempted previously and without success, to contact Tenneco Oil Company by mail and phone in an attempt to clear title to the Delaware formation on the above referenced lands prior to re-completing the well. Devon is finalizing its drilling program for the next few months and the referenced well will be re-completed in the very near future.

Inasmuch as Devon's previous attempts to reach a voluntary agreement with you have to date been unsuccessful, Devon intends to file an application for compulsory pooling before the New Mexico Oil Conservation Division which will allow for the pooling of Tenneco's interest in the spacing unit which will allow Devon to proceed with the proposed re-completion of its well. Devon expects such application to be heard on Thursday February 1, 2007. You will be receiving notice of the hearing in the near future.

If there are any questions or if additional information is required feel free to contact me at (405) 228-8589.

Yours very truly,
DEVON ENERGY PRODUCTION COMPANY, L.P.


Brett Hudson
Petroleum Landman



Devon Energy Corporation
20 North Broadway
Oklahoma City, Oklahoma 73102-8260
Fax 405-552-8113

January 5, 2007

Tenneco Oil Company
C/O State of Connecticut
Secretary of the State
30 Trinity Street
Hartford, CT 06103

Re: Arco 20 Fed Com # 2
1320' FSL & 2323' FWL
Section 20, Township 21 South, Range 26 East
Eddy County, New Mexico

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Yours very truly,

DEVON ENERGY PRODUCTION COMPANY, L.P.

Brett Hudson
Petroleum Landman



Devon Energy Corporation
20 North Broadway
Oklahoma City, Oklahoma 73102-8260
Fax 405-552-8113

January 5, 2007

Tenneco Oil Company
C/O CT Corporation Systems
1 Commercial Plaza
Hartford, CT 06103

Certified Mail #7005-3110-0003-6502-0638
Return Receipt Requested

Re: Arco 20 Fed Com # 2
1320' FSL & 2323' FWL
Section 20, Township 21 South, Range 26 East
Eddy County, New Mexico

Ladies and Gentlemen:

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Yours very truly,
DEVON ENERGY PRODUCTION COMPANY, L.P.


Brett Hedson
Petroleum Landman



Devon Energy Corporation
20 North Broadway
Oklahoma City, Oklahoma 73102-8260
Fax 405-552-8113

January 16, 2007

Tenneco Oil Company
C/O Lorrie Swink
1001 Louisiana Street
Houston, Texas 77002-5089

Re: Arco 20 Fed Com # 2
1320' FSL & 2323' FWL
Section 20, Township 21 South, Range 26 East
Eddy County, New Mexico

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DEVON ENERGY PRODUCTION COMPANY, L.P.

Brett Hudson
Petroleum Landman



Devon Energy Corporation
20 North Broadway
Oklahoma City, Oklahoma 73102-8260
Fax 405-552-8113

January 16, 2007

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C/O State of Connecticut
Secretary of the State
30 Trinity Street
Hartford, CT 06103

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1320' FSL & 2323' FWL
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Yours very truly,

DEVON ENERGY PRODUCTION COMPANY, L.P.


Brett Hudson
Petroleum Landman

Hudson, Brett
From: Hudson, Brett
Sent: Thursday, January 25, 2007 1:32 PM
To: 'chad.shaw@elpaso.com'
Subject: W/2 of 20-21S-26E Eddy County, New Mexico

Mr. Shaw:

Just wanted to follow up on our conversation from Thursday January 11, 2007 concerning our title issue with Tenneco Oil Company covering 50.00% of the rights from surface to 11,150' in the W/2 of 20-T21S-R26E, Eddy County, New Mexico which is Federal Lease NM-84-B. I have not heard anything from El Paso concerning this since we spoke on the 11th. Has anyone at El Paso had the time to look in to this issue yet and see if El Paso could possibly locate the Stock Option Agreement dated February 14, 1984 between Energy Methods Corporation, as buyer and Tenneco Oil Company, as seller. Devon would be very interested in having El Paso Quit Claim this interest to Devon as successor in interest to Tenneco Oil Company since this interest Devon believes was included in the said Stock Option Purchase Agreement and subsequently Devon acquired all of Energy Methods Corporation's interest in this area. Record title although still vest in Tenneco's name with the BLM. As you are aware Devon is on the docket at the NMOCD on February 1, 2007 for a Compulsory Pooling of the said interest.

Your assistance on this matter will be greatly appreciated,

Brett Hudson

From: Hudson, Brett
Sent: Thursday, January 11, 2007 4:28 PM
To: 'chad.shaw@elpaso.com'
Subject: FW: W/2 of 20-21S-26E Eddy County, New Mexico

From: Hudson, Brett
Sent: Tuesday, October 31, 2006 9:46 AM
To: 'Karl.Nordquist@total.com'
Subject: W/2 of 20-21S-26E Eddy County, New Mexico

Mr. Nordquist:

To follow up on our conversation yesterday concerning the Transfer of Operating Rights from Fina (successor of interest to Tenneco) and Devon Energy (successor of interest to EM Nominee Partnership) covering the rights from surface to 11,150' in the W/2 of 20-21S-26E Federal Lease NM-84-B. Please review the attached correspondence between Mr. R. Keith Turner, JD of Fina and Mr. Mike S. Bogart of Perry & Perry, Inc. dated March 18, 1999 concerning this matter. I have also attached a brief ownership report and title opinion for your review covering the above captioned lands. We are currently preparing to recomplete a well in this section in the Delaware formation and are under a fast approaching deadline from the BLM and State. Your prompt attention to this matter would be greatly appreciated. We need this to be resolved by December 1, 2006. Let me know if you need any other information concerning this matter.

<< File: Hudson, Brett (hudsob) - 10-31-06 - GQ4BCGJ.pdf >> << File: Hudson, Brett (hudsob) - 10-31-06 - KYZRHUZ.pdf >> << File: Hudson, Brett (hudsob) - 10-31-06 - MHJLB7N.pdf >>

Thanks for your attention on this matter,

Brett A. Hudson
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