

April 22, 1997

Samson Resources
attn: Brian Exline
Tulsa, Oklahoma

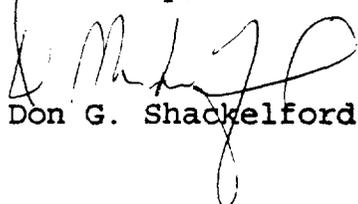
Dear Brian:

In accordance Shackelford Oil Co. proposes the following:

- 1) Shackelford Oil Co. proposes to acquire all your right, title and interest in the NE/4 of Section 10 T20S R33E Lea County, New Mexico for \$50.00 per net acre. It is imperative that this be reviewed as soon as possible as per our discussion this lease could be in jeopardy.
- 2) Shackelford Oil Co. proposes to acquire all your right, title and interest in the W/2 of Section 10 T19S R32E Lea County, NM for \$50.00 per net acre. According to our records and information this portion of the lease is in the potash area and is in suspension.
- 3) Shackelford Oil Co. proposes to acquire all your right, title and interest in the SE/4 of Section 3 T20S R33E for \$50.00 per net acre.
- 4) Shackelfore Oil Co. proposes to acquire all your right , titile and interest in the NW/NW of Section 11 T20S R33E for \$50.00 per net acre.

Brian as you and I has discussed item 1 is certainly the most critical because of the position of this lease. You may consider these tracts individually but we are interested in the entire area.

Sincerely,



Don G. Shackelford

BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico.
Case No. 12195 Exhibit No. 3
Submitted by: Shackelford Oil Company
Hearing Date: June 24, 1999

SHACKELFORD OIL COMPANY

P. O. Box 10665
Midland, Texas 79702

Phone (915) 682-9784
Fax (915) 684-5026

September 19, 1997

Samson Resources Company
2 West 2nd Street
Tulsa, Oklahoma 74103

Attention: Brian Exline

Dear Brian:

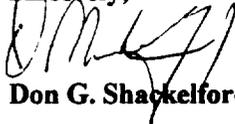
Shackelford Oil Company hereby offers to acquire all of your right title and interest in Section 3, T20S, R33E, Lea County, New Mexico on the following basis:

NM 17238 75% WI 640 Acres \$50.00 per acre \$32,000.00

This offer shall be valid for 10 days from the date of this letter.

Should this be acceptable, please execute this letter as provided, retaining a copy for your files and returning one for our files. We will be prepared to close this transaction at your convenience.

Sincerely,


Don G. Shackelford

Samson Resources Company accepts the above offer this _____ day of _____ 1997.

Signature

Printed name

COPY

SHACKELFORD OIL COMPANY

P. O. BOX 10665 MIDLAND TX 79702

PHONE (915) 682-9784

FAX (915) 684-5026

August 3, 1998

Samson Resource Company
Attention: Jay Miller
2 West Second Street
Tulsa, OK 74103

Dear Jay:

As you are familiar, Shackelford Oil Company previously has been working through Brian Exline attempting to make a deal to acquire your interest in Section 3 T19S R32E Lea County, New Mexico.

We have recently acquired an interest in this Section and are proposing to drill a well to 8200'. I have enclosed an AFE for the drilling of this well. We request that you consider the following alternatives related to your interest.

- 1) SOC to acquire all your right, title and interest in Sec. 3 for \$100.00 per acre.
- 2) SOC proposes to farmout your interest under the following terms and conditions:
 - a) Samson to retain a 3% ORRI.
 - b) First well to be drilled within 90 days of execution of a farmout with 120 days continuous drilling clause between wells.
- 3) SOC proposes a term assignment under the following terms and conditions:
 - a) Samson to retain a 3% ORRI.
 - b) SOC to pay \$50.00 per acre for 18 month term assignment. Each well drilled shall earn a proration with 180 days between wells.
- 4) SOC goes through compulsory pooling proceedings and Samson to retain its interest in well after SOC has received its money back plus two times.

5) Samson participates for its 75% Working Interest under this well.

Please review as soon as possible and call me with any questions or comments.

Sincerely,



Don Shackelford

DS:bh

Encl

SHACKELFORD OIL COMPANY

P. O. BOX 10665 MIDLAND TX 79702

PHONE (915) 682-9784

FAX (915) 684-5028

February 19, 1999

Samson Resources Company
Attn: Jay Miller
Two West Second Street
Tulsa, Oklahoma 74103

Dear Jay:

Shackelford oil Company has revised its offer to Samson Resources in the S/2 of Section 3 T20S R33E to the following options:

- 1) Shackelford Oil Company to acquire all right, and interest for \$150.00 per acre.
- 2) Shackelford Oil Company proposes to farmout your interest under the following terms and conditions:
 - a) Samson to retain a 3% ORRI.
 - b) First well to be drilled within 90 days of execution of a farmout, with 150 days continuous drilling clause between wells.
- 3) Shackelford Oil Company proposes a term assignment under the following terms and conditions:
 - a) Samson to retain a 3% ORRI.
 - b) Shackelford Oil Company to pay \$50.00 per acre for an 18 month term assignment. Each well drilled shall earn a proration unit with 180 days between wells.

COPY

I have included the order for compulsory pooling for this acreage. Please contact me at your convenience should you have any questions.

Sincerely,

Don G. Shackelford

DGS:bh

Encl.

SHACKELFORD OIL COMPANY

P. O. BOX 10665 MIDLAND TX 79702

PHONE (915) 682-9784

FAX (915) 684-5026

April 14, 1999

Samson Resources Company
Two West Second Street
Tulsa, Oklahoma 74103

Dear Sir:

Enclosed are the AFE's for the three proposed wells by Shackelford Oil Company in the SE/4 of Section 3 T20S R33E. The estimated total depth for each well is 8200'. The proposed wells are indicated below:

Tonto Federal #4	NE/SE Section 3 T20S R33E
Tonto Federal #5	NW/SE Section 3 T20S R33E
Tonto Federal #6	SW/SE Section 3 T20S R33E

Each of these wells will be drilled at a legal location within its 40 acre unit.

As we have previously discussed, we invite you to participate in the drilling of the wells or in the alternative to either grant Shackelford an acceptable farmout or term assignment of your interest to be included in this unit. If you elect to participate, we will forward you a copy of our Operating Agreement on the AAPL Form 610 1982 with certain modifications. The overhead charges to be provided under this Agreement shall be \$4500.00 per month Drilling and \$450.00 per month Producing.

Should you have any additional questions or need additional information, please contact me at your convenience.

Sincerely,

Don G. Shackelford

DGS:bh

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TANGIBLE COSTS		DRY HOLE PRODUCER		TOTAL	
SURFACE CASING	550	16.5	9075	0	9075
PRODUCTION CASING	8200	4.75	0	38950	38950
INTERMEDIATE CASING	4300	10.75	46225	0	46225
INTERMEDIATE CASING	700	13.8	9660		
TUBING	8000	2.5	0	20000	20000
PACKERS AND SUBSURFACE EQUIPMENT				2500	2500
RODS	8000	1.5		12000	12000
PUMPING UNIT AND ENGINE/MOTOR				25000	25000
WELL HEAD EQUIPMENT			4000	1500	5500
TANKS				15000	15000
MISCELLANEOUS				10000	10000
HEATER TREATER				4500	4500
FLOW LINES				5000	5000
DOWNHOLE PUMP				1500	1500
ELECTRICAL				12000	12000
TOTAL TANGIBLE COSTS			68960	147950	207250
TOTAL COSTS			317748	238350	546438

PREPARED BY:
 DATE:
 APPROVED BY:
 COMPANY NAME:

BY:
 TITLE:
 DATE:

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