

BP America Production Company

San Juan Performance Unit
501 Westlake Park Boulevard
Houston, Texas 77079
Room 19.104

Brett Woody
Land Negotiator
Phone: 281.366.4691
Fax: 281.366.7099

CERTIFIED MAIL

December 19, 2002

Steve Owen
Pioneer Natural Resources USA, Inc.
P.O. Box 3178
Midland, TX 79702

BP America Production Company
Compulsory Pooling-January 23, 2003
S/2 of Section 24-T29N-R12W
San Juan County
Exhibit No. 3

RE: Notice of Force Pooling
Crawford B-1 well, Crawford B-1E well
Township 29 North-Range 12 West
Section 24: South Half (S/2)
San Juan County, New Mexico

Dear Mr. Owen:

As a follow up to previous conversations with you and others at your company, for further development of the two referenced wells, I am writing to inform you that BP America Production Company ("BP") must resort to force pooling the interests previously held by Pioneer Corporation. As you are aware there are title issues regarding the following two leases:

Date:	May 25, 1959	March 1, 1954
Recorded:	Bk 425, Pg 6	Bk 473, Pg 96
Lessor:	Burrel H. Crawford, et ux	Federal NM-013885
Lessee:	Redfern Oil Company	Carl E. Maxey

The ownership in question with these leases regards those depths from the base of the Pictured Cliffs formation to the top of the Dakota formation. Kerrie Stewart, handling records in your Midland office, noted these properties were conveyed to Conoco, Inc. March 1, 1991. A development proposal was made to Conoco, Inc. on September 18, 2002, but Conoco stated it only received lands in the North half of the Section. This has been verified. Further review of these two leases indicates they were never properly conveyed in 1986 from Pioneer Corporation to Mesa Limited Partnership. Compounding the problem, the Pioneer Corporation was dissolved in 1986. This year on November 15th, I discussed this matter with Carolyn Benson with your legal department, and on November 18th I discussed it with again with Kerrie Stewart. Neither could come up with any solution to this problem.

Currently, the two referenced wells are producing from the Dakota formation and an operating agreement exists covering only that formation. BP intends to recomplete these wells in the Chacra formation and commingle production with the Dakota formation. If Pioneer Natural Resources USA, Inc. would like to assume the title risk on these wells, BP hereby offers you the right to participate in the respective Chacra recompletions. AFE's for each well are enclosed herewith. Your working interest in the Crawford B-1 well would be 36.764892% and in the Crawford B-1E well would be 32.245922%.

Please inform us of your decision by January 10, 2003. The force pooling will take place later in January.

Respectfully,

Brett Woody

Cc: Tom Scabrough, ConocoPhillips, w/ attachments, certified mail

3

Confirmation Report - Memory Send

Time : Dec-30-2002 09:54am
Tel line : 2813667099
Name : SAN JUAN BASIN

Job number : 885
Date : Dec-30 09:53am
To : 819155715208
Document pages : 003
Start time : Dec-30 09:53am
End time : Dec-30 09:54am
Pages sent : 003
Status : OK
Job number : 885

*** SEND SUCCESSFUL ***



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December 19, 2002

Steve Owen
Pioneer Natural Resources USA, Inc
P.O. Box 3178
Midland, TX 79702

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San Juan County, New Mexico

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Recorded: Bk 425, Pg 6 Bk 473, Pg 96
Lessor: Burrell H. Crawford, et ux Federal NM-013886
Lessee: Redfern Oil Company Carl E. Maxey

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Respectfully,

[Signature of Brett Woody]

Brett Woody

Cc: Tom Scabrough, ConocoPhillips, w/ attachments, certified mail

B.P. America Post Office - *Concord*
 501 W. Main St. *Concord*
 Ste 13103 *W.C.1*
 Winston, N.C. 27079-2696

Check type of mail:
 Express
 Registered
 Insured
 COD

Return Receipt (RR) for Merchandise
 Certified
 Int'l Rec. Del.
 Del. Confirmation (DC)

If Registered Mail, Affix stamp here if issued
 check below:
 Insured
 Not Insured

as certificate of mailing,
 or for additional copies of
 this bill.
 Postmark and
 Date of Receipt

Line	Article Number	Addressee Name, Street, and PO Address	Postage	Fee	Handling Charge	Actual Value (if Reg.)	Insured Value	Due Sender if COD	PR Fee	DC Fee	SC Fee	SH Fee	SD Fee	RD Fee	Remarks
1	200 20820000	Domestic Postage													
2	15945265	Domestic Postage													
3		Domestic Postage													
4		Midland, TX 79702													
5		John Stone Power													
6	700 20820000	Domestic Postage													
7	15945265	Domestic Postage													
8		W.C.1, Ste 13103													
9		Winston, TX 77079													
10															
11															
12															
13															
14															
15															

Total Number of Pieces Used by Sender: *2*
 Total Number of Pieces Received at Post Office:
 Postmaster, Per (Name of receiving employee):
 The full declaration of value is required on all domestic and international registered mail. The maximum indemnity payable for the reconstruction of nonnegotiable documents under Express Mail document reconstruction insurance is \$50,000 per piece subject to a limit of \$500,000 per occurrence. The maximum indemnity payable on Express Mail merchandise insurance is \$500. The maximum indemnity payable is \$25,000 for registered mail, sent with optional postal insurance. See Domestic Mail Manual R900, S913, and S921 for limitations of coverage on insured and COD mail. See International Mail Manual for limitations of coverage on international mail. Special handling charges apply only to Standard Mail (A) and Standard Mail (B) parcels.

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, 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:

*Conoco Phillips
600 North Dairy Ashford
423, Suite 4000
Houston, TX 77079*

ATTENTION SERVICE LABEL
Attn: Jim Seabrough

2. Article Number
(Transfer from service label)

7002 0860 0007 6594 5258

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-0835

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *David Lindy* Agent Addressee

B. Received by (Printed Name)

DEC 20 2002

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

3. Service Type

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

4. Restricted Delivery? (Extra Fee) Yes



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501 Westlake Park Boulevard
Houston, Texas 77079
Room 19.104

Brett Woody
Land Negotiator

Phone: 281.366.4691
Fax: 281.366.7099

CERTIFIED MAIL

September 18, 2002

William W. Franklin
Conoco, Inc.
600 N Dairy Ashford St
Houston, TX 77079-1100

RE: Chacra Recompletions
Crawford B-1, Crawford B-1E
Township 29 North-Range 12 West
Section 24: South Half (S/2)
San Juan County, New Mexico

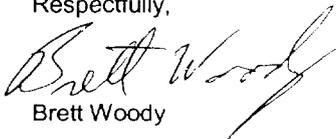
Dear Mr. Franklin:

BP America Production Company ("BP"), as Operator, hereby proposes utilizing the two referenced wells to attempt recompletions in the Chacra formation and, upon successful recompletion, commingling production with the Dakota formation. Conoco is invited to participate. The Dakota formation is owned by BP and Burlington Resources, Inc. and an Operating Agreement is enclosed to replace the existing Operating Agreement for these wells. This new Operating Agreement provides for cost allocation, operation and completion in multiple formations and covers lands from the base of the Pictured Cliffs formation to the base of the Dakota formation. The old Operating Agreement covered only the Dakota formation. Enclosed with the new Operating Agreement are five signature pages for your execution. This form has been negotiated and approved by BP, Burlington and Conoco for the San Juan Basin. Please sign all signature pages and return four originals to me for handling. A fully executed set will be distributed between the owners.

Your ownership noted in the enclosed Operating Agreement is specified in Exhibit "A". Gross costs for these recompletions are estimated to be \$147,000 for the Crawford B-1 well and \$136,000 for the Crawford B-1E well. AFE's for both operations are also enclosed for your review and execution. Please execute these AFE's and return them along with the Operating Agreement signature pages. I have some title information if you need it.

BP would like to start work on these wells November 1st. Your prompt attention to this matter is sincerely appreciated. Should you have questions, you may contact me through the phone number noted above.

Respectfully,


Brett Woody