

- #1. First Proposal Letter dated October 2, 1987, to the following parties:
 ARCO Oil and Gas Company
 Kaneb Operating Company, Ltd.
 Fern Cone
 Kenneth Cone
 Douglas Cone
 Clifford Cone
 James McCrory, Estate of William Thomas Reed
- a) Proposed that each party: participate, farm-out or lease
 b) Sent proposed Joint Operating Agreement and AFEs
 c) Included lease and farm-out terms
- #2. Responses from several of the parties:
 a) ARCO letter (10/8/87) indicated would participate or farm-out
 b) Marjorie Kastman (10/9/87) was assigned Fern Cone's minerals, Kastman desired to look at geological information
 c) Kenneth Cone by telephone advised Joe Lazenby to force pool his interest, call from Cone on October 6, 1987, at 2:00 P.M.
- #3. Advised ARCO by letter of October 14, 1987, that their proposed farm-out terms were acceptable.
- #4. Second Letter to all parties October 19, 1987.
 a) Kenneth Cone refused receipt of his letter
 b) Second letter to Kaneb October 28, 1987
- #5. First Proposal sent to Ronald Byers October 27, 1987
 a) Discovery that his lease had lapsed due to terms
- #6. Change of Location Letter on October 30, 1987
- #7. Kaneb offer to farm-out, letter dated November 3, 1987. Verbal negotiations have continued since.
- #8. Second Letter to Ronald Byers on November 6, 1987
- #9. Third Letter on November 18, 1987, to:
 Douglas Cone
 Kenneth Cone
 Ronald Byers
 ARCO
- #10. ARCO advised by telephone on November 25, 1987, that their Management had approved to farm-out its interest. No contract received as of this date.

Before Executive Stagger
 OF OIL AND GAS DIVISION
 File No. _____
 Case No. 3