JIM PIERCE

OIL AND GAS PROPERTIES SUITE 859 PETROLEUM BUILDING 200 WEST FIRST ROSWELL, NEW MEXICO 88201

> PHONE 505-622-7246 FAX 505-622-1711

January 18, 2000

New Mexico Oil Conservation Division 811 South 1st Street Artesia, New Mexico 88210

Attention: Mr. Tim W. Gum, District Supervisor

Re: Change of Operator/McQuadrangle, L.C. Mason Phillips Properties of Florida S. Redlake Grayburg Wells & Leasehold Eddy County, New Mexico

Dear Mr. Gum:

Please accept this letter of explanation and request regarding the refusal of Mason Phillips Properties of Florida to execute any and all instruments related to the OCD requirements for Change of Operator into McQuadrangle, L. C., concerning all wells and leasehold formerly known as the South Redlake Grayburg Unit, Eddy County, New Mexico.

Delbert McDougal, etux, etal., (McDougal) acquired all right, title and interest in subject wells and leasehold from "Mason Phillips" by virtue of that certain Judgment entered in the Fifth Judicial District Court, County of Eddy, State of New Mexico Cause Number CV-98-463-JWF.

McDougal then assigned all interests into McQuadrangle, L.C., being the bonded entity recognized to conduct business within the State of New Mexico, by Assignment of Oil and Gas Leases dated August 6, 1999, recorded Book 360, Page 114, Eddy County Clerk Office.

Because of an ongoing lawsuit, "Mason Phillips" has refused to execute any and all instruments related to Transfer of Operations concerning subject wells.

With this in mind, we hereby request approval of all OCD forms required and presented, minus the signature of previous operator, covering the Transfer of Operations into McQuadrangle, L.C. of all wells and leasehold acquired via the civil lawsuit noted.

We appreciate your help and consideration.

trulk lim Pierce Landman

1. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT 'Operator same and Address McQuadrangle, L.C. 'OGED Network Jubbock, Texas 79424 'Bol Name 'ATH Network 'Pool Name 'South Red Lake Queen Grayburg San Andres 'State Code 'District Encoded South Red lake Grayburg 'State II South Red lake Grayburg 'State 'Med Network IV or is as: Section 'Network 'Med Network IV or is as: Section Treackly Kase Centary 'I Bottom Hole Location ''Cittle Pres Name ''Cittle Pres Name ''Cittle Eac/West Bac Centary ''Lue Cote 'Preseries Termaking Kase ''Cittle Preseries ''Cittle Eac/West Bac Centary ''Lue Cote 'Preseries Section ''Cittle Preseries ''Cittle Eac/West Bac Centary ''Lue Cote 'Preseries ''Cittle Preser	District I PO Box 1990, He District II PO Drawer DD, . District III 1000 Rio Brazos I District IV PO Box 2083, Sai	Artesla, M Rd., Aztec,	State of New Mexico Energy, Mastria & Natural Resources Department OIL CONSERVATION DIVISION PO Box 2088 Santa Fe, NM 87504-2088					Form C-104 Revised February 10, 1994 Instructions on back Submit to Appropriate District Office 5 Copies						
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⁴ I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my OIL CONSERVATION DIVISION	knowledge and belie		of the Oil Co iven above is i	aservation Div rue and comp	vision have been of lete to the best of	complied my		OIL	CON	SERVATI	ON E		ON	
Print and Approved by: ORIGINAL SIGNED BY TIM W. GUM	inter and													
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Managing Partner Approval Date: CED 9 2 2000		Manaqi	ng Part					Approval Date: FFR 2 2 2000						
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