

April 22, 1997

Samson Resources  
attn: Brian Exline  
Tulsa, Oklahoma

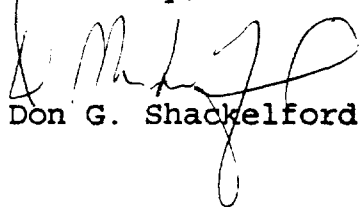
Dear Brian:

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) Shackelford Oil Co. proposes to acquire all your right, title and interest in the NW/4 of Section 11 T20S R33E for \$50.00 per net acre.

Brian as you and I have 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:

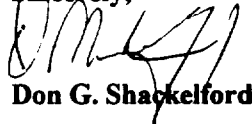
Shackelford Oil Company hereby offers to acquire all of your right title and interest in Section 3, T20S, R33E, Lea County, New Mexico on the following basis:

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

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P. O. BOX 10665 MIDLAND TX 79702

PHONE (915) 882-9784

FAX (915) 884-5026

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.

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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

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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

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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

Ton-4588.doc

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SURVEYING & PERMITTING LOCATION		1200		1200
ROAD, LOCATION & RESERVE PITS		17000	0	17000
DRILLING – DAYWORK	3	6	32400	48600
DRILLING – FOOTAGE	17.5			143500
DRILLING TURNKEY	0			0
WELDING			0	500
DRILLING MUD AND CHEMICALS				7000
WATER			1000	9500
LOGGING -INTERMEDIATE				5056
LOGGING - PRODUCTION				16432
LOGGING – MUD LOGGING				2400
LOGGING – CBL AND CIBP			2500	2500
BITS			0	0
TESTING				0
EQUIPMENT RENTAL			0	0
LABOR – ROUSTABOUT			7500	7500
CEMENTING – SURFACE			0	7000
CEMENTING – PRODUCTION			8000	8000
CEMENTING – INTERMEDIATE				18500
FLOATING EQUIPMENT				0
HAULING			0	0
PERFORATING			2500	2500
ACIDIZING			2500	2500
PUMP TRUCK			0	0
COMPLETION UNIT			0	0
SWABBING			0	0
FRAC			30000	30000
DRILLING OVERHEAD			1500	4500
ENGINEERING EXPENSE			0	0
GEOLOGICAL			0	2500
LOCATION CLEAN UP			2500	2500
CONTINGENCIES			0	0
TOTAL INTANGIBLE COSTS		248788	90400	339188



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:

## SHACKELFORD OIL CO.

## AUTHORITY FOR EXPENDITURE

LEASE &amp; WELL NO. TONTO FED #5

AFE NO. 9905 DATE 3/99

LOCATION	SEC 3 T20S R33E	COUNTY	LEA	STATE	NM
	NW/SE				
FIELD	TEAS	ESTIMATED DEPTH	8200	FORMATION	DELAWARE
			0		
COMPLETED WELL COSTS		DAYWORK RATE	5400		

EXPLANATION			DRY HOLE PRODUCER	TOTAL	
SURVEYING & PERMITTING LOCATION		1200		1200	
ROAD, LOCATION & RESERVE PITS		17000	0	17000	
DRILLING - DAYWORK	3	6	16200	32400	48600
DRILLING - FOOTAGE	17.5		143500		143500
DRILLING TURNKEY	0		0		0
WELDING			500	0	500
DRILLING MUD AND CHEMICALS			7000		7000
WATER			8500	1000	9500
LOGGING - INTERMEDIATE			5056		5056
LOGGING - PRODUCTION			16432		16432
LOGGING - MUD LOGGING			2400		2400
LOGGING - CBL AND CIBP				2500	2500
BITS			0	0	0
TESTING			0		0
EQUIPMENT RENTAL			0	0	0
LABOR - ROUSTABOUT				7500	7500
CEMENTING - SURFACE			7000	0	7000
CEMENTING - PRODUCTION			0	8000	8000
CEMENTING - INTERMEDIATE			18500		18500
FLOATING EQUIPMENT			0		0
HAULING			0	0	0
PERFORATING				2500	2500
ACIDIZING				2500	2500
PUMP TRUCK				0	0
COMPLETION UNIT				0	0
SWABBING				0	0
FRAC				30000	30000
DRILLING OVERHEAD			3000	1500	4500
ENGINEERING EXPENSE			0	0	0
GEOLOGICAL			2500	0	2500
LOCATION CLEAN UP				2500	2500
CONTINGENCIES			0	0	0
TOTAL INTANGIBLE COSTS			248788	90400	339188

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:

## SHACKELFORD OIL CO.

## AUTHORITY FOR EXPENDITURE

LEASE &amp; WELL NO. TONTO FED #6 AFE NO. 9906 DATE 3/99

LOCATION SEC 3 T20S R33E COUNTY LEA STATE NM  
 SW/SE  
 FIELD TEAS ESTIMATED DEPTH 8200 FORMATION DELAWARE  
 0  
 COMPLETED WELL COSTS DAYWORK RATE 5400

EXPLANATION	DRY HOLE	PRODUCER	TOTAL
SURVEYING & PERMITTING LOCATION	1200		1200
ROAD, LOCATION & RESERVE PITS	17000	0	17000
DRILLING - DAYWORK 3	6 16200	32400	48600
DRILLING - FOOTAGE 17.5	143500		143500
DRILLING TURNKEY 0	0		0
WELDING	500	0	500
DRILLING MUD AND CHEMICALS	7000		7000
WATER	8500	1000	9500
LOGGING - INTERMEDIATE	5056		5056
LOGGING - PRODUCTION	16432		16432
LOGGING - MUD LOGGING	2400		2400
LOGGING - CBL AND CIBP		2500	2500
BITS	0	0	0
TESTING	0		0
EQUIPMENT RENTAL	0	0	0
LABOR - ROUSTABOUT		7500	7500
CEMENTING - SURFACE	7000	0	7000
CEMENTING - PRODUCTION	0	8000	8000
CEMENTING - INTERMEDIATE	18500		18500
FLOATING EQUIPMENT	0		0
HAULING	0	0	0
PERFORATING		2500	2500
ACIDIZING		2500	2500
PUMP TRUCK		0	0
COMPLETION UNIT		0	0
SWABBING		0	0
FRAC		30000	30000
DRILLING OVERHEAD	3000	1500	4500
ENGINEERING EXPENSE	0	0	0
GEOLOGICAL	2500	0	2500
LOCATION CLEAN UP		2500	2500
CONTINGENCIES	0	0	0
TOTAL INTANGIBLE COSTS	248788	90400	339188

TANGIBLE COSTS			DRY HOLE PRODUCER		TOTAL
SURFACE CASING	550	16.5	9075	0	9075
PRODUCTION CASING	8200	4.75	0	38950	38950
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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: