

EXHIBIT 3

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 12550 Exhibit No. 3
Submitted by:
TMBR/Sharp Drilling Company
Hearing Date: December 7, 2000



November 9, 2000

TMBR/Sharp Drilling, Inc.
Drawer 10970
Midland, Texas 79702-7970

Attention: Mr. Jeffrey D. Phillips

RE: TMBR/Sharp State 21 Fed. #1
Lea County, New Mexico
Your Lusk/N Prospect

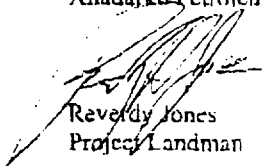
Gentlemen:

Pursuant to your letter of October 18, 2000, Anadarko Petroleum Corporation elects not to participate in the drilling of the above referenced well in Lea County, New Mexico. Furthermore, Anadarko elects not to farmout its interest or to grant an assignment of its interest for the drilling of the subject well. Consequently, Anadarko should be considered to be in a non-consent status and subject to the non-consent penalty.

If you should have questions, do not hesitate to contact me at (281) 874-8832.

Very truly yours,

Anadarko Petroleum Corporation



Reverdy Jones
Project Landman

TMBR/Sharp

Drilling, Inc.

Drawer 10970
Midland, Texas 79702-7970
915 · 699-5050

November 10, 2000

Murjo Oil & Royalty Company
Attn: Doug Huckabee
P. O. Box 121818
Fort Worth, Texas 76121-1818

Re: Partial Assignment of Oil and Gas Lease
BLM Serial No. NM-94196
NE/4 NW/4 Section 21-18S-32E, N.M.P.M.
Lea County, New Mexico

Gentlemen:

Per your recent agreement with our representative, Stan C. Hamblin, enclosed in duplicate is an assignment of your interests in the above-described lands and a bank draft in the amount of \$3,106.25 as the consideration paid for the assignment.

At your earliest convenience, please secure execution of the assignment on behalf of Murjo Oil & Royalty Company with the signature properly notarized. After execution please endorse the enclosed draft, attach one of the executed assignment to it and deposit it for collection through your bank. When assignment has been recorded we will be happy to provide you with a copy of the same.

At some future point, we will be circulating assignment of operating rights on the federal forms for your further execution and filing with the BLM.

Also, please note that we are proceeding with compulsory pooling for the W/2 of Section 21 and that you will most likely receive notification of this. When the assignment has been received and the draft funded you will be removed from the application for compulsory pooling.

If there are any questions regarding this, please do not hesitate to contact me at my telephone number (915) 683-1049. Thank you and with your support we look forward to a successful test well.

Yours truly,

Dennis J. Hopkins, CPL
Consulting Landman

Enclosures

(President) Betty B. Davis
(Toonist) *(Corp. Schmeidler)*
TAX ID: 75-1088375
STAN C. HAMBLIN
Petroleum Landman
P.O. Box 413
Midland, TX 79702
(915) 694-0436

LOSK-100. 1401
(page 4)

July 25, 2000

Murjo Oil & Royalty Company
P.O. Box 121818
Ft. Worth, TX 76121

338-4088
-18(9) (817)

(has @ .875 NRI)

Dee Huchler

re: USA NM-94196 dated 7-1-75 covering
NE/4 NW/4 of Section 21, T-18-S, R-32-E,
NMPM Survey, Lea County, New Mexico

Gentlemen,

The records of Lea County, New Mexico indicate that you own an undivided 9.08437% Working Interest in the above referenced Oil and Gas Lease covering the above referenced acreage from the surface down to 6000 ft., an undivided 22.1875% Working Interest in said Lease and lands from 6000 ft. to 11746 ft., and an undivided 44.375% Working Interest in said Lease and lands below 11746 ft. I am interested in acquiring your leasehold estate working interest and operating rights in said Lease and lands.

The terms which I can offer are as follows: \$175.00 per acre Bonus for a two (2) year term Assignment covering your interest in the above Lease/lands, granting to us an overall Net Revenue Interest of 80%, proportionately reduced as to your interest in said Lease/lands. The difference between 80% NRI, proportionately reduced as to your interest in said Lease/lands and your current NRI would be your Overriding Royalty Interest in said Lease/lands.

Please review this proposal and contact my office with your response at your earliest convenience.

Should you have any questions or need any further information, please feel free to contact me at the above letterhead address or phone number.

Thank you for your prompt attention in this matter.

Sincerely,

Stan C. Hamblin

9-800
- left message on machine to call me

Back

- per Stenheffer, ~~the~~ Murjo & Stenheffer have talked about this proposal but both have been busy on other things so no decision yet

over

660 FUL + 1980 FSL
in Sec 21
- must have 320 ac
- pay based upon biggest interest(?)
- ask about promotion unit for Morrow & for Strawn & Ace Daugh back
- Daugh will talk to Stenheffer tomorrow & call me back (told Daugh about promotion says on 41500)
6500+ sch
7000+
Bone Strip
Wells 8500
11500+
12,500
320
- new law is to drill to begin with but can then drill 2 wells in 160'

9-1950

— Below 6000" only

— no issuing if dry hole then to revert

— producing well must ~~to~~ include this average as part of production unit to earn

→ * 175 / 2% / 80% NRE + cash!

~~20%~~ ~~20%~~ ~~20%~~ ~~20%~~
(we do paperwork)

STAN C. HAMBLIN

Petroleum Landman

P.O. Box 413

Midland, TX 79702

(915) 694-0436

Case No. F 51
(misc)

July 25, 2000

F. Kirk Johnson, III
1832 Hillcrest
Ft. Worth, TX 76107

PO Box 2742
Chester 79604-2742

7-14-00
- mailed letter to
new address

re: USA NM-94196 dated 7-1-75 covering
NE/4 NW/4 of Section 21, T-18-S, R-32-E,
NMPM Survey, Lea County, New Mexico

(915) 690-1012

Dear Mr. Johnson,

The records of Lea County, New Mexico indicate that you own an undivided 1.68061% Working Interest in the above referenced Oil and Gas Lease covering the above referenced acreage from the surface down to 6000 ft., an undivided 4.06771% Working Interest in said Lease and lands from 6000 ft. to 11746 ft., and an undivided 8.13542% Working Interest in said Lease and lands below 11746 ft. I am interested in acquiring your leasehold estate working interest and operating rights in said Lease and lands.

The terms which I can offer are as follows: \$175.00 per acre Bonus for a two (2) year term Assignment covering your interest in the above Lease/lands, granting to us an overall Net Revenue Interest of 80%, proportionately reduced as to your interest in said Lease/lands. The difference between 80% NRI, proportionately reduced as to your interest in said Lease/lands and your current NRI would be your Overriding Royalty Interest in said Lease/lands.

Please review this proposal and contact my office with your response at your earliest convenience.

Should you have any questions or need any further information, please feel free to contact me at the above letterhead address or phone number.

Thank you for your prompt attention in this matter.

Sincerely,

Stan C. Hamblin

7-18-00
- I told not Shelton than
Good anyone
- may want to participate
join or to sign ~~to~~,
he will be as when we
are ready to drill

sch

Stan C. Hamblin
Petroleum Landman
P.O. Box 413
Midland, TX 79702

FOE
073311

F. Kirk Johnson III
1832 Hillcrest
Ft. Worth, TX 76107



cf psalw 10422 aol.com

76107X39840830413



TMBR/Sharp

Drilling, Inc.

Drawer 10970
Midland, Texas 79702-7970
915 - 699-5050

November 10, 2000

F. Kirk Johnson, III
P. O. Box 2742
Abilene, Texas 79604-2742

Re: Partial Assignment of Oil and Gas Lease
BLM Serial No. NM-94196
NE/4 NW/4 Section 21-18S-32E, N.M.P.M.
Lea County, New Mexico

Dear Mr. Johnson:

Per your recent agreement with our representative, Stan C. Hamblin, enclosed in duplicate is an assignment of your interests in the above-described lands and a bank draft in the amount of \$732.19 as the consideration paid for the assignment.

At your earliest convenience, please execute the assignment with your signature properly notarized. After execution please endorse the enclosed draft, attach one of the executed assignments to it and deposit it for collection through your bank. When assignment has been recorded we will be happy to provide you with a copy of the same.

At some future point, we will be circulating assignment of operating rights on the federal forms for your further execution and filing with the BLM.

Also, please note that we are proceeding with compulsory pooling for the W/2 of Section 21 and that you will most likely receive notification of this. When the assignment has been received and the draft funded you will be removed from the application for compulsory pooling.

If there are any questions regarding this, please do not hesitate to contact me at my telephone number (915) 683-1049. Thank you and with your support we look forward to a successful test well.

Yours truly,

Dennis J. Hopkins, CPL
Consulting Landman

Enclosures

STAN C. HAMBLIN

Petroleum Landman

P.O. Box 413

Midland, TX 79702

(915) 694-0436

July 25, 2000

Clarence W. Stumhoffer

Frieda T. Stumhoffer

P.O. Box 100416

Ft. Worth, TX 76185

WSPK-NO. CS1
(misc 4)

(817) 923-2016
940-5798 cell

(has @ .875 NRI)

re: USA NM-94196 dated 7-1-75 covering
NE/4 NW/4 of Section 21, T-18-S, R-32-E,
NMPM Survey, Lea County, New Mexico

Dear Mr. and Mrs. Stumhoffer,

The records of Lea County, New Mexico indicate that you own an undivided 42.50% Working Interest in the above referenced Oil and Gas Lease covering the above referenced acreage from the Surface down to 6000 ft. and an undivided 5.0% Working Interest in said Lease and lands Below 6000 ft. I am interested in acquiring your leasehold estate working interest and operating rights in said Lease and lands.

The terms which I can offer are as follows: \$175.00 per acre Bonus for a two (2) year term Assignment covering your interest in the above Lease/lands, granting to us an overall Net Revenue Interest of 80%, proportionately reduced as to your interest in said Lease/lands. The difference between 80% NRI, proportionately reduced as to your interest in said Lease/lands and your current NRI would be your Overriding Royalty Interest in said Lease/lands.

Please review this proposal and contact my office with your response at your earliest convenience.

Should you have any questions or need any further information, please feel free to contact me at the above letterhead address or phone number.

Thank you for your prompt attention in this matter.

sch

Q-1900
- told C.W. about
Mingo going with us,
he wants to rethink
So call back next
Tuesday Sept 26th

- he was person
who first deal
Sincerely, ~~for~~ ~~the~~
got original O&G
from USA; he
has plans for
other lands on
Stan C. Hamblin
this same O&G
but no plans
for the 40 acres

Q-800
- got letter, too busy to
not really looked at yet
- he controls shallow,
brought Lohley, Fisher,
Fisher, + Son. Op. int. but
not filed as yet
- has talked to Mingo but
not decided what to do yet
- is interested in this 40 acres
for someone else to drill
- so give more time to think over,

STAN C. HAMBLIN
Petroleum Landman
P.O. Box 413
Midland, TX 79702
(915) 694-0436

*Lusk-No. CW 1
(note 4)*

September 14, 2000

C. Daniel Walker
P.O. Box 121609
Ft. Worth, TX 76121-1609

re: USA NM-94196 dated 7-1-75 covering
NE/4 NW/4 of Section 21, T-18-S, R-32-E,
NMPM Survey, Lea County, New Mexico,
Below 6000 ft. subsurface

Dear Mr. Walker,

The records of Lea County, New Mexico indicate that you own an undivided 6.25% Working Interest in the above referenced Oil and Gas Lease covering the above referenced acreage. I am interested in acquiring your leasehold estate working interest and operating rights in said Lease and lands.

The terms which I can offer are as follows: \$175.00 per acre Bonus for a two (2) year term Assignment covering your interest in the above Lease/lands, granting to us an overall Net Revenue Interest of 80%, proportionately reduced as to your interest in said Lease/lands. The difference between 80% NRI, proportionately reduced as to your interest in said Lease/lands and your current NRI would be your Overriding Royalty Interest in said Lease/lands.

Please review this proposal and contact my office with your response at your earliest convenience.

Should you have any questions or need any further information, please feel free to contact me at the above letterhead address or phone number.

Thank you for your prompt attention in this matter.

Sincerely,

Stan C. Hamblin

sch

STAN C. HAMBLIN

Petroleum Landman

P.O. Box 413

Midland, TX 79702

(915) 694-0436

*LogK-No, Am 2
(note 4)*

September 14, 2000

Ann H. Johnson McReynolds,
Managing Conservator for F.
Kirk Johnson IV and Marsland
Holt Johnson
% John McReynolds
1601 Bryan Street, 30th Floor
Dallas, TX 75201

re: USA NM-94196 dated 7-1-75 covering
NE/4 NW/4 of Section 21, T-18-S, R-32-E,
NMPM Survey, Lea County, New Mexico,
Below 6000 ft. subsurface

Dear Ms. McReynolds,

The records of Lea County, New Mexico indicate that you own an undivided 3.32812% Working Interest in the above referenced OGL covering the above referenced acreage from 6000 ft. to 11746 ft. and an undivided 6.65625% Working Interest in said Lease and lands below 11746 ft. I am interested in acquiring your leasehold estate working interest and operating rights in said Lease and lands.

The terms which I can offer are as follows: \$175.00 per acre Bonus for a two (2) year term Assignment covering your interest in the above Lease/lands, granting to us an overall Net Revenue Interest of 80%, proportionately reduced as to your interest in said Lease/lands. The difference between 80% NRI, proportionately reduced as to your interest in said Lease/lands and your current NRI would be your Overriding Royalty Interest in said Lease/lands.

Please review this proposal and contact my office with your response at your earliest convenience.

Should you have any questions or need any further information, please feel free to contact me at the above letterhead address or phone number.

Thank you for your prompt attention in this matter.

Sincerely,

Stan C. Hamblin

sch

TMBR/Sharp



Drawer 10970
Midland, Texas 79702-7970
915 - 699-5050

November 10, 2000

Debra Johnson Head
13751 Old Weatherford Road
Aledo, Texas 76008

Re: Partial Assignment of Oil and Gas Lease
BLM Serial No. NM-94196
NE/4 NW/4 Section 21-18S-32E, N.M.P.M.
Lea County, New Mexico

Dear Ms. Head:

Per your recent agreement with our representative, Stan C. Hamblin, enclosed in duplicate is an assignment of your interests in the above-described lands and a bank draft in the amount of \$1,331.25 as the consideration paid for the assignment.

At your earliest convenience, please execute the assignment with your signature properly notarized. After execution please endorse the enclosed draft, attach one of the executed assignments to it and deposit it for collection through your bank. When assignment has been recorded we will be happy to provide you with a copy of the same.

At some future point, we will be circulating assignment of operating rights on the federal forms for your further execution and filing with the BLM.

Also, please note that we are proceeding with compulsory pooling for the W/2 of Section 21 and that you will most likely receive notification of this. When the assignment has been received and the draft funded you will be removed from the application for compulsory pooling.

If there are any questions regarding this, please do not hesitate to contact me at my telephone number (915) 683-1049. Thank you and with your support we look forward to a successful test well.

Yours truly,

Dennis J. Hopkins, CPL
Consulting Landman

Enclosures

STAN C. HAMBLIN
Petroleum Landman
P.O. Box 413
Midland, TX 79702
(915) 694-0436

July 25, 2000

Debra Johnson Head
1400 Rankin Highway
Suite 28
Midland, TX 79701

13751 Old Weatherford
Rd,
Aledo, TX
76008

re: USA NM-94196 dated 7-1-75 covering
NE/4 NW/4 of Section 21, T-18-S, R-32-E,
NMPM Survey, Lea County, New Mexico

LUSK-NO. 041
(misc 4)

Dear Ms. Head,

The records of Lea County, New Mexico indicate that you own an undivided 3.02813% Working Interest in the above referenced Oil and Gas Lease covering the above referenced acreage from the surface down to 6000 ft., an undivided 7.39583% Working Interest in said Lease and lands from 6000 ft. to 11746 ft., and an undivided 14.79167% Working Interest in said Lease and lands below 11746 ft. I am interested in acquiring your leasehold estate working interest and operating rights in said Lease and lands.

The terms which I can offer are as follows: \$175.00 per acre Bonus for a two (2) year term Assignment covering your interest in the above Lease/lands, granting to us an overall Net Revenue Interest of 80%, proportionately reduced as to your interest in said Lease/lands. The difference between 80% NRI, proportionately reduced as to your interest in said Lease/lands and your current NRI would be your Overriding Royalty Interest in said Lease/lands.

Please review this proposal and contact my office with your response at your earliest convenience.

Should you have any questions or need any further information, please feel free to contact me at the above letterhead address or phone number.

Thank you for your prompt attention in this matter.

Sincerely,

Stan C. Hamblin

sch

TMBR/Sharp

Drilling, Inc.

Drawer 10970
Midland, Texas 79702-7970
915 - 699-5050

November 10, 2000

DeMar Johnson Hopson
Route 1, Box 164
Lampasas, Texas 76551

Re: Partial Assignment of Oil and Gas Lease
BLM Serial No. NM-94196
NE/4 NW/4 Section 21-18S-32E, N.M.P.M.
Lea County, New Mexico

Dear Ms. Hopson:

Per your recent agreement with our representative, Stan C. Hamblin, enclosed in duplicate is an assignment of your interests in the above-described lands and a bank draft in the amount of \$1,331.25 as the consideration paid for the assignment.

At your earliest convenience, please execute the assignment with your signature properly notarized. After execution please endorse the enclosed draft, attach one of the executed assignments to it and deposit it for collection through your bank. When assignment has been recorded we will be happy to provide you with a copy of the same.

At some future point, we will be circulating assignment of operating rights on the federal forms for your further execution and filing with the BLM.

Also, please note that we are proceeding with compulsory pooling for the W/2 of Section 21 and that you will most likely receive notification of this. When the assignment has been received and the draft funded you will be removed from the application for compulsory pooling.

If there are any questions regarding this, please do not hesitate to contact me at my telephone number (915) 683-1049. Thank you and with your support we look forward to a successful test well.

Yours truly,

Dennis J. Hopkins, CPL
Consulting Landman

Enclosures

STAN C. HAMBLIN

Petroleum Landman

P.O. Box 413

Midland, TX 79702

(915) 694-0436

July 25, 2000

CUSK-NO. 031
(min 4)

DeMar Johnson Hopson
1400 Rankin Highway
Suite 28
Midland, TX 79701

re: 1 Bar 164
Lawpasser, TX
76551

re: USA NM-94196 dated 7-1-75 covering
NE/4 NW/4 of Section 21, T-18-S, R-32-E,
NMPM Survey, Lea County, New Mexico

Dear Ms. Hopson,

The records of Lea County, New Mexico indicate that you own an undivided 3.02812% Working Interest in the above referenced Oil and Gas Lease covering the above referenced acreage from the surface down to 6000 ft., an undivided 7.39583% Working Interest in said Lease and lands from 6000 ft. to 11746 ft., and an undivided 14.79166% Working Interest in said Lease and lands below 11746 ft. I am interested in acquiring your leasehold estate working interest and operating rights in said Lease and lands.

The terms which I can offer are as follows: \$175.00 per acre Bonus for a two (2) year term Assignment covering your interest in the above Lease/lands, granting to us an overall Net Revenue Interest of 80%, proportionately reduced as to your interest in said Lease/lands. The difference between 80% NRI, proportionately reduced as to your interest in said Lease/lands and your current NRI would be your Overriding Royalty Interest in said Lease/lands.

Please review this proposal and contact my office with your response at your earliest convenience.

Should you have any questions or need any further information, please feel free to contact me at the above letterhead address or phone number.

Thank you for your prompt attention in this matter.

Sincerely,

Stan C. Hamblin

sch