

Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile*

September 27, 2000

Mr. Tom R. Cone
Post Office Box 778
Jay, Oklahoma 74346

Re: Oil and Gas Lease Acquisition,
Lots 3, 4, 5, of Section 3-All Depths
Lot 6 of Section 3-All Depths, Save & Except
The Depths between 10,394 feet and 10,442 feet
T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico
Containing 177.21 gross acres
And 1.015266 net acres, more or less

Dear Mr. Cone:

By virtue of my letter of September 27, 2000 (see copy attached), I mailed you the oil and gas lease covering the captioned lands. In addition, I said I would mail you a check in the amount of \$152.19 representing the bonus consideration due upon receipt of the lease.

Since, the present plans our to drill a well at a location on the captioned lands early next year, I have enclosed my check in the amount \$152.19 representing the bonus consideration due for the two (2) year paid up oil and gas lease.

Please forward the fully executed lease to me at the captioned address as soon as possible. Should you have any questions, please call me at the captioned phone number. Thank you for your prompt attention to this matter.

Yours truly,

Blaine Hess

Bh/arh
Enclosure

OIL CONSERVATION DIVISION

CASE NUMBER 12567/12535

Blain EXHIBIT 3B

Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile*

September 12, 2000

Ms. Marilyn Cone,
Trustee of the D.C. Trust
Post Office Drawer 1629
Lovington, New Mexico 88260

Re: Oil and Gas Lease Offering,
Lots 3, 4, 6 of Section 3, All Depths,
Save & Except the depths between
10,394 feet and 10,442 feet
T-16-S, R-35-E, N.M.P.M.,
Lea County, New Mexico
Containing 137.21 gross acres
And .786099 net acres, more or less

Dear Ms. Cone:

We are completing our acquisition of oil and gas leases covering the captioned lands. In this respect, we submit an offer to lease your mineral interest in the captioned lands of \$150.00 per net mineral acre bonus consideration for a two (2) year oil and gas lease that provides for a one-quarter (1/4th) royalty interest on production.

Please consider this proposal as we are anxious to finalize our plans for this project. Please contact me at the above phone number to discuss this proposal. Thank you.

Yours truly,

Blaine Hess

Bh/arh

Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile*

September 12, 2000

LWJ Partnership
Post Office Box 64244
Lubbock, Texas 79424

Re: Oil and Gas Lease Offering,
Lots 3, 4, 6 of Section 3, All Depths,
Save & Except the depths between
10,394 feet and 10,442 feet
T-16-S, R-35-E, N.M.P.M.,
Lea County, New Mexico
Containing 137.21 gross acres
And .786099 net acres, more or less

Gentlemen:

We are completing our acquisition of oil and gas leases covering the captioned lands. In this respect, we submit an offer to lease your mineral interest in the captioned lands of \$150.00 per net mineral acre bonus consideration for a two (2) year oil and gas lease that provides for a one-quarter (1/4th) royalty interest on production.

Please consider this proposal as we are anxious to finalize our plans for this project. Please contact me at the above phone number to discuss this proposal. Thank you.

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Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile*

September 12, 2000

Mr. Kenneth G. Cone
Post Office Box 11310
Midland, Texas 79702

Re: Oil and Gas Lease Offering,
Lots 3, 4, 5, of Section 3-All Depths
Lot 6 of Section 3-All Depths, Save & Except
The Depths between 10,394 feet and 10,442 feet.
T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico
Containing 177.21 gross acres
And 1.015266 net acres, more or less

Dear Mr. Cone:

We are completing our acquisition of oil and gas leases covering the captioned lands. In this respect, our plans are to drill a Morrow Test well at a location on the captioned lands.

Therefore, we submit an offer to lease your mineral interest in the captioned lands of \$150.00 per net mineral acre bonus consideration for a two (2) year oil and gas lease that provides for a one-quarter (1/4) royalty interest on production.

Please consider this proposal as we are anxious to finalize our plans for this project. Please contact me at the above phone number to discuss this proposal. Thank you.

Yours truly,

Blaine Hess

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Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile*

September 12, 2000

Mr. Kenneth G. Cone
Trustee of the Kenneth
G. Cone Children's Trust
Post Office Box 11310
Midland, Texas 79702

Re: Oil and Gas Lease Offering,
Lots 3, 4, 5, of Section 3-All Depths
Lot 6 of Section 3-All Depths, Save & Except
The Depths between 10,394 feet and 10,442 feet
T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico
Containing 177.21 gross acres
And 1.015266 net acres, more or less

Dear Mr. Cone:

We are completing our acquisition of oil and gas leases covering the captioned lands. In this respect, our plans are to drill a Morrow Test well at a location on the captioned lands.

Therefore, we submit an offer to lease your mineral interest in the captioned lands of \$150.00 per net mineral acre bonus consideration for a two (2) year oil and gas lease that provides for a one-quarter (1/4) royalty interest on production.

Please consider this proposal as we are anxious to finalize our plans for this project. Please contact me at the above phone number to discuss this proposal. Thank you.

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Blaine Hess

Bh/arh

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Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile*

September 12, 2000

Mr. Clifford Cone
Post Office Drawer 1629
Lovington, New Mexico 88260

Re: Oil and Gas Lease Offering,
Lots 3, 4, 6 of Section 3, All Depths,
Save & Except the depths between
10,394 feet and 10,442 feet
T-16-S, R-35-E, N.M.P.M.,
Lea County, New Mexico
Containing 137.21 gross acres
And .786099 net acres, more or less

Dear Mr. Cone:

We are completing our acquisition of oil and gas leases covering the captioned lands. In this respect, we submit an offer to lease your mineral interest in the captioned lands of \$150.00 per net mineral acre bonus consideration for a two (2) year oil and gas lease that provides for a one-quarter (1/4th) royalty interest on production.

Please consider this proposal as we are anxious to finalize our plans for this project. Please contact me at the above phone number to discuss this proposal. Thank you.

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Blaine Hess

Bh/arh

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Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile*

September 12, 2000

Mr. Clifford Cone,
Trustee of the Clifford Cone
Family Trust U/W/O Kathleen Cone
Post Office Drawer 1629
Lovington, New Mexico 88260

Re: Oil and Gas Lease Offering,
Lots 3, 4, 6 of Section 3, All Depths,
Save & Except the depths between
10,394 feet and 10,442 feet
T-16-S, R-35-E, N.M.P.M.,
Lea County, New Mexico
Containing 137.21 gross acres
And .786099 net acres, more or less

Dear Mr. Cone:

We are completing our acquisition of oil and gas leases covering the captioned lands. In this respect, we submit an offer to lease your mineral interest in the captioned lands of \$150.00 per net mineral acre bonus consideration for a two (2) year oil and gas lease that provides for a one-quarter (1/4th) royalty interest on production.

Please consider this proposal as we are anxious to finalize our plans for this project. Please contact me at the above phone number to discuss this proposal. Thank you.

Yours truly,

Blaine Hess

Bh/arh

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Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile*

September 12, 2000

The Long Trusts
Post Office Box 3096
Kilgore, Texas 75663

Re: Oil and Gas Lease Offering,
Lot 5 of Section 3-All Depths,
Save & Except the depths between
10,394 feet and 10,442 feet
T-16-S, R-35-E, N.M.P.M.,
Lea County, New Mexico
Containing 40.00 gross acres
And .916667 net acres, more or less

Gentlemen:

Lot 4 — We are completing our acquisition of oil and gas leases covering the captioned lands. In this respect, our plans are to drill a Morrow Test well at a location on the captioned lands.

Therefore, we submit an offer to lease your mineral interest in the captioned lands of \$150.00 per net mineral acre bonus consideration for a two (2) year oil and gas lease that provides for a one-quarter (1/4) royalty interest on production.

Please consider this proposal as we are anxious to finalize our plans for this project. Please contact me at the above phone number to discuss this proposal. Thank you.

Yours truly,

Blaine Hess

Bh/arh

Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile*

September 12, 2000

Mr. Philip L. White
The Blanco Company
Post Office Box 2168
Santa Fe, New Mexico 87504-2168

Re: Oil and Gas Lease Offering,
Lot 5 of Section 3,
T-16-S, R-35-E, N.M.P.M.,
Lea County, New Mexico
Containing 40.00 gross acres
And 2.5 net acres, more or less

Dear Philip:

Lot 4
— We are completing our acquisition of oil and gas leases covering the captioned lands. In this respect, our plans are to drill a Morrow Test well at a location on the captioned lands.

Therefore, we submit an offer to lease your mineral interest in the captioned lands of \$150.00 per net mineral acre bonus consideration for a two (2) year oil and gas lease that provides for a one-quarter (1/4) royalty interest on production.

Please consider this proposal as we are anxious to finalize our plans for this project. Please contact me at the above phone number to discuss this proposal. Thank you.

Yours truly,

Blaine Hess

Bh/arh

Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile*

September 15, 2000

Mr. Philip L. White
The Blanco Company
Post Office Box 2168
Santa Fe, New Mexico 87504-2168

Re: Oil and Gas Lease Offering,
Lot 5 of Section 3,
T-16-S, R-35-E, N.M.P.M.,
Lea County, New Mexico
Containing 40.00 gross acres
And 2.5 net acres, more or less

Dear Philip:

In reference to our conversation of today, I am sending this letter to clarify that the proposed location of the Morrow Test well is located on Lot 4 of Section 3 instead of Lot 5 as described in my letter of September 12, 2000.

Also, we submit an offer to lease your mineral interest in the captioned lands of \$150.00 per net mineral acre bonus consideration for a two (2) year paid up oil and gas lease that provides for a one-quarter (1/4) royalty interest on production.

Please consider this proposal as we are anxious to finalize our plans for this project. Please contact me at the above phone number to discuss this proposal. Thank you.

Yours truly,

Blaine Hess

Bh/arh

Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile*

September 15, 2000

Ms. Keith Pratt Daniels
Post Office Box 190766
Dallas, Texas 75219

Re: Oil and Gas Lease Offering,
Lot 5 of Section 3,
T-16-S, R-35-E, N.M.P.M.,
Lea County, New Mexico
Containing 40.00 gross acres
And 1.25 net acres, more or less

Dear Ms. Daniels:

We are completing our acquisition of oil and gas leases covering the captioned lands. In this respect, we submit an offer to lease your mineral interest in the captioned lands of \$150.00 per net mineral acre bonus consideration for a two (2) year paid up oil and gas lease that provides for a one-quarter (1/4) royalty interest on production.

Please consider this proposal as we are anxious to finalize our plans for this project. Please contact me at the above phone number to discuss this proposal. Thank you.

Yours truly,

Blaine Hess

Bh/arh

Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile*

September 15, 2000

Ms. Lynda Pratt Rast
1202 Marlee Lane
Arlington, Texas 76014

Re: Oil and Gas Lease Offering,
Lot 5 of Section 3,
T-16-S, R-35-E, N.M.P.M.,
Lea County, New Mexico
Containing 40.00 gross acres
And 1.25 net acres, more or less

Dear Ms. Rast:

We are completing our acquisition of oil and gas leases covering the captioned lands. In this respect, we submit an offer to lease your mineral interest in the captioned lands of \$150.00 per net mineral acre bonus consideration for a two (2) year paid up oil and gas lease that provides for a one-quarter (1/4) royalty interest on production.

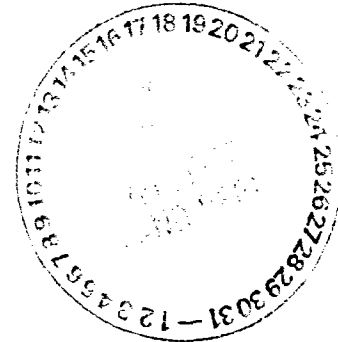
Please consider this proposal, as we are anxious to finalize our plans for this project. Please contact me at the above phone number to discuss this proposal. Thank you.

Yours truly,

Blaine Hess

Bh/arh

**Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 facsimile**



November 8, 2000

Mr. Tom R. Cone
Post Office Box 778
Jay, Oklahoma 74346

Re: Lots 1 thru 8 of Section 3,
T-16-S, R-35-E, N.M.P.M.
Lea County, New Mexico
Townsend Area

Dear Mr. Cone:

Ocean Energy Resources, Inc. hereby proposes the drilling of the Townsend State Com # 10 well in Lot 4 of Section 3, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico. The well will be drilled to a depth of approximately 12,950 feet to test the Morrow formation.

You have previously been extended an opportunity to lease your mineral rights and, having not reached a lease agreement with you, we now request your participation in the above described well. Your election to participate shall be evidenced by your execution of an Authority for Expenditure and Joint Operating Agreement, naming Ocean Energy Resources, Inc. as operator, and payment of your proportionate share of the drilling cost.

We would appreciate your notifying us as to your election on or before November 27, 2000, as we anticipate commencing the well in the latter part of December 2000. Should you respond affirmatively, Ocean Energy Resources, Inc. will provide a Joint Operating Agreement along with an invoice for your drilling cost.

Thank you for your attention to this matter.

Yours truly,

Blaine Hess

Enc: AFE dated May 9, 2000

cc: Mr. Derold Maney, Ocean Energy Resources, Inc.

Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile*

November 8, 2000

Ms. Marilyn Cone
Trustee of the D.C. Trust
Post Office Drawer 1629
Lovington, New Mexico 88260

Re: Lots 1 thru 8 of Section 3,
T-16-S, R-35-E, N.M.P.M.
Lea County, New Mexico
Townsend Area

Dear Ms. Cone:

Ocean Energy Resources, Inc. hereby proposes the drilling of the Townsend State Com # 10 well in Lot 4 of Section 3, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico. The well will be drilled to a depth of approximately 12,950 feet to test the Morrow formation.

You have previously been extended an opportunity to lease your mineral rights and, having not reached a lease agreement with you, we now request your participation in the above described well. Your election to participate shall be evidenced by your execution of an Authority for Expenditure and Joint Operating Agreement, naming Ocean Energy Resources, Inc. as operator, and payment of your proportionate share of the drilling cost.

We would appreciate your notifying us as to your election on or before November 27, 2000, as we anticipate commencing the well in the latter part of December 2000. Should you respond affirmatively, Ocean Energy Resources, Inc. will provide a Joint Operating Agreement along with an invoice for your drilling cost.

Thank you for your attention to this matter.

Yours truly,

Blaine Hess

Enc: AFE dated May 9, 2000
cc: Mr. Derold Maney, Ocean Energy Resources, Inc.

Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile*

November 8, 2000

LWJ Partnership
Post Office Box 64244
Lubbock, Texas 79424

Re: Lots 1 thru 8 of Section 3,
T-16-S, R-35-E, N.M.P.M.
Lea County, New Mexico
Townsend Area

Gentlemen:

Ocean Energy Resources, Inc. hereby proposes the drilling of the Townsend State Com # 10 well in Lot 4 of Section 3, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico. The well will be drilled to a depth of approximately 12,950 feet to test the Morrow formation.

You have previously been extended an opportunity to lease your mineral rights and, having not reached a lease agreement with you, we now request your participation in the above described well. Your election to participate shall be evidenced by your execution of an Authority for Expenditure and Joint Operating Agreement, naming Ocean Energy Resources, Inc. as operator, and payment of your proportionate share of the drilling cost.

We would appreciate your notifying us as to your election on or before November 27, 2000, as we anticipate commencing the well in the latter part of December 2000. Should you respond affirmatively, Ocean Energy Resources, Inc. will provide a Joint Operating Agreement along with an invoice for your drilling cost.

Thank you for your attention to this matter.

Yours truly,

Blaine Hess

Enc: AFE dated May 9, 2000
cc: Mr. Derold Maney, Ocean Energy Resources, Inc.

**Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile***

November 8, 2000

Mr. Kenneth G. Cone, Individually
And as Trustee of the Kenneth G.
Cone Children's Trust
Post Office Box 11310
Midland, Texas 79702

Re: Lots 1 thru 8 of Section 3,
T-16-S, R-35-E, N.M.P.M.
Lea County, New Mexico
Townsend Area

Dear Mr. Cone:

Ocean Energy Resources, Inc. hereby proposes the drilling of the Townsend State Com # 10 well in Lot 4 of Section 3, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico. The well will be drilled to a depth of approximately 12,950 feet to test the Morrow formation.

You have previously been extended an opportunity to lease your mineral rights and, having not reached a lease agreement with you, we now request your participation in the above described well. Your election to participate shall be evidenced by your execution of an Authority for Expenditure and Joint Operating Agreement, naming Ocean Energy Resources, Inc. as operator, and payment of your proportionate share of the drilling cost.

We would appreciate your notifying us as to your election on or before November 27, 2000, as we anticipate commencing the well in the latter part of December 2000. Should you respond affirmatively, Ocean Energy Resources, Inc. will provide a Joint Operating Agreement along with an invoice for your drilling cost.

Thank you for your attention to this matter.

Yours truly,

Blaine Hess

Enc: AFE dated May 9, 2000

cc: Mr. Derold Maney, Ocean Energy Resources, Inc.

**Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile***

November 8, 2000

Mr. Clifford Cone, Individually
And as Trustee of the Clifford
Cone Family Trust
Post Office Drawer 1629
Lovington, New Mexico 88260

Re: Lots 1 thru 8 of Section 3,
T-16-S, R-35-E, N.M.P.M.
Lea County, New Mexico
Townsend Area

Dear Mr. Cone:

Ocean Energy Resources, Inc. hereby proposes the drilling of the Townsend State Com # 10 well in Lot 4 of Section 3, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico. The well will be drilled to a depth of approximately 12,950 feet to test the Morrow formation.

You have previously been extended an opportunity to lease your mineral rights and, having not reached a lease agreement with you, we now request your participation in the above described well. Your election to participate shall be evidenced by your execution of an Authority for Expenditure and Joint Operating Agreement, naming Ocean Energy Resources, Inc. as operator, and payment of your proportionate share of the drilling cost.

We would appreciate your notifying us as to your election on or before November 27, 2000, as we anticipate commencing the well in the latter part of December 2000. Should you respond affirmatively, Ocean Energy Resources, Inc. will provide a Joint Operating Agreement along with an invoice for your drilling cost.

Thank you for your attention to this matter.

Yours truly,

Blaine Hess

Enc: AFE dated May 9, 2000

cc: Mr. Derold Maney, Ocean Energy Resources, Inc.

Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile*

November 8, 2000

The Long Trusts
Post Office Box 3096
Kilgore, Texas 75663

Re: Lots 1 thru 8 of Section 3,
T-16-S, R-35-E, N.M.P.M.
Lea County, New Mexico
Townsend Area

Gentlemen:

Ocean Energy Resources, Inc. hereby proposes the drilling of the Townsend State Com # 10 well in Lot 4 of Section 3, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico. The well will be drilled to a depth of approximately 12,950 feet to test the Morrow formation.

You have previously been extended an opportunity to lease your mineral rights and, having not reached a lease agreement with you, we now request your participation in the above described well. Your election to participate shall be evidenced by your execution of an Authority for Expenditure and Joint Operating Agreement, naming Ocean Energy Resources, Inc. as operator, and payment of your proportionate share of the drilling cost.

We would appreciate your notifying us as to your election on or before November 27, 2000, as we anticipate commencing the well in the latter part of December 2000. Should you respond affirmatively, Ocean Energy Resources, Inc. will provide a Joint Operating Agreement along with an invoice for your drilling cost.

Thank you for your attention to this matter.

Yours truly,

Blaine Hess

Enc: AFE dated May 9, 2000

cc: Mr. Derold Maney, Ocean Energy Resources, Inc.

Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile*

November 8, 2000

Mr. Philip L. White
The Blanco Company
Post Office Box 2168
Santa Fe, New Mexico 87504-2168

Re: Lots 1 thru 8 of Section 3,
T-16-S, R-35-E, N.M.P.M.
Lea County, New Mexico
Townsend Area

Dear Mr. White:

Ocean Energy Resources, Inc. hereby proposes the drilling of the Townsend State Com # 10 well in Lot 4 of Section 3, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico. The well will be drilled to a depth of approximately 12,950 feet to test the Morrow formation.

You have previously been extended an opportunity to lease your mineral rights and, having not reached a lease agreement with you, we now request your participation in the above described well. Your election to participate shall be evidenced by your execution of an Authority for Expenditure and Joint Operating Agreement, naming Ocean Energy Resources, Inc. as operator, and payment of your proportionate share of the drilling cost.

We would appreciate your notifying us as to your election on or before November 27, 2000, as we anticipate commencing the well in the latter part of December 2000. Should you respond affirmatively, Ocean Energy Resources, Inc. will provide a Joint Operating Agreement along with an invoice for your drilling cost.

Thank you for your attention to this matter.

Yours truly,

Blaine Hess

Enc: AFE dated May 9, 2000

cc: Mr. Derold Maney, Ocean Energy Resources, Inc.

**Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile***

November 8, 2000

Ms. Keith Pratt Daniels
Post Office Box 190766
Dallas, Texas 75219

Re: Lots 1 thru 8 of Section 3,
T-16-S, R-35-E, N.M.P.M.
Lea County, New Mexico
Townsend Area

Dear Ms. Daniels:

Ocean Energy Resources, Inc. hereby proposes the drilling of the Townsend State Com # 10 well in Lot 4 of Section 3, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico. The well will be drilled to a depth of approximately 12,950 feet to test the Morrow formation.

You have previously been extended an opportunity to lease your mineral rights and, having not reached a lease agreement with you, we now request your participation in the above described well. Your election to participate shall be evidenced by your execution of an Authority for Expenditure and Joint Operating Agreement, naming Ocean Energy Resources, Inc. as operator, and payment of your proportionate share of the drilling cost.

We would appreciate your notifying us as to your election on or before November 27, 2000, as we anticipate commencing the well in the latter part of December 2000. Should you respond affirmatively, Ocean Energy Resources, Inc. will provide a Joint Operating Agreement along with an invoice for your drilling cost.

Thank you for your attention to this matter.

Yours truly,

Blaine Hess

Enc: AFE dated May 9, 2000

cc: Mr. Derold Maney, Ocean Energy Resources, Inc.

Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400

November 8, 2000

Sonic Oil & Gas, L.P.
Post Office Box 1240
Graham, Texas 76450

Re: Lots 1 thru 8 of Section 3,
T-16-S, R-35-E, N.M.P.M.
Lea County, New Mexico
Townsend Area

Gentlemen:

Ocean Energy Resources, Inc. hereby proposes the drilling of the Townsend State Com # 10 well in Lot 4 of Section 3, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico. The well will be drilled to a depth of approximately 12,950 feet to test the Morrow formation.

In this respect, we submit an offer to lease your mineral interest in Lots 3, 4, 5 of Section 3 at \$50.00 per net mineral acre bonus consideration for a two (2) oil and gas lease that provides for a one-fifth (1/5th) royalty interest on production.

In the event you decide not to lease your mineral interest, we request your participation in the above described well. Your election to participate shall be evidenced by your execution of an Authority for Expenditure and Joint Operating Agreement, naming Ocean Energy Resources, Inc. as operator, and payment of your proportionate share of the drilling cost.

We would appreciate your notifying us as to your election on or before November 27, 2000, as we anticipate commencing the well in the latter part of December 2000. Should you respond affirmatively, Ocean Energy Resources, Inc. will provide a Joint Operating Agreement along with an invoice for your drilling cost.

Thank you for your attention to this matter.

Yours truly,

Blaine Hess

Enc: AFE dated May 9, 2000
cc: Mr. Derold Maney, Ocean Energy Resources, Inc.