

BWB PARTNERS I

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 12571 Exhibit No. — 10
Submitted By:
BWB Partners
Hearing Date: January 11, 2001

November 9, 2000

**CERTIFIED
RETURN RECEIPT REQUESTED**

BTA Oil Producers
104 South Pecos
Midland, Texas 79701

Attention: Mr. C. Robert Crawford
Land/Legal Manager

Hayes Land Corporation
Post Office Box 51510
Midland, Texas 79710-1510

Attention: Mr. M. Brad Bennett

RE: Interests of BWB Partners I in E/2 of 23, T20S, R35, N.M.P.M.

Gentlemen:

On October 26, 2000, BWB Partners I ("BWB") proposed to each of you its drilling of a Morrow gas well at a depth of approximately 13,450 feet to be dedicated to the E/2 of Section 23, T20S, R35E, NMPM, Lea County, New Mexico

In response to our well proposal, you each sent identical letters of October 30, 2000 (in the case of BTA Oil Producers, "BTA") and October 31, 2000 (in the case of Hayes Land Corporation, "Hayes"), in which you decline to participate in our well proposal and each make separate demand for proportionate interests in five (5) oil and gas leases (the "New E/2E/2 Leases") acquired by BWB in the year 2000 covering the E/2E/2 of Section 23, T20S, R35E, NMPM, Lea County, New Mexico for depths lying below a subsurface depth of 11,920 feet.

Your claims for an interest in the New Leases is erroneously based upon the terms of two letter agreements, the first of which is dated September 15, 1986 (the "First Letter Agreement"), and the second of which is dated December 8, 1986 (the "Second Letter Agreement").

Contrary to your claims, the Second Letter Agreement specifically excluded the E/2 of Section 23.

In addition, your claim cannot be based upon the First Letter agreement. Your records should reflect that under that agreement, on November 8, 1986, BTA drilled the Byers well No. 1 and on December 29, 1986, completed it as a producing Wolfcamp gas well to a depth of 11,820 feet which is currently dedicated to the E/2 of Section 23. Under the First Letter Agreement, BTA earned an interest in both the Old W/2E/2 Leases and the Old E/2E/2 Leases. However, Production from the Byers Well No. 1 now only holds the Old E/2E/2 Leases from the surface to 11,920 feet, because on July 16, 1989, those leases expired for depths below 11,920 feet. Therefore, BTA and Hayes' interests in the Morrow Formation (depths below 11,920 feet) are confined to the Old W/2E/2 Leases.

Because the New E/2E/2 Leases were acquired in 2000, there are no provisions of the Joint Operating Agreement covering the E/2 of Section 23 which obligate BWB to assigning any portion of the New E/2E/2 Leases to BTA or Hayes. Consequently, BTA and Hayes have failed to demonstrate their right to participate in those Leases.

BWB again invites both BTA and Hayes to participate with their existing interests in the W/2E/2 of Section 23 in BWB's well proposal. However, if by November 26, 2000, BTA and Hayes have failed to elect to participate in BWB's well proposal dated October 26, 2000, then BWB will proceed to file a compulsory pooling application with the New Mexico Oil Conservation Division for the formation of a 320-acre spacing unit consisting of the E/2 of Section 23 to be dedicated to this Morrow gas well.

Very truly yours,
BWB Partners I

A handwritten signature in black ink, appearing to read "William H. Bennett", with a long horizontal flourish extending to the right.

William H. Bennett

Cc W. Thomas Kellahin, Esq.
P.O. Box 2265
Santa Fe, New Mexico 87504-2265

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Hayes Land Corporation
P.O. Box 51510
Midland, TX 79710-1510

2. Article Number (Copy from service label)

7000 6520 0020 3846 4616

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly)

B. Date of Delivery

C. Signature

X

☐ Agent☒ Addressee

D. Is delivery address different from item 1?

☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

BTA Oil Producers
104 South Pecos
Midland, TX 79701

2. Article Number (Copy from service label)

7000 0520 0020 3846 4623

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly)

LUIS SOSA

B. Date of Delivery

NOV 13 2000

C. Signature

X

☐ Agent☒ Addressee

D. Is delivery address different from item 1?

☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

U.S. Postal Service

CERTIFIED MAIL RECEIPT

(Domestic Mail Only, No Insurance Coverage Provided)

MIDLAND, TX 79710

0.33

UNIT ID: 0710

Postage

\$

1.40

Certified Fee

1.25

Return Receipt Fee
(Endorsement Required)Restricted Delivery Fee
(Endorsement Required)

2.98

Total Postage & Fees

\$

Postmark

Clerk: KENDJ4

11/10/00

Recipient's Name (Please Print Clearly) (To be completed by mailer)

HAYES LAND CORPORATION

Street, Apt. No., or PO Box No.

P.O. Box 51510

City, State, ZIP+4

Midland, TX 79710-1510

U.S. Postal Service

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(Domestic Mail Only, No Insurance Coverage Provided)

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BTA OIL PRODUCERS

Street, Apt. No., or PO Box No.

104 South Pecos

City, State, ZIP+4

Midland TX 79701