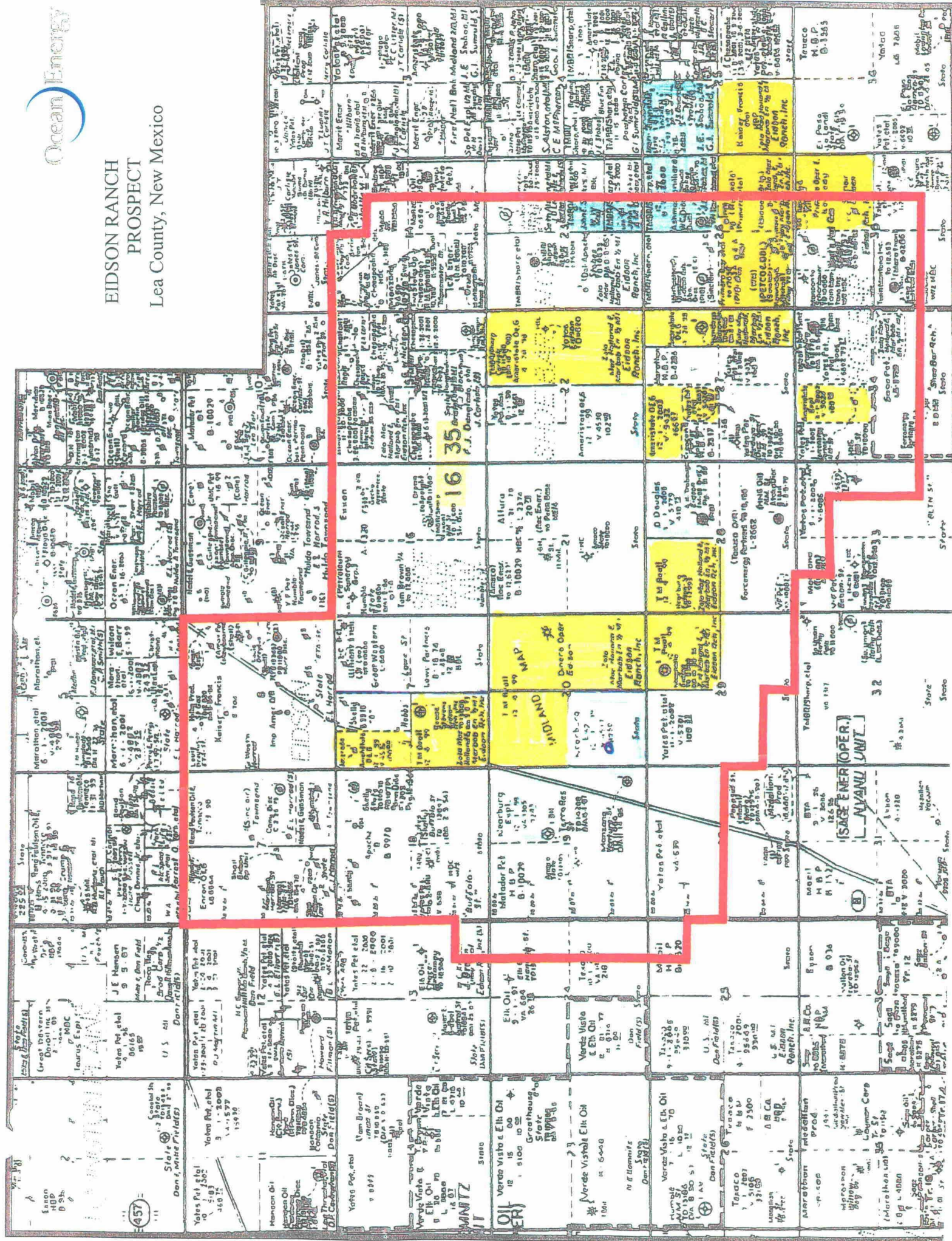


EIDSON RANCH  
PROSPECT

Lea County, New Mexico





OIL CONSERVATION DIVISION

CASES NUMBER 12841 + 12860

Plan EXHIBIT 1

03/27/01 Called Andy Grooms with Primero Operating (Brannex) and began negotiations to acquire farmin/term assignment.

04/25/01 Sent first proposal letter.

05/18/01 Sent second proposal letter.

06/12/01 Received counter proposal letter from Primero.

07/23/01 Final agreement sent to all parties.

08/14/01 1<sup>st</sup> amendment changes date agreement must be accepted.

11/30/01 2<sup>nd</sup> amendment changes language so well did not have to be on farmout lands and contract depth from 12,500' to 13,200'

OIL CONSERVATION DIVISION

CASES NUMBER 12841 and 12860

Dean EXHIBIT 2

January 25, 2002



Ameristate Oil & Gas, Inc.  
P. O. Box 341449  
Austin, Texas 78734

Attention: Mr. Mark Nearburg

Re: Triple Hackle Dragon "25" #1  
1815' FNL and 750' FWL  
W/2 Section 25, T16S, R35E  
Lea County, New Mexico

OIL CONSERVATION DIVISION

CASE NUMBER 12841 and 12860  
Ocean EXHIBIT 3A

Gentlemen:

Ocean Energy Inc. hereby proposes to drill a 13,200' Mississippian Test at a location 1815' FNL and 750' FWL of Section 25, T16S, R35E, Lea County, New Mexico. Based upon our most current title information, Ameristate Oil & Gas, Inc. appears to own leasehold interest in the NW/4 of said Section 25. Please advise if this is incorrect.

Ocean respectfully requests that Ameristate Oil & Gas, Inc. participate for its proportionate interest in the proposed well. Enclosed for your review and execution are two (2) copies of the AFE for the above captioned well. Should Ameristate Oil & Gas, Inc. elect to participate in the proposed well, please execute and return one (1) copy of this letter and one (1) AFE well cost estimate. An Operating Agreement will be forwarded for your review and approval if you elect to participate in the proposed well. Also, please provide your well information requirements and the names of personnel to receive reports.

If Ameristate Oil & Gas, Inc. is not interested in participating in drilling the proposed well, please call me at 713-265-6897 to discuss other alternatives.

Thank you for your consideration of this proposal.

Yours very truly,

OCEAN ENERGY, INC.

A handwritten signature in cursive script that reads "Derold Maney".

Derold Maney  
Senior Land Advisor

\_\_\_\_\_ AMERISTATE OIL & GAS, INC. ELECTS TO PARTICIPATE in the Triple Hackle Dragon "25" #1 Well.

\_\_\_\_\_ AMERISTATE OIL & GAS, INC. ELECTS NOT TO PARTICIPATE in the Triple Hackle Dragon "25" #1 Well.

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_



January 25, 2002

TMBR/Sharp Drilling, Inc.  
P. O. Drawer 10970  
Midland, Texas 79702

Attention: Mr. Jeff Phillips

Re: Triple Hackle Dragon "25" #1  
1815' FNL and 750' FWL  
W/2 Section 25, T16S, R35E  
Lea County, New Mexico

Gentlemen:

Ocean Energy Inc. hereby proposes to drill a 13,200' Mississippian Test at a location 1815' FNL and 750' FWL of Section 25, T16S, R35E, Lea County, New Mexico. Based upon our most current title information, TMBR/Sharp Drilling, Inc. appears to own leasehold interest in the NW/4 of said Section 25. Please advise if this is incorrect.

Ocean respectfully requests that TMBR/Sharp Drilling, Inc. participate for its proportionate interest in the proposed well. Enclosed for your review and execution are two (2) copies of the AFE for the above captioned well. Should TMBR/Sharp Drilling, Inc. elect to participate in the proposed well, please execute and return one (1) copy of this letter and one (1) AFE well cost estimate. An Operating Agreement will be forwarded for your review and approval if you elect to participate in the proposed well. Also, please provide your well information requirements and the names of personnel to receive reports.

If TMBR/Sharp Drilling, Inc. is not interested in participating in drilling the proposed well, please call me at 713-265-6897 to discuss other alternatives.

Thank you for your consideration of this proposal.

Yours very truly,

OCEAN ENERGY, INC.

A handwritten signature in cursive script, reading "Derold Maney".

Derold Maney  
Senior Land Advisor

\_\_\_\_\_ TMBR/SHARP DRILLING, INC. ELECTS TO PARTICIPATE in the Triple Hackle Dragon "25" #1 Well.

\_\_\_\_\_ TMBR/SHARP DRILLING, INC. ELECTS NOT TO PARTICIPATE in the Triple Hackle Dragon "25" #1 Well.

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_



January 25, 2002

Fuel Products, Inc.  
P. O. Box 3098  
Midland, Texas 79702

Attention: Mr. Tom Beall

Re: Triple Hackle Dragon "25" #1  
1815' FNL and 750' FWL  
W/2 Section 25, T16S, R35E  
Lea County, New Mexico

Gentlemen:

Ocean Energy Inc. hereby proposes to drill a 13,200' Mississippian Test at a location 1815' FNL and 750' FWL of Section 25, T16S, R35E, Lea County, New Mexico. Based upon our most current title information, Fuel Products, Inc. appears to own leasehold interest in the NW/4 of said Section 25. Please advise if this is incorrect.

Ocean respectfully requests that Fuel Products, Inc. participate for its proportionate interest in the proposed well. Enclosed for your review and execution are two (2) copies of the AFE for the above captioned well. Should Fuel Products, Inc. elect to participate in the proposed well, please execute and return one (1) copy of this letter and one (1) AFE well cost estimate. An Operating Agreement will be forwarded for your review and approval if you elect to participate in the proposed well. Also, please provide your well information requirements and the names of personnel to receive reports.

If Fuel Products, Inc. is not interested in participating in drilling the proposed well, please call me at 713-265-6897 to discuss other alternatives.

Thank you for your consideration of this proposal.

Yours very truly,

OCEAN ENERGY, INC.

A handwritten signature in cursive script that reads "Derold Maney".

Derold Maney  
Senior Land Advisor

\_\_\_\_\_ FUEL PRODUCTS, INC. ELECTS TO PARTICIPATE in the Triple Hackle Dragon "25" #1 Well.

\_\_\_\_\_ FUEL PRODUCTS, INC. ELECTS NOT TO PARTICIPATE in the Triple Hackle Dragon "25" #1 Well.

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

January 25, 2002



Mr. Louis Mazzullo  
P. O. Box 66657  
Albuquerque, New Mexico 87193

Re: Triple Hackle Dragon "25" #1  
1815' FNL and 750' FWL  
W/2 Section 25, T16S, R35E  
Lea County, New Mexico

Dear Mr. Mazzullo,

Ocean Energy Inc. hereby proposes to drill a 13,200' Mississippian Test at a location 1815' FNL and 750' FWL of Section 25, T16S, R35E, Lea County, New Mexico. Based upon our most current title information, you appear to own leasehold interest in the NW/4 of said Section 25. Please advise if this is incorrect.

Ocean respectfully requests that you participate for your proportionate interest in the proposed well. Enclosed for your review and execution are two (2) copies of the AFE for the above captioned well. Should you elect to participate in the proposed well, please execute and return one (1) copy of this letter and one (1) AFE well cost estimate. An Operating Agreement will be forwarded for your review and approval if you elect to participate in the proposed well. Also, please provide your well information requirements and the names of personnel to receive reports.

If you are not interested in participating in drilling the proposed well, please call me at 713-265-6897 to discuss other alternatives.

Thank you for your consideration of this proposal.

Yours very truly,

OCEAN ENERGY, INC.

A handwritten signature in cursive script that reads "Derold Maney".

Derold Maney  
Senior Land Advisor

\_\_\_\_\_ LOUIS MAZZULLO ELECTS TO PARTICIPATE in the Triple Hackle Dragon "25" #1 Well.

\_\_\_\_\_ LOUIS MAZZULLO ELECTS NOT TO PARTICIPATE in the Triple Hackle Dragon "25" #1 Well.

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_



January 25, 2002

David H. Arrington Oil & Gas, Inc.  
P. O. Box 2071  
Midland, Texas 79702

Attention: Mr. David H. Arrington

Re: Triple Hackle Dragon "25" #1  
1815' FNL and 750' FWL  
W/2 Section 25, T16S, R35E  
Lea County, New Mexico

Gentlemen:

Ocean Energy Inc. hereby proposes to drill a 13,200' Mississippian Test at a location 1815' FNL and 750' FWL of Section 25, T16S, R35E, Lea County, New Mexico. Based upon our most current title information, David H. Arrington Oil & Gas, Inc. appears to own leasehold interest in the NW/4 of said Section 25. Please advise if this is incorrect.

Ocean respectfully requests that David H. Arrington Oil & Gas, Inc. participate for its proportionate interest in the proposed well. Enclosed for your review and execution are two (2) copies of the AFE for the above captioned well. Should David H. Arrington Oil & Gas, Inc. elect to participate in the proposed well, please execute and return one (1) copy of this letter and one (1) AFE well cost estimate. An Operating Agreement will be forwarded for your review and approval if you elect to participate in the proposed well. Also, please provide your well information requirements and the names of personnel to receive reports.

If David H. Arrington Oil & Gas, Inc. is not interested in participating in drilling the proposed well, please call me at 713-265-6897 to discuss other alternatives.

Thank you for your consideration of this proposal.

Yours very truly,

OCEAN ENERGY, INC.

A handwritten signature in cursive script that reads "Derold Maney".

Derold Maney  
Senior Land Advisor

\_\_\_\_\_ DAVID H. ARRINGTON OIL & GAS, INC. ELECTS TO PARTICIPATE in the Triple Hackle Dragon "25" #1 Well.

\_\_\_\_\_ DAVID H. ARRINGTON OIL & GAS, INC. ELECTS NOT TO PARTICIPATE in the Triple Hackle Dragon "25" #1 Well.

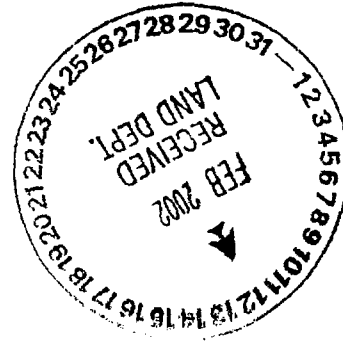
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_



January 25, 2002



Louis Mazzullo, INC.  
Mr. Louis Mazzullo  
P. O. Box 66657  
Albuquerque, New Mexico 87193



Re: Triple Hackle Dragon "25" #1  
1815' FNL and 750' FWL  
W/2 Section 25, T16S, R35E  
Lea County, New Mexico

Dear Mr. Mazzullo,

Ocean Energy Inc. hereby proposes to drill a 13,200' Mississippian Test at a location 1815' FNL and 750' FWL of Section 25, T16S, R35E, Lea County, New Mexico. Based upon our most current title information, you appear to own leasehold interest in the NW/4 of said Section 25. Please advise if this is incorrect.

Ocean respectfully requests that you participate for your proportionate interest in the proposed well. Enclosed for your review and execution are two (2) copies of the AFE for the above captioned well. Should you elect to participate in the proposed well, please execute and return one (1) copy of this letter and one (1) AFE well cost estimate. An Operating Agreement will be forwarded for your review and approval if you elect to participate in the proposed well. Also, please provide your well information requirements and the names of personnel to receive reports.

If you are not interested in participating in drilling the proposed well, please call me at 713-265-6897 to discuss other alternatives.

Thank you for your consideration of this proposal.

Yours very truly,

OCEAN ENERGY, INC.

Derold Maney  
Senior Land Advisor

OIL CONSERVATION DIVISION  
CASE NUMBER 1284/4-112860  
Ocean EXHIBIT 3B

☐ LOUIS MAZZULLO ELECTS TO PARTICIPATE in the Triple Hackle Dragon "25" #1 Well.

☒ LOUIS MAZZULLO ELECTS NOT TO PARTICIPATE in the Triple Hackle Dragon "25" #1 Well.

By:   
Title: President  
Date: 2/6/02

# OCEAN ENERGY, INC

## DEVELOPMENT DRILLING & COMPLETION - OP

REGION: Permian AFE DATE: 01/25/2002 AFE NO: NA  
 FIELD: Other Permian - 5620 LEASE/WELL: Triple Hackle Dragon 25 - 1 EST. START DATE 04/01/02  
 PROSPECT: Eidson Ranch WORK TYPE: Development Drill & Complete ORIG. DEPT: Drilling  
 COUNTY/STATE: Lea Co., New Mexico SURFACE LOC: 1,815' FNL & 750' FWL  
 PROPERTY NO.: NA BTM HOLE LOC: Same DEPTH: 13200' MD 13200' TVD  
 OPERATOR: Ocean Energy Inc. GEOLOGIC OBJECTIVE: Strawn, Brunson, Morrow, Mesa COORDINATOR: RG Trueheart

LEGAL DESCRIPTION: Section 25, T16S, R35E  
 Drill and complete the Eidson Ranch 22-1 as a development well to 13,200' MD/TVD. The plan calls for drilling a 17-1/2" surface hole to 500' and setting 13-38" casing. Then drilling an 11" intermediate hole to 5000' and setting 8-5/8" casing. Then drilling a 7-7/8" production hole to 13,200'. The well will be evaluated by mud logs, DST's, and wireline logs. If successful, 5-1/2" production casing will be set. The well will be completed conventionally with a packer and 2-3/8" tubing after being stimulated. A XCD polymer mud system with chlorides above 20,000ppm will be used in drilling the zones of interest.

ESTIMATED INTANGIBLE EXPENSES						
ACCOUNT	DESCRIPTION	DRILL	Supplement	COMPLETE	Supplement	TOTAL
221 / 222 - 010	LOCATION COSTS	\$50,000	\$0	\$5,000	\$0	\$55,000
221 / 222 - 020	RIG COSTS	\$408,500	\$0	\$47,000	\$0	\$455,500
221 / 222 - 025	MOB / DEMOB RIG COSTS	\$50,000	\$0	\$0	\$0	\$50,000
221-027	TURNKEY	\$0	\$0	\$0	\$0	\$0
221 / 222 - 030	SHOREBASE SERVICES	\$0	\$0	\$0	\$0	\$0
221 / 222 - 040	FUEL / LUBE / POWER / WTR	\$66,700	\$0	\$3,100	\$0	\$69,800
221-050	DIRECTIONAL SERVICES	\$0	\$0	\$0	\$0	\$0
222 - 060	DOWNHOLE COMPLETION SERVICES			\$111,000	\$0	\$111,000
221 / 222 - 070	FISHING	\$0	\$0	\$0	\$0	\$0
221 / 222 - 080	CEMENT AND SERVICES	\$27,000	\$0	\$28,000	\$0	\$55,000
222 / 222 - 090	FORMATION EVALUATION	\$44,500	\$0	\$0	\$0	\$44,500
221 - 093	OPEN HOLE LOG / LWD	\$50,000	\$0			\$50,000
221 / 222 - 097	CASED HOLE LOG / MECH WIRELINE	\$0	\$0	\$5,000	\$0	\$5,000
221 / 222 - 100	TRANSPORTATION - LAND	\$15,800	\$0	\$8,500	\$0	\$24,300
221-103/222-105	TRANSPORTATION - AIR	\$0	\$0	\$0	\$0	\$0
221-105/222-095	TRANSPORTATION - MARINE	\$0	\$0	\$0	\$0	\$0
221 / 222 - 110	BITS, REAMERS AND STABILIZERS	\$75,500	\$0	\$2,500	\$0	\$78,000
221 / 222 - 120	EQUIPMENT RENTAL	\$75,500	\$0	\$5,300	\$0	\$80,800
221 / 222 - 130	MUD / FLUIDS / CHEMICALS	\$50,000	\$0	\$3,800	\$0	\$53,800
221 / 222 - 140	CONTRACT LABOR	\$71,200	\$0	\$40,500	\$0	\$111,700
221 / 222 - 160	COMMUNICATIONS	\$6,500	\$0	\$500	\$0	\$7,000
221 / 222 - 170	OVERHEAD	\$15,100	\$0	\$0	\$0	\$15,100
221 / 222 - 180	INSURANCE	\$1,300	\$0	\$0	\$0	\$1,300
221 / 222 - 185	CASING / TUBING / HMR / EQ & SERVICE	\$12,500	\$0	\$10,000	\$0	\$22,500
221 / 222 - 200	MISCELLANEOUS	\$2,000	\$0	\$0	\$0	\$2,000
221 - 210	P&A EXPENSE	\$0	\$0			\$0
221 / 222 - 220	COMPANY LABOR	\$0	\$0	\$0	\$0	\$0
221 / 222 - 230	ENVIRONMENTAL	\$16,000	\$0	\$0	\$0	\$16,000
221 - 240	DRILL SITE G&G	\$2,200	\$0	\$0	\$0	\$2,200
221 / 222 - 250	WEATHER DELAY	\$0	\$0	\$0	\$0	\$0
	SUB-TOTAL INTANGIBLE	\$1,040,300	\$0	\$270,200	\$0	\$1,310,500
5100995	CONTINGENCIES 10% (D) 5% (S)	\$104,030	\$0	\$27,020	\$0	\$131,050
TOTAL INTANGIBLES:		\$1,144,330	\$0	\$297,220	\$0	\$1,441,550

ESTIMATED TANGIBLE EXPENSES						
TUBULARS	SIZE	DEPTH	FOOTAGE			
		Caisson		\$0	\$0	
	0.000	0	0	\$0	\$0	
	20.000	60	60	\$2,100	\$0	
	0.000	0	0	\$0	\$0	
	13.375	500	500	\$8,400	\$0	
	8.625	5000	5000	\$72,300	\$0	
	0.000	0	0	\$0	\$0	
	0.000	0	0	\$0	\$0	
226 - 010	TUBULARS - DRILLING			\$82,800	\$0	\$82,800
	0.000	0	0		\$0	
	5.500	13200	13200		\$110,200	
	2.375	13200	13100		\$36,500	
227 - 010	TUBULARS - COMPLETION				\$146,700	\$146,700
226 / 227 - 020	WELLHEAD EQUIPMENT			\$18,000	\$0	\$36,000
226 / 227 - 030	DOWNHOLE EQUIPMENT			\$3,000	\$0	\$22,500
227 - 050	LEASE SURFACE EQUIPMENT				\$49,000	\$49,000
227 - 080	VALVES, PIPES AND FITTINGS				\$5,000	\$5,000
227 - 100	ARTIFICIAL LIFT				\$0	\$0
227 - 200	MISCELLANEOUS				\$0	\$0
227 - 210	RECOMPLETION TANGIBLES				\$0	\$0
TOTAL TANGIBLES:				\$103,800	\$0	\$238,200

DRY HOLE AND COMPLETION COSTS		\$1,248,130	\$0	\$535,420	\$0	\$1,783,550
TIME AND COST TO P&A:	2 days	\$50,000 <=== P&A time and cost not included in DHC estimate above				
ESTIMATED DRILLING DAYS	43	COST/DAY	\$29,026	COST/FT		\$95
ESTIMATED COMPLETION DAYS	2	COST/DAY	\$267,710	COST/FT		\$40.56

or Non-Operator only:  
 I ELECT TO PARTICIPATE AND ACCEPT THE WELL CONTROL INSURANCE COVERAGE.

Approval \_\_\_\_\_ Company Name or Individual (PLEASE PRINT) \_\_\_\_\_ Date \_\_\_\_\_

I ELECT TO PARTICIPATE AND DO NOT ACCEPT THE WELL CONTROL INSURANCE COVERAGE.

Approval \_\_\_\_\_ OIL CONSERVATION DIVISION \_\_\_\_\_  
 Company Name or Individual (PLEASE PRINT) \_\_\_\_\_ Date \_\_\_\_\_

CASE NUMBER \_\_\_\_\_  
 Ocean EXHIBIT 4

April 4, 2002



Ameristate Oil & Gas, Inc.  
P. O. Box 341449  
Austin, Texas 78734

Attention: Mr. Mark Nearburg

Re: Triple Hackle Dragon "25" #2  
1980' FWL and 1980' FSL  
W/2 Section 25, T16S, R35E  
Lea County, New Mexico

Gentlemen:

Ocean Energy Inc. hereby proposes to drill a 13,200' Mississippian Test at a location 1980' FWL and 1980' FSL of Section 25, T16S, R35E, Lea County, New Mexico. Based upon our most current title information, Ameristate Oil & Gas, Inc. appears to own leasehold interest in the NW/4 of said Section 25. Please advise if this is incorrect.

Ocean respectfully requests that Ameristate Oil & Gas, Inc. participate for its proportionate interest in the proposed well. Enclosed for your review and execution are two (2) copies of the AFE for the above captioned well. Should Ameristate Oil & Gas, Inc. elect to participate in the proposed well, please execute and return one (1) copy of this letter and one (1) AFE well cost estimate. An Operating Agreement will be forwarded for your review and approval if you elect to participate in the proposed well. Also, please provide your well information requirements and the names of personnel to receive reports.

If Ameristate Oil & Gas, Inc. is not interested in participating in drilling the proposed well, please call me at 713-265-6897 to discuss other alternatives.

Thank you for your consideration of this proposal.

Yours very truly,

OCEAN ENERGY, INC.

A handwritten signature in cursive script that reads "Derold Maney".

Derold Maney  
Senior Land Advisor

OIL CONSERVATION DIVISION

CASES NUMBER 12841 and 12860

Ocean EXHIBIT 5

\_\_\_\_\_ AMERISTATE OIL & GAS, INC. ELECTS TO PARTICIPATE in the Triple Hackle Dragon "25" #2 Well.

\_\_\_\_\_ AMERISTATE OIL & GAS, INC. ELECTS NOT TO PARTICIPATE in the Triple Hackle Dragon "25" #2 Well.

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

April 4, 2002



TMBR/Sharp Drilling, Inc.  
P. O. Drawer 10970  
Midland, Texas 79702

Attention: Mr. Jeff Phillips

Re: Triple Hackle Dragon "25" #2  
1980' FWL and 1980' FSL  
W/2 Section 25, T16S, R35E  
Lea County, New Mexico

Gentlemen:

Ocean Energy Inc. hereby proposes to drill a 13,200' Mississippian Test at a location 1980' FWL and 1980' FSL of Section 25, T16S, R35E, Lea County, New Mexico. Based upon our most current title information, TMBR/Sharp Drilling, Inc. appears to own leasehold interest in the NW/4 of said Section 25. Please advise if this is incorrect.

Ocean respectfully requests that TMBR/Sharp Drilling, Inc. participate for its proportionate interest in the proposed well. Enclosed for your review and execution are two (2) copies of the AFE for the above captioned well. Should TMBR/Sharp Drilling, Inc. elect to participate in the proposed well, please execute and return one (1) copy of this letter and one (1) AFE well cost estimate. An Operating Agreement will be forwarded for your review and approval if you elect to participate in the proposed well. Also, please provide your well information requirements and the names of personnel to receive reports.

If TMBR/Sharp Drilling, Inc. is not interested in participating in drilling the proposed well, please call me at 713-265-6897 to discuss other alternatives.

Thank you for your consideration of this proposal.

Yours very truly,

OCEAN ENERGY, INC.

A handwritten signature in cursive script that reads "Derold Maney".

Derold Maney  
Senior Land Advisor

\_\_\_\_\_ TMBR/SHARP DRILLING, INC. ELECTS TO PARTICIPATE in the Triple Hackle Dragon "25" #2 Well.

\_\_\_\_\_ TMBR/SHARP DRILLING, INC. ELECTS NOT TO PARTICIPATE in the Triple Hackle Dragon "25" #2 Well.

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

April 4, 2002



Fuel Products, Inc.  
P. O. Box 3098  
Midland, Texas 79702

Attention: Mr. Tom Beall

Re: Triple Hackle Dragon "25" #2  
1980' FWL and 1980' FSL  
W/2 Section 25, T16S, R35E  
Lea County, New Mexico

Gentlemen:

Ocean Energy Inc. hereby proposes to drill a 13,200' Mississippian Test at a location 1980' FWL and 1980' FSL of Section 25, T16S, R35E, Lea County, New Mexico. Based upon our most current title information, Fuel Products, Inc. appears to own leasehold interest in the NW/4 of said Section 25. Please advise if this is incorrect.

Ocean respectfully requests that Fuel Products, Inc. participate for its proportionate interest in the proposed well. Enclosed for your review and execution are two (2) copies of the AFE for the above captioned well. Should Fuel Products, Inc. elect to participate in the proposed well, please execute and return one (1) copy of this letter and one (1) AFE well cost estimate. An Operating Agreement will be forwarded for your review and approval if you elect to participate in the proposed well. Also, please provide your well information requirements and the names of personnel to receive reports.

If Fuel Products, Inc. is not interested in participating in drilling the proposed well, please call me at 713-265-6897 to discuss other alternatives.

Thank you for your consideration of this proposal.

Yours very truly,

OCEAN ENERGY, INC.

A handwritten signature in cursive script that reads "Derold Maney".

Derold Maney  
Senior Land Advisor

\_\_\_\_\_ FUEL PRODUCTS, INC. ELECTS TO PARTICIPATE in the Triple Hackle Dragon "25" #2 Well.

\_\_\_\_\_ FUEL PRODUCTS, INC. ELECTS NOT TO PARTICIPATE in the Triple Hackle Dragon "25" #2 Well.

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

April 4, 2002



Mr. Louis Mazzullo  
P. O. Box 66657  
Albuquerque, New Mexico 87193

Re: Triple Hackle Dragon "25" #2  
1980' FWL and 1980' FSL  
W/2 Section 25, T16S, R35E  
Lea County, New Mexico

Gentlemen:

Ocean Energy Inc. hereby proposes to drill a 13,200' Mississippian Test at a location 1980' FWL and 1980' FSL of Section 25, T16S, R35E, Lea County, New Mexico. Based upon our most current title information, you appear to own leasehold interest in the NW/4 of said Section 25. Please advise if this is incorrect.

Ocean respectfully requests that you participate for your proportionate interest in the proposed well. Enclosed for your review and execution are two (2) copies of the AFE for the above captioned well. Should you elect to participate in the proposed well, please execute and return one (1) copy of this letter and one (1) AFE well cost estimate. An Operating Agreement will be forwarded for your review and approval if you elect to participate in the proposed well. Also, please provide your well information requirements and the names of personnel to receive reports.

If you are not interested in participating in drilling the proposed well, please call me at 713-265-6897 to discuss other alternatives.

Thank you for your consideration of this proposal.

Yours very truly,

OCEAN ENERGY, INC.

A handwritten signature in black ink, appearing to read "Derold Maney".

Derold Maney  
Senior Land Advisor

\_\_\_\_\_ LOUIS MAZZULLO ELECTS TO PARTICIPATE in the Triple Hackle Dragon "25" #2 Well.

\_\_\_\_\_ LOUIS MAZZULLO ELECTS NOT TO PARTICIPATE in the Triple Hackle Dragon "25" #2 Well.

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_



April 4, 2002



David H. Arrington Oil & Gas, Inc.  
P. O. Box 2071  
Midland, Texas 79702

Attention: Mr. David H. Arrington

Re: Triple Hackle Dragon "25" #2  
1980' FWL and 1980' FSL  
W/2 Section 25, T16S, R35E  
Lea County, New Mexico

Gentlemen:

Ocean Energy Inc. hereby proposes to drill a 13,200' Mississippian Test at a location 1980' FWL and 1980' FSL of Section 25, T16S, R35E, Lea County, New Mexico. Based upon our most current title information, David H. Arrington Oil & Gas, Inc. appears to own leasehold interest in the NW/4 of said Section 25. Please advise if this is incorrect.

Ocean respectfully requests that David H. Arrington Oil & Gas, Inc. participate for its proportionate interest in the proposed well. Enclosed for your review and execution are two (2) copies of the AFE for the above captioned well. Should David H. Arrington Oil & Gas, Inc. elect to participate in the proposed well, please execute and return one (1) copy of this letter and one (1) AFE well cost estimate. An Operating Agreement will be forwarded for your review and approval if you elect to participate in the proposed well. Also, please provide your well information requirements and the names of personnel to receive reports.

If David H. Arrington Oil & Gas, Inc. is not interested in participating in drilling the proposed well, please call me at 713-265-6897 to discuss other alternatives.

Thank you for your consideration of this proposal.

Yours very truly,

OCEAN ENERGY, INC.

A handwritten signature in black ink, reading "Derold Maney".

Derold Maney  
Senior Land Advisor

\_\_\_\_\_ DAVID H. ARRINGTON OIL & GAS, INC. ELECTS TO PARTICIPATE in the Triple Hackle Dragon "25" #2 Well.

\_\_\_\_\_ DAVID H. ARRINGTON OIL & GAS, INC. ELECTS NOT TO PARTICIPATE in the Triple Hackle Dragon "25" #2 Well.

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## OIL CONSERVATION DIVISION

CASES NUMBER 12841 and 12860

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
811 South First, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources

Oil Conservation Division  
2040 South Pacheco  
Santa Fe, NM 87505

Form C-101  
Revised March 17, 1999

Submit to appropriate District Office  
State Lease - 6 Copies  
Fee Lease - 5 Copies

☐ AMENDED REPORT

## APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

<sup>1</sup> Operator Name and Address Ocean Energy, Inc. 1001 Fannin, Suite 1600, Houston, TX 77002		<sup>2</sup> OGRID Number 169355
		<sup>3</sup> API Number
<sup>4</sup> Property Code 28458	<sup>5</sup> Property Name Triple-Hackle Dragon 25	<sup>6</sup> Well No. 1

<sup>7</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County
2	25	16S	35E		1815	North	150	West	Lea

<sup>8</sup> Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County
<sup>9</sup> Proposed Pool 1 North Townsend Mississippian 86390					<sup>10</sup> Proposed Pool 2				

<sup>11</sup> Work Type Code N	<sup>12</sup> Well Type Code G	<sup>13</sup> Cable/Rotary R	<sup>14</sup> Lease Type Code P	<sup>15</sup> Ground Level Elevation 3958'
<sup>16</sup> Multiple N	<sup>17</sup> Proposed Depth 13,500'	<sup>18</sup> Formation Mississippian	<sup>19</sup> Contractor Grey Wolf	<sup>20</sup> Spud Date WHEN APPROVED

<sup>21</sup> Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
25"	20"	Conductor	40'	Redi-mix	Surface
17 1/2"	13 3/8"	54.5	450'	500 Sx	Surface
11"	8 5/8"	32	4900'	1300 Sx.	Surface
7 7/8"	5 1/2"	17	13,400'	1200 Sx	500' above uppermost pay.

<sup>22</sup> Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Ocean Energy, Inc. proposes to drill this well to 13,500'. Log and run production casing as indicated above if log looks productive.

BOP Program: 11" 5000 psi type "U" ram. 11" 5000 psi annular preventor, 4" 5000 psi manifold. BOP's will be tested every two weeks. (See attached sketch of BOP's.)

<sup>23</sup> I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: Jeanie McMillan

Printed name: Jeanie McMillan

Title: Regulatory Specialist

Date: 3/28/02

Phone: (713) 265-6834

## OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date:

Expiration Date:

Conditions of Approval:

Attached ☐

DISTRICT I  
P. O. Box 1980  
Hobbs, NM 88241-1980

State of New Mexico  
Energy, Minerals, and Natural Resources Department

Form C-102  
Revised 02-10-84

Instructions on back

DISTRICT II  
P. O. Drawer DD  
Artesia, NM 88211-0719

OIL CONSERVATION DIVISION  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088

Submit to the Appropriate  
District Office  
State Leases - 4 copies  
Fee Leases - 3 copies

DISTRICT III  
1000 Rio Brazos Rd.  
Aztec, NM 87410

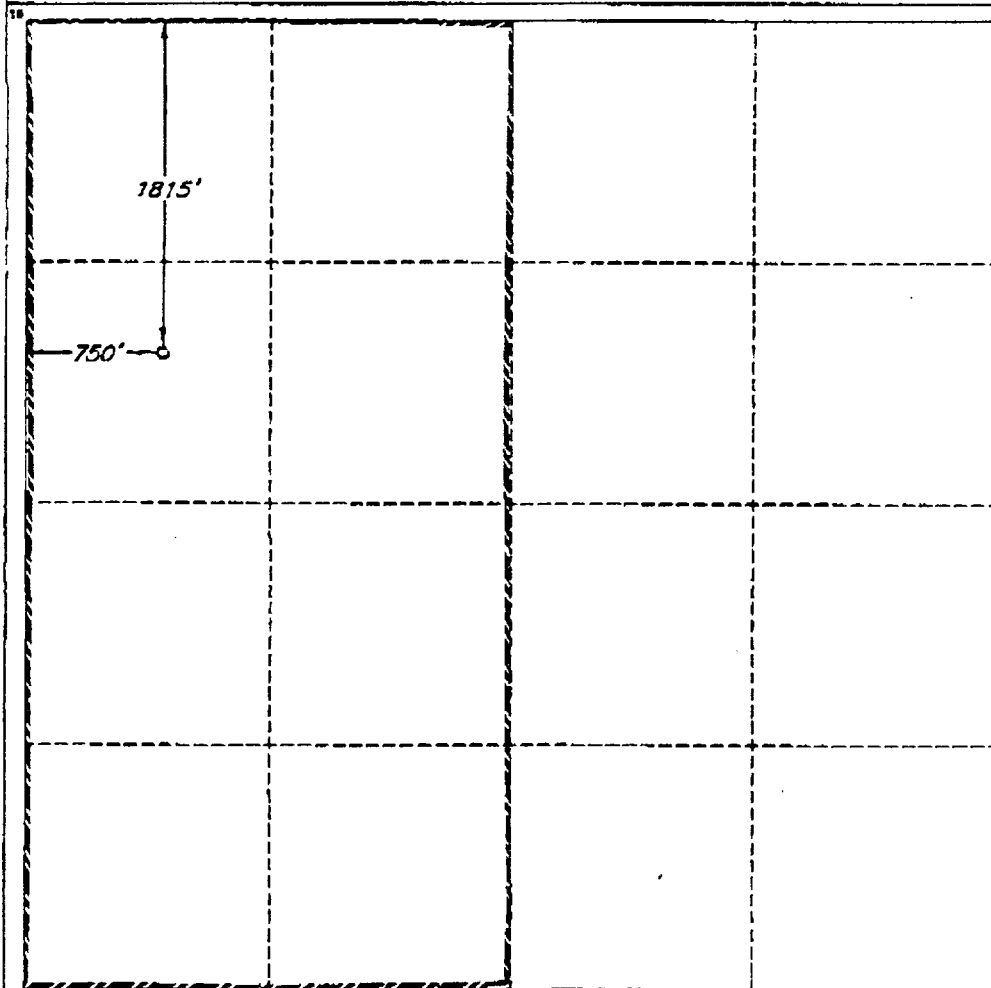
DISTRICT IV  
P. O. Box 2088  
Santa Fe, NM 87507-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code 86390		3 Pool Name NORTH TOWNSEND MISSISSIPPIAN					
4 Property Code		5 Property Name TRIPLE-HACKLE DRAGON 25						6 Well Number 1	
7 OGEID No. 169355		8 Operator Name OCEAN ENERGY, INC.						9 Elevation 3958'	
10 SURFACE LOCATION									
11 TL or lot no. E	12 Section 25	13 Township 16 SOUTH	14 Range 35 EAST, N.M.P.M.	15 Lot 1da	16 Feet from the 1815'	17 North/South line NORTH	18 Feet from the 750'	19 East/West line WEST	20 County LEA
21 BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE									
22 TL or lot no.	23 Section	24 Township	25 Range	26 Lot 1da	27 Feet from the	28 North/South line	29 Feet from the	30 East/West line	31 County
32 Dedicated Acres 320		33 Joint or Infill		34 Consolidation Code		35 Order No.			

NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN  
CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information  
contained herein is true and complete  
to the best of my knowledge and belief.

Signature

Printed Name

Joe T. Jarrica

Title  
Agent

Date

04/05/02

SURVEYOR CERTIFICATION

I hereby certify that the well  
location shown on this plat was  
plotted from field notes of actual  
surveys made by me or under  
my supervision, and that the  
same is true and correct to the  
best of my belief.

Date of Survey

APR 18, 2001

Signature and Seal  
Professional Surveyor

STATE OF NEW MEXICO  
V. LYNN  
BEZNER  
NO. 7920  
V. L. BEZNER LAND SURV. #7920  
JOB #77464 / 96 NW / J.C.P.

# OIL CONSERVATION DIVISION

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
811 South First, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources  
**CASE NUMBER** 12841 and 12862  
*Ocean* **EXHIBIT** 7  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, NM 87505

Form C-101  
Revised March 17, 1999

Submit to appropriate District Office  
State Lease - 6 Copies  
Fee Lease - 5 Copies

☐ AMENDED REPORT

## APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

<sup>1</sup> Operator Name and Address Ocean Energy, Inc. 1001 Fannia, Suite 1600, Houston, TX 77002		<sup>2</sup> OGRID Number 169355
		<sup>3</sup> API Number
<sup>3</sup> Property Code 28458	<sup>5</sup> Property Name Triple-Hackle Dragon 25	<sup>6</sup> Well No. 2

### 7 Surface Location

UL or lot no.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County
K	25	16S	35E		1980	South	1980	West	Lea

### 8 Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County
<sup>9</sup> Proposed Pool 1 Townsend Mississippian					<sup>10</sup> Proposed Pool 2				

<sup>11</sup> Work Type Code N	<sup>12</sup> Well Type Code G	<sup>13</sup> Cable/Rotary R	<sup>14</sup> Lease Type Code P	<sup>15</sup> Ground Level Elevation 3959'
<sup>16</sup> Multiple N	<sup>17</sup> Proposed Depth 13500'	<sup>18</sup> Formation Mississippian	<sup>19</sup> Contractor Grey Wolf	<sup>20</sup> Spud Date When Approved

### 21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
25"	20"	Conductor	40'	Redi-mix	Surface
17-1/2"	13-3/8"	54.5	450'	500 sx	Surface
11"	8-5/8"	32	4900'	1300 sx	Surface
7-7/8"	5-1/2"	17	13400'	1200 sx	500' above pay <sup>Upper Most</sup>

22 Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Ocean Energy, Inc. proposes to drill this well to 13,500'. Log and run production casing as indicated above if log looks productive.

BOP Program: 11" 5000 psi type "U" ram. 11" 5000 psi annular preventor, 4" 5000 psi manifold. BOP's will be tested every two weeks. (See attached sketch of BOP's).

<sup>23</sup> I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: <u>Jeanie McMillan</u> Printed name: Jeanie McMillan Title: Regulatory Specialist Date: 4/29/02		<b>OIL CONSERVATION DIVISION</b> Approved by: Title: Approval Date:      Expiration Date: Conditions of Approval: Attached <input type="checkbox"/>	
Phone: (713) 265-6834			

DISTRICT I  
1883 N. French Dr., Elkhart, NM 88240

DISTRICT II  
811 South First, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Artesia, NM 87410

DISTRICT IV  
2040 South Pecos, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised March 17, 1999

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pecos  
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 86390	Pool Name NORTH TOWNSEND MISSISSIPPIAN
Property Code	Property Name TRIPLE HACKLE DRAGON "25"	Well Number 2
OSRID No. 169355	Operator Name OCEAN ENERGY, INC.	Elevation 3959'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	25	16 S	35 E		1980	SOUTH	1980	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Jeanie McMillan</i> Signature JEANIE McMillan Printed Name SR. REGULATORY SPECIALIST Title 4/29/02 Date</p>
	<p><b>SURVEYOR CERTIFICATION</b></p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.</p> <p>APRIL 8, 2002</p> <p>Date Signature Professional Surveyor 7977 W.C. No. 2424 Certificate No. 6000 Jones 7977</p>
	<p>APR 29 '02 12:54PM OCEAN LAND</p>

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF OCEAN ENERGY,  
INC. FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.

Case No. 12,841

AFFIDAVIT REGARDING NOTICE

STATE OF NEW MEXICO       )  
                                  ) ss.  
COUNTY OF SANTA FE       )

James Bruce, being duly sworn upon his oath, deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters set forth herein.

2. I am an attorney for Applicant.

3. Applicant has conducted a good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the Application filed herein.

4. Notice of the Application was provided to the interest owners at their correct addresses by certified mail. Copies of the notice letter and certified return receipts are attached hereto as Exhibit A.

5. Applicant has complied with the notice provisions of Division Rule 1207.

  
James Bruce

SUBSCRIBED AND SWORN TO before me this 15th day of May, 2002, by James Bruce.

\_\_\_\_\_  
Notary Public

My Commission Expires:  
3/14.2005

OIL CONSERVATION DIVISION

CASES NUMBER 12841 and 12860

Ocean EXHIBIT f



**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

324 MCKENZIE STREET  
SANTA FE, NEW MEXICO 87501

(505) 982-2043  
(505) 982-2151 (FAX)

February 25, 2002

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

To: Persons on Exhibit A

Ladies and Gentlemen:

Enclosed is an application for compulsory pooling, filed with the New Mexico Oil Conservation Division by Ocean Energy, Inc., regarding the W $\frac{1}{4}$  of Section 25, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico. This application is scheduled to be heard at 8:00 a.m. on Thursday, March 21, 2002 at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. As an interest owner in the proposed well, you have the right to appear at the hearing and participate in the case. Failure to appear at the hearing will preclude you from contesting this matter at a later date.

You are required to notify the Division, and the undersigned, by Friday, March 15, 2002, if you intend to enter an appearance and participate in the case.

Very truly yours,

  
James Bruce

Attorney for Ocean Energy, Inc.



EXHIBIT A

David H. Arrington Oil & Gas, Inc.  
P.O. Box 2071  
Midland, Texas 79702

Attention: David H. Arrington

Ameristate Oil & Gas, Inc.  
P.O. Box 341449  
Austin, Texas 78734

Attention: Mark Nearburg

TMBR/Sharp Drilling Inc.  
P.O. Box 10970  
Midland, Texas 79702

Attention: Jeff Phillips

Fuel Products, Inc.  
P.O. Box 3098  
Midland, Texas 79702

Attention: Tom Beall

Louis Mazzullo  
P.O. Box 66657  
Albuquerque, New Mexico 87193

**U.S. Postal Service**  
**CERTIFIED MAIL RECEIPT**  
*(Domestic Mail Only; No Insurance Coverage Provided)*

1. Article Addressed to:

Ameristate Oil & Gas, Inc.  
P.O. Box 341449  
Austin, Texas 78734  
Attention: Mark Nearburg

2. Article Number: 7000  
(Transfer from service label)  
PS Form 3811, August 2001

3. Service Type:  
☒ Certified Mail  
☐ Registered  
☐ Insured Mail  
☐ Express Mail  
☐ Return Receipt for Merchandise  
☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

Postage \$ 0.57  
Certified Fee 2.10  
Return Receipt Fee (Endorsement Required) 1.50  
Restricted Delivery Fee (Endorsement Required) 4.17  
Total Postage & Fees \$ 8.34

Sent To: Ameristate Oil & Gas, Inc.  
P.O. Box 341449  
Austin, Texas 78734  
Attention: Mark Nearburg

PS Form 3800, May 2000

**U.S. Postal Service**  
**CERTIFIED MAIL RECEIPT**  
*(Domestic Mail Only; No Insurance Coverage Provided)*

1. Article Addressed to:

David H. Arrington Oil & Gas, Inc.  
P.O. Box 2071  
Midland, Texas 79702  
Attention: David H. Arrington

2. Article Number: 7000  
(Transfer from service label)  
PS Form 3811, August 2001

3. Service Type:  
☒ Certified Mail  
☐ Registered  
☐ Insured Mail  
☐ Express Mail  
☐ Return Receipt for Merchandise  
☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

Postage \$ 0.57  
Certified Fee 2.10  
Return Receipt Fee (Endorsement Required) 1.50  
Restricted Delivery Fee (Endorsement Required) 4.17  
Total Postage & Fees \$ 8.34

Sent To: David H. Arrington Oil & Gas, Inc.  
P.O. Box 2071  
Midland, Texas 79702  
Attention: David H. Arrington

PS Form 3800, May 2000

**U.S. Postal Service**  
**CERTIFIED MAIL RECEIPT**  
*(Domestic Mail Only; No Insurance Coverage Provided)*

1. Article Addressed to:

Ameristate Oil & Gas, Inc.  
P.O. Box 341449  
Austin, Texas 78734  
Attention: Mark Nearburg

2. Article Number: 7000  
(Transfer from service label)  
PS Form 3811, August 2001

3. Service Type:  
☒ Certified Mail  
☐ Registered  
☐ Insured Mail  
☐ Express Mail  
☐ Return Receipt for Merchandise  
☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

Postage \$ 0.57  
Certified Fee 2.10  
Return Receipt Fee (Endorsement Required) 1.50  
Restricted Delivery Fee (Endorsement Required) 4.17  
Total Postage & Fees \$ 8.34

Sent To: Ameristate Oil & Gas, Inc.  
P.O. Box 341449  
Austin, Texas 78734  
Attention: Mark Nearburg

PS Form 3800, May 2000

**U.S. Postal Service**  
**CERTIFIED MAIL RECEIPT**  
*(Domestic Mail Only; No Insurance Coverage Provided)*

1. Article Addressed to:

David H. Arrington Oil & Gas, Inc.  
P.O. Box 2071  
Midland, Texas 79702  
Attention: David H. Arrington

2. Article Number: 7000  
(Transfer from service label)  
PS Form 3811, August 2001

3. Service Type:  
☒ Certified Mail  
☐ Registered  
☐ Insured Mail  
☐ Express Mail  
☐ Return Receipt for Merchandise  
☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

Postage \$ 0.57  
Certified Fee 2.10  
Return Receipt Fee (Endorsement Required) 1.50  
Restricted Delivery Fee (Endorsement Required) 4.17  
Total Postage & Fees \$ 8.34

Sent To: David H. Arrington Oil & Gas, Inc.  
P.O. Box 2071  
Midland, Texas 79702  
Attention: David H. Arrington

PS Form 3800, May 2000

**U.S. Postal Service  
CERTIFIED MAIL RECEIPT  
(Domestic Mail Only; No Insurance Coverage Provided)**

**OFFICIAL USE**

Postage: \$ 0.57  
Certified Fee: 2.10  
Return Receipt Fee (Endorsement Required): 1.50  
Restricted Delivery Fee (Endorsement Required):  
Total Postage & Fees: \$ 4.17

Sent To: Fuel Products, Inc.  
P.O. Box 3098  
Midland, Texas 79702  
Street, Apt. No.; or P.O. Box  
City, State, ZIP+4  
Attention: Tom Beall

PS Form 3800, May 2000

1. Article Addressed to:  
Fuel Products, Inc.  
P.O. Box 3098  
Midland, Texas 79702  
Attention: Tom Beall

2. Article Number (Copy from service label)  
7000 2870 0000 1192

3. Service Type  
☒ Certified Mail  
☐ Registered  
☐ Insured Mail  
☐ C.O.D.  
☐ Express Mail  
☒ Return Receipt for Merchandise  
☐ Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

PS Form 3800, May 2000

**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:

Fuel Products, Inc.  
P.O. Box 3098  
Midland, Texas 79702  
Attention: Tom Beall

2. Article Number

7000 2870 0000 1192 5093

PS Form 3811, August 2001

Domestic Return Receipt

102595-01 M-0381

**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:

TMBR/Sharp Drilling Inc.  
P.O. Box 10970  
Midland, Texas 79702  
Attention: Jeff Phillips

2. Article Number (Copy from service label)  
7000 2870 0000 1192

PS Form 3811, July 1999

Domestic Return Receipt

102595-00 M-0983

**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly) 3-402  
B. Date of Delivery  
C. Signature  
D. Is delivery address different from item 1? ☐ Yes ☐ No  
If YES, enter delivery address below:

3. Service Type  
☒ Certified Mail  
☐ Registered  
☐ Insured Mail  
☐ C.O.D.  
☐ Express Mail  
☒ Return Receipt for Merchandise  
☐ Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
B. Received by (Printed Name)  
C. Date of Delivery  
D. Is delivery address different from item 1? ☐ Yes ☐ No  
If YES, enter delivery address below:

3. Service Type  
☒ Certified Mail  
☐ Registered  
☐ Insured Mail  
☐ C.O.D.  
☐ Express Mail  
☒ Return Receipt for Merchandise  
☐ Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

2. Article Number

7000 2870 0000 1192 5093

PS Form 3811, August 2001

Domestic Return Receipt

102595-01 M-0381

**U.S. Postal Service  
CERTIFIED MAIL RECEIPT  
(Domestic Mail Only; No Insurance Coverage Provided)**

**OFFICIAL USE**

Postage: \$ 0.57  
Certified Fee: 2.10  
Return Receipt Fee (Endorsement Required): 1.50  
Restricted Delivery Fee (Endorsement Required):  
Total Postage & Fees: \$ 4.17

Sent To: TMBR/Sharp Drilling Inc.  
P.O. Box 10970  
Midland, Texas 79702  
Street, Apt. No.; or P.O. Box  
City, State, ZIP+4  
Attention: Jeff Phillips

PS Form 3800, May 2000

1. Article Addressed to:  
TMBR/Sharp Drilling Inc.  
P.O. Box 10970  
Midland, Texas 79702  
Attention: Jeff Phillips

2. Article Number  
7000 2870 0000 1192 5093

PS Form 3811, August 2001

Domestic Return Receipt

102595-01 M-0381

See Reverse for Instructions

**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:

Louis Mazza  
P.O. Box 66657  
Albuquerque, New Mexico 87193

2. Article Number: 7002870 0000 1192 5686  
(Transfer from service label)  
PS Form 3811, August 2001

**COMPLETE THIS SECTION ON DELIVERY**

- A. Signature: *[Signature]* ☒ Agent ☐ Addressee
- B. Received by (Printed Name): *[Signature]* Date of Delivery: 8-1-02
- D. Is delivery address different from item 1? ☐ Yes ☐ No  
If YES, enter delivery address below:

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

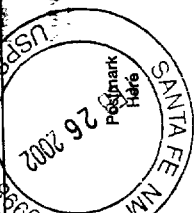
4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

Domestic Return Receipt

102595-01

**U.S. Postal Service  
CERTIFIED MAIL RECEIPT  
(Domestic Mail Only; No Insurance Coverage Provided)**

**OFFICIAL USE**



Postage	\$ 0.57
Certified Fee	2.10
Return Receipt Fee (Endorsement Required)	1.50
Restricted Delivery Fee (Endorsement Required)	
<b>Total Postage &amp; Fees</b>	<b>\$ 4.17</b>

Sent To

Louis Mazza  
Street, Apt. No., or P.O. Box No. P.O. Box 66657  
Albuquerque, New Mexico 87193  
City, State, ZIP+4

PS Form 3800, May 2000 See Reverse for Instructions

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF OCEAN ENERGY,  
INC. FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.

Case No. 12,860

AFFIDAVIT REGARDING NOTICE

STATE OF NEW MEXICO            )  
  ) ss.  
COUNTY OF SANTA FE            )

James Bruce, being duly sworn upon his oath, deposes and states:


1. I am over the age of 18, and have personal knowledge of the matters set forth herein.

2. I am an attorney for Applicant.

3. Applicant has conducted a good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the Application filed herein.

4. Notice of the Application was provided to the interest owners at their correct addresses by certified mail. Copies of the notice letter and certified return receipts are attached hereto as Exhibit A.

5. Applicant has complied with the notice provisions of Division Rule 1207.

  
James Bruce

SUBSCRIBED AND SWORN TO before me this 15th day of May, 2002, by James Bruce.

\_\_\_\_\_  
Notary Public

My Commission Expires:  
3/14/2005

OIL CONSERVATION DIVISION

CASE NUMBER 12841 and 12860

Kear EXHIBIT 9



**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

324 MCKENZIE STREET  
SANTA FE, NEW MEXICO 87501

(505) 982-2043  
(505) 982-2151 (FAX)

April 9, 2002

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

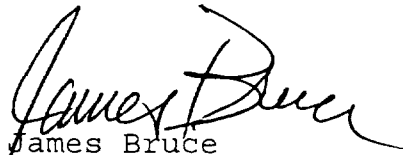
To: Persons on Exhibit A

Ladies and Gentlemen:

Enclosed is an application for compulsory pooling, filed with the New Mexico Oil Conservation Division by Ocean Energy, Inc., regarding the W½ of Section 25, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico. This application is scheduled to be heard at 8:00 a.m. on Thursday, May 2, 2002 at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505, although the Division may set a special hearing date. As an interest owner in the proposed well, you have the right to appear at the hearing and participate in the case. Failure to appear at the hearing will preclude you from contesting this matter at a later date.

You are required to notify the Division, and the undersigned, by Friday, April 26, 2002, if you intend to enter an appearance and participate in the case.

Very truly yours,

  
James Bruce

Attorney for Ocean Energy, Inc.



EXHIBIT A

David H. Arrington Oil & Gas, Inc.  
P.O. Box 2071  
Midland, Texas 79702

Attention: David H. Arrington

Ameristate Oil & Gas, Inc.  
P.O. Box 341449  
Austin, Texas 78734

Attention: Mark Nearburg

TMBR/Sharp Drilling Inc.  
P.O. Box 10970  
Midland, Texas 79702

Attention: Jeff Phillips

Fuel Products, Inc.  
P.O. Box 3098  
Midland, Texas 79702

Attention: Tom Beall

Louis Mazzullo  
P.O. Box 66657  
Albuquerque, New Mexico 87193

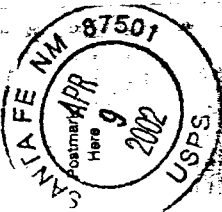
**U.S. Postal Service  
CERTIFIED MAIL RECEIPT**  
(Domestic Mail Only: No Insurance Coverage Provided)

**OFFICIAL USE**

Postage	\$ 0.51
Certified Fee	2.00
Return Receipt Fee (Endorsement Required)	1.50
Restricted Delivery Fee (Endorsement Required)	
<b>Total Postage &amp; Fees</b>	<b>\$ 4.17</b>

Sent To: Amerisat Oil & Gas, Inc.  
P.O. Box 341449  
Austin, Texas 78734  
Street Apt No.:  
or PO Box No.  
City, State, ZIP+4

PS Form 3800, January 2001



**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:

David H. Arrington Oil & Gas, Inc.  
P.O. Box 2071  
Midland, Texas 79702

2. Article Number (Transfer from service label)

PS Form 3811, August 2001

**COMPLETE THIS SECTION ON DELIVERY**

- A. Signature **X** *S. Slough* ☐ Agent ☐ Addressee
- B. Received by (Printed Name) *S. Slough* C. Date of Delivery *4/7/02*
- D. Is delivery address different from item 1? ☐ Yes ☐ No  
If YES, enter delivery address below:

3. Service Type ☒ Certified Mail ☐ Express Mail ☐ Return Receipt for Merchandise ☐ Registered ☐ Insured Mail ☐ C.O.D.
4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

Domestic Return Receipt: 25101 0006 5981 2836

102595-01-10038

**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:

Amerisat Oil & Gas, Inc.  
P.O. Box 341449  
Austin, Texas 78734

- A. Signature **X** *David H. Arrington* ☐ Agent ☐ Addressee
- B. Received by (Printed Name) *David H. Arrington* C. Date of Delivery *4/7/02*
- D. Is delivery address different from item 1? ☐ Yes ☐ No  
If YES, enter delivery address below:

3. Service Type ☒ Certified Mail ☐ Express Mail ☐ Return Receipt for Merchandise ☐ Registered ☐ Insured Mail ☐ C.O.D.
4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

Domestic Return Receipt: 7001 2510 0006 5981 2836

PS Form 3811, August 2001



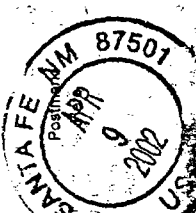
**U.S. Postal Service  
CERTIFIED MAIL RECEIPT**  
(Domestic Mail Only: No Insurance Coverage Provided)

**OFFICIAL USE**

Postage	\$ 2.10
Certified Fee	1.50
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
<b>Total Postage &amp; Fees</b>	<b>\$ 4.17</b>

Sent To: David H. Arrington Oil & Gas, Inc.  
P.O. Box 2071  
Midland, Texas 79702  
Street Apt No.:  
or PO Box No.  
City, State, ZIP+4

PS Form 3800, January 2001



# U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE

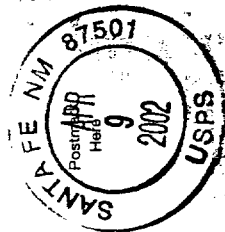
Postage	\$ 0.57
Certified Fee	2.10
Return Receipt Fee (Endorsement Required)	1.50
Restricted Delivery Fee (Endorsement Required)	4.17
<b>Total Postage &amp; Fees</b>	<b>\$ 8.34</b>

Sent To  
TMBS/Sharp Drilling Inc.

Street, Apt. No. P.O. Box 10970  
or R.O. Box No. Midland, Texas 79702  
City, State, ZIP+4

PS Form 3800, January 2001

See Reverse for Instructions



## 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.

Article Addressed to:

Fuel Products, Inc.  
P.O. Box 3098  
Midland, Texas 79702

2. Article Number

(Transfer from service label)

PS Form 3811, August 2001

## 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:

TMBS/Sharp Drilling Inc.  
P.O. Box 10970  
Midland, Texas 79702

## COMPLETE THIS SECTION ON DELIVERY

A. Signature *K. Kollar* ☐ Agent  
B. Received by (Printed Name) *K. Kollar* ☐ Addressee  
C. Date of Delivery *4/15/02*

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 ☒ No

2. Article Number

(Transfer from service label)

PS Form 3811, August 2001

102595-01-M-038

## COMPLETE THIS SECTION ON DELIVERY

A. Signature *K. Kollar* ☐ Agent  
B. Received by (Printed Name) *K. Kollar* ☐ Addressee  
C. Date of Delivery *4/15/02*  
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 ☒ No

Article Number  
2510 0006 5981 2546

Domestic Return Receipt

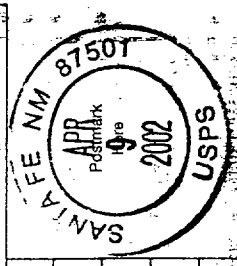
*001*

102595-01-M-038

# U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE

Postage	\$ 0.57
Certified Fee	2.10
Return Receipt Fee (Endorsement Required)	1.50
Restricted Delivery Fee (Endorsement Required)	4.17
<b>Total Postage &amp; Fees</b>	<b>\$ 8.34</b>



Fuel Products, Inc.  
P.O. Box 3098  
Midland, Texas 79702

PS Form 3800, January 2001

See Reverse for Instructions

**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.

Article Addressed to:

Louis Mazza  
P.O. Box 66537  
Albuquerque, New Mexico 87193

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature [Signature] MA33610  
 B. Date of Delivery 4-18-02  
 C. Delivery address different from item 1? ☐ Yes ☐ No  
 YES, other delivery address below:

YES, other delivery address below:

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

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

2. Article Number (Transfer from service label) 7001 2510 0006 5981 2959  
 PS Form 3800, January 2001  
 Domestic Return Receipt OC I 102595-01-9981

**U.S. Postal Service  
 CERTIFIED MAIL RECEIPT  
 (Domestic Mail Only; No Insurance Coverage Provided)**

**OFFICIAL USE**

Postage Certified Fee \$0.57  
 Restricted Delivery Fee 2.10  
 Return Receipt Fee 1.50  
 Total Postage & Fees \$4.17

Sent by First Class  
 Street 1st St NW  
 P.O. Box 66537  
 City Albuquerque, NM State NM Zip 87193

Postmark SANTA FE NM 87501  
 Date APR 18 2002  
 USPS



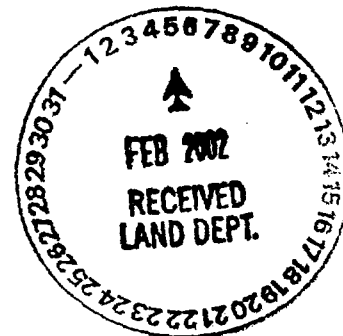
BRANEX RESOURCES, INC.  
POST OFFICE BOX 2328  
ROSWELL, NEW MEXICO 88202-2328  
(505) 627-0612 • Fax (505) 627-6353

January 29, 2002

Dale Douglas, CPL  
David H. Arrington Oil & Gas, Inc.  
P.O. Box 2071  
Midland, Texas 79702

Phil Brewer Esquire  
Attorney for TMBR/Sharp Drilling, Inc.  
P.O. Box 298  
Roswell, New Mexico 88202-0298

Derold Maney, Senior Landman  
Ocean Energy, Inc.  
1001 Fannin, Suite 1600  
Houston, Texas 77002-6794



OIL CONSERVATION DIVISION

CASES NUMBER 12841 and 12860

Ocean EXHIBIT 9A

RE: Compulsory Pooling Application of TMBR/Sharp Drilling, Inc. dated January 25, 2002 for a "Mississippian Test" and to form a N/2, spacing unit in Section 25, T16S-R35E, and Well Proposal and AFE of David H. Arrington Oil & Gas, Inc. dated January 24, 2002 for a 12,750 Mississippian Test and to form a E/2, spacing unit in Section 25, T16S-R35E, Lea County, New Mexico;

Gentlemen:

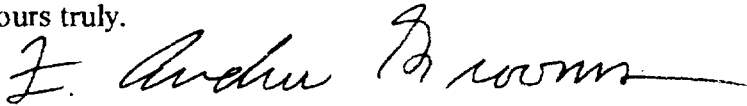
Branex Resources, Inc. ("BRI") is in receipt of both of the captioned proposals and or documents relative to the fee simple net mineral interests that it owns in the W/2NE/4, Section 25, T16S-R35E. David H. Arrington Oil & Gas Inc. has already staked its "Triple Hackle Dragon 25" well to be located 1815' FNL & 750' FWL Section 25, T16S-R35E, NMPM, Lea County, New Mexico. This well was proposed in July 2001 and the State of New Mexico has apparently already issued an approved drilling permit for this well specifying a W/2, Section 25 spacing unit. Due to the fact that Arrington has an approved drilling permit for the W/2, Section 25, BRI would only agree to either participate or to farmout to a Mississippian Test well that would dedicate the E/2, Section 25.

Various BRI leasehold interests located in the SW/4, Section 25 are presently farmed out to Ocean Energy, Inc. and said farmout calls for an initial test well to be drilled on or before July 1, 2002. It is our understanding that Ocean Energy, Inc. is going to take over the operations of the Triple Hackle Dragon 25 well. We are advised of a leasehold title dispute that exists between Arrington and TMBR/Sharp concerning the NW/4, Section 25



and we have no opinion on that matter. We have however categorically stated and we reaffirm herein, that we will not extend said July 1, 2002 spud date for the initial test well, which will comprise the W/2, Section 25. We believe that both seismic and geology indicate that the W/2 spacing unit is appropriate for the first well to be drilled Section 25. Regardless of the status of the Arrington/TMBR-Sharp title dispute, BRI will seek to be allowed to enjoy its correlative rights afforded by its leasehold interests in the SW/4, 25 insofar as maintaining a W/2, Section 25 spacing unit is concerned. BRI will support a second well in Section 25, but only if said well is drilled on an E/2, spacing unit. We will monitor the situation as it develops and will make a participation/farmout decision at the appropriate time. Thank you.

Yours truly,

A handwritten signature in cursive script, appearing to read "F. Andrew Grooms", with a long horizontal flourish extending to the right.

F. Andrew Grooms  
CPL

/ag



# Primer Prospect: Time Structure – Austin Lm.

