

C. Mark Maloney
Independent Landman
P.O. Box 2627
Roswell, NM 88202-2627

(505) 622-9907 Voice
(505) 622-8340 Fax

March 22, 2001

Gulf Coast Oil & Gas Company
P.O. Box 1684
Midland, TX 79702

Certified Mail/Return Receipt

Re: Case No. 12601

Application of Bettis, Boyle & Stovall for Compulsory Pooling
Lots 3 and 4, Sec. 30, T-9-S, R-33-E, NMPM
Lea County, New Mexico
McGuffin Prospect

Gentlemen:

The above referenced Application is scheduled for a hearing before the New Mexico Energy, Minerals and Natural Resources department in Santa Fe on April 19, 2001. We assume, but do not know, that you are aware of this proceeding.

We had offered to lease the minerals owned by Sun-West in December of 2000 and had increased our offer after our initial offer (not just for them but the other mineral owners under this tract) to accommodate the surface owner, who also owned the largest mineral interest. We had informed them that this was (in our opinion) going to be an expensive test, approximately \$ 750,000 to drill and complete, and that this was, again in our opinion, a fairly "wild" area. Sun-West informed us that they would not want to participate in this well, but would lease for a higher bonus and an increased (one-quarter) royalty. We explained that this was not an area that our client felt he could justify drilling on 75.00% net revenue leases and we could not do this. We asked in January that they consider this again, and informed them that we needed a decision as we had plans to drill if a drilling rig came available.

We also asked, through our attorney in Santa Fe, Mr. William F. Carr, that this matter be set up for hearing before the Oil Conservation Division should we receive no response from Sun-West. We had explained in prior conversations that we could not "carry" a 15.00% interest in this well. As there were other interest owners that we had been unable to locate, we felt we were justified in taking this action.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 12601 Exhibit No. 5
Submitted by:
Bettis, Boyle & Stovall
Hearing Date: April 19, 2001

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Gulf Coast Oil & Gas Company
March 22, 2001
Page 2

Our Compulsory Pooling Application was filed, and notice was given to Sun-West by Mr. Carr's office, on February 1, 2001. By letter dated February 20th, 2001 to Mr. Carr, we were informed that Sun-West had leased to your company on February 15th, leasing only the lands included in our proposed spacing unit, for \$ 100.00 per net acre, with a 27.50% royalty, for a primary term of one year.

For the same reasons that we did not feel justified carrying a 15.00% interest in this well at a 25.00% royalty, we do not feel we can carry your interest, with a 27.50% royalty to Sun-West. If you wish to participate with your interest, please advise our office and we will see that you receive an A.F.E. and an Operating Agreement. We believe we can speak for the working interest owners when we say that they would welcome your participation. Notwithstanding our land costs on this Prospect, all other costs involved continue to escalate at an almost weekly rate (although this has caused the cancellation of some wells recently due to budgetary constraints and a drilling rig could become available at any time).

Thank you very much for your attention in this matter and please feel free to call should you have any questions. We will be out of the office the week of March 26th through the 30th (my son's Spring Break) but will be here after that.

Sincerely yours,



C. Mark Maloney

cmm/wp2

cc: Bettis, Boyle & Stovall/Attn: Mr. Wayne Christian

Mr. W. T. Probandt

Holland & Hart and Campbell & Carr/Attn: Mr. William F. Carr

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GULF Coast Oil & Gas Company

P.O. Box 1684

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