JAMES BRUCE ATTORNEY AT LAW

ALLONGED AL LAN

POST OFFICE BOX 1056 SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA HYDE PARK ESTATES SANTA FE, NEW MEXICO 87501

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

October 5, 2001

Hand Delivered

Lori Wrotenbery Oil Conservation Commission 1220 South St. Francis Drive Santa Fe, New Mexico 87505

> Re: Case Nos. 12535, 12567, 12569, and **12590** *de novo*, and Case No. 12738 (Ocean Energy Resources, Inc./Yates Petroleum Corporation)

Hearing scheduled for October 12, 2001

Dear Ms. Wrotenbery:

Enclosed are (1) five copies of Ocean's pre-hearing statement, and (2) five sets of Ocean's exhibits. Please note that Ocean's exhibits 8 and 9 are missing from the exhibit packages. Those are being overnighted to me and will be submitted Tuesday morning.

Very truly yours,

James Bruce

Attorney for Ocean Energy Resources, Inc.

cc: William F. Carr

01 OCT -5 PM 2:53

OIL CONSERVATION DIV.

STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OT CONSERVATION COMMISSION 010CT-5 PM 2:53

IN THE MATTER OF THE HEARINGS CALLED BY THE OIL CONSERVATION COMMISSION FOR THE PURPOSE OF CONSIDERING:

APPLICATION OF OCEAN ENERGY RESOURCES, INC. FOR COMPULSORY POOLING AND FOUR NON-STANDARD OIL AND GAS SPACING AND PRORATION UNITS, LEA COUNTY, NEW MEXICO.

APPLICATION OF OCEAN ENERGY RESOURCES, INC. FOR COMPULSORY POOLING AND FOUR NON-STANDARD OIL AND GAS SPACING AND PRORATION UNITS, LEA COUNTY, NEW MEXICO.

APPLICATION OF YATES PETROLEUM CORPORATION FOR COMPULSORY POOLING AND THREE NON-STANDARD OIL AND GAS SPACING AND PRORATION UNITS, LEA COUNTY, NEW MEXICO. Case No. 12,569

APPLICATION OF YATES PETROLEUM CORPORATION FOR COMPULSORY POOLING AND THREE NON-STANDARD OIL AND GAS SPACING AND PRORATION UNITS, LEA COUNTY, NEW MEXICO. Case No. 12,590

APPLICATION OF YATES PETROLEUM CORPORATION FOR TWO NON-STANDARD OIL AND GAS SPACING AND PRORATION UNITS, LEA COUNTY, NEW MEXICO. Case No. 12,738

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Ocean Energy Resources, Inc. as required by the Oil Conservation Commission.

APPEARANCES

APPLICANT Ocean Energy Resources, Inc. Suite 1600 1001 Fannin Houston, Texas 77002 Attention: Derold Maney (713) 265-6897

OPPONENT Yates Petroleum Corporation

APPLICANT'S ATTORNEY James Bruce Post Office Box 1056 Santa Fe, New Mexico 87504 (505) 982-2043

OPPONENT'S ATTORNEY William F. Carr

Case No. 12,567

Case No. 12,535

APPLICANT

Ocean Energy Resources, Inc. ("Ocean") seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying Lots 1-8 of irregular Section 3, Township 16 South, Range 35 East, NMPM, and in the following manner:

(a) Lots 1-8 to form a non-standard 355.80-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing;

(b) Lots 3-6 to form a non-standard 177.21-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing;

(c) Lots 3 and 4 to form a non-standard 97.21-acre oil spacing and proration unit for any formations and/or pools developed on 80-acre spacing; and

(d) Lot 3 to form a non-standard 48.78-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing.

The units are to be dedicated to Ocean's Townsend State Com. Well No. 10, to be located at an orthodox well location in Lot 3 of Section 3. (Ocean's original proposal was for a well located in Lot 4 of Section 3.)

There are four primary issues in these consolidated matters:

(1) <u>Well location</u>: Well location depends on geology. Ocean's evidence (seismic and well control) will prove that the "NW¼" (Lots 3-6) of Section 3 is the best location for the initial well in the unit.

(2) <u>Operatorship</u>: Ocean's proposed well is located on a tract in which it owns over 80% of the working interest. Therefore, if Ocean's location is chosen, Ocean should be named operator.

(3) <u>Good faith negotiations</u>: (a) Ocean began negotiating with Yates and the other interest owners to obtain their voluntary joinder in a well in June 2000. Yates did not even send a well proposal to interest owners until <u>after</u> it filed its pooling application in December 2000; and (b) Ocean continued to negotiate with Yates after entry of the Division's order, including with respect to the well location. In August 2001 the parties reached agreement on a compromise well location in Lot 3 of Section 3. However, Yates then insisted that it operate the well, even though Ocean owns over 80% of the working interest in Lots 3-6 of Section 3. When

-2-

agreement was not reached on this issue, Yates filed its nonstandard unit application (Case No. 12,738).

(4) <u>Yates' request for two non-standard units</u>: Yates has requested (a) a non-standard unit comprised of Lots 1, 2, 7, and 8, in which it owns 100% of the working interest, and (b) a non-standard unit comprised of Lots 3-6, in which Ocean owns over 80% of the working interest. Ocean opposes the nonstandard unit application. Well spacing remains 320 acres, and non-standard units should be rarely approved by the Division and the Commission. If the Commission grants Yates' application in this case, based simply on ownership issues, then numerous such applications will be filed with the Division in the future. Such a policy could also adversely affect future drilling practices.

<u>OPPONENT</u>

PROPOSED EVIDENCE

APPLICANT

<u>WITNESSES</u> Derold Maney (landman)	<u>EST. TIME</u> 20 min.	<u>EXHIBITS</u> seven
Frank Messa (geologist)	15 min.	two
Robert Silver (geophysicist)	20 min.	four

OPPONENT

WITNESSES

<u>EST. TIME</u>

EXHIBITS

PROCEDURAL MATTERS

Ocean requests that all cases be consolidated for hearing.

Respectfully submitted,

James Bruce Post Office Box 1056 Santa Fe, New Mexico 87504 (505) 982-2043

Attorney for Ocean Energy Resources, Inc.

- 3 -

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Pre-Hearing Statement was served upon the following counsel this 5% day of October, 2001 in the manner noted below:

By U.S. Mail William F. Carr Holland & Hart LLP and Campbell & Carr Post Office Box 2208 Santa Fe, New Mexico 87504

By Hand Delivery Stephen C. Ross Oil Conservation Commission 120 South St. Francis Drive Santa Fe, New Mexico 87505

James Bruce

-4-

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OCEAN ENERGY RESOURCES, INC. EXHIBIT 2 CASE NOS. 12535 AND 12567

<u>Owner</u>	Lands	Interest in <u>Well Unit</u>
Ocean Energy Resources, Inc.	Lots 3-6	41.072056%
Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	Lots 1, 2, 7, 8 Lots 1, 2, 7, 8 Lots 1, 2, 7, 8 Lots 1, 2, 7, 8	35.135750% 5.019393% 5.019393% <u>5.019393%</u> 50.193929%
David H. Arrington Oil & Gas Inc.	Lots 3-6	5.331300%
Tom R. Cone (Unleased)	Lot 3-6	1/5 x 11/384
Marilyn Cone, Trustee Of the D.C. Trust (Unleased) LWJ Partnership (Unleased) Kenneth G. Cone (Unleased) Kenneth G. Cone, Trustee of the Kenneth G. Cone Children's Trust U/W/O	Lots 3, 4, 6 ¹ Lots 3, 4, 6 Lot 3-6	1/5 x 11/384 1/5 x 11/384 1/5 x 11/384
Kathleen Cone (Unleased) Clifford Cone (Unleased) Clifford Cone, Trustee of the Clifford Cone Family Trust U/W/O	Lot 3-6 Lots 3, 4, 6	1/5 x 11/384 1/5 x 11/384
Kathleen Cone (Unleased) The Long Trusts (Unleased) The Blanco Company (Unleased) Keith Pratt Daniels (Unleased) Lynda Pratt Rast (Unleased)	Lots 3, 4, 6 Lot 5 ² Lot 5 Lot 5 Lot 5 Lot 5	1/5 x 11/384 4/5 x 11/384 1/16 1/32 <u>1/32</u> 3.402715%
:	Total:	100.00000%

Sonic Oil & Gas, L.P. (Unleased)

Lots 3-6 4/5 x 11/384 (Wolfcamp formation only)

¹The interests of Marilyn Cone, Trustee, LWJ Partnership, Clifford Cone, and Clifford Cone, Trustee in Lots 3-6 cover all depths except the Wolfcamp formation.

²The interest of The Long Trusts in Lot 5 covers all depths except the Wolfcamp formation.

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May 31, 2000

VIA FAX (915) 682-4139 & US MAIL

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

Attn: Mr. David H. Arrington

Re: Proposed 12,950' Morrow Test Well Townsend St. COM #10 Well 660' FWL and 800' FNL Section 3, T16S, R35E Lea County, New Mexico

OIL	CONSERVATION	DIVISION
		4

CASE	NUMBER	

Can EXHIBIT 3A

Dear Mr. Arrington:

Ocean Energy Resources, Inc. hereby proposes to drill at 12,950' Morrow Test at a location 660' FWL and 800' FNL of Section 3, T16S, R35E, Lea County, New Mexico. If the well is successfully completed in the Morrow formation, a 320-acre proration unit consisting of the N/3 of said Section 3 would be established. Based upon our most current title information, David H. Arrington Oil & Gas, Inc. (DHA) appears to own leasehold interest in the NW/4 of said Section 3. Please advise if this is incorrect.

Ocean respectfully requests that DHA either participate for its proportionate interest in the proposed well, or in the alternative, grant Ocean a term assignment covering all of DHA interest in the NW/4 of Section 3, T16S, R35E, Lea County, New Mexico, based upon the following general terms:

- 1. \$100.00 per mineral acre
- 2. One year primary term
- 2. 3. Your reservation of a proportionally reduced overriding royalty interest equal to the difference between 20% and existing lease burdens

Enclosed for your review and execution are two (2) copies of the AFE for the above captioned well. You will be provided an operating agreement covering the N/3 of said Section 3 within the next few days. Should DHA elect to participate in the proposed well, please execute and return one (1) copy of this letter, one (1) AFE well cost estimate, and one (1) copy of the Operating Agreement. Also, please provide your well information requirements and the names of personnel to receive reports. Should DHA elect to grant

Proposed 12,950 INIORTOW 3ST VVEII May 31, 2000 Page 2

Ocean a term assignment, please make the appropriate election in the space provided below, and return one (1) fully executed copy of this letter to the undersigned. Upon receipt of your election a term assignment will be prepared and forwarded for your execution, along with a draft for the appropriate bonus amount.

Thanks for your consideration of this proposal, and if you have any questions please call me at (713) 265-6897.

Yours very truly,

OCEAN ENERGY RESOURCES, INC., a subsidiary of OCEAN ENERGY, INC.

anco

Derold Maney Senior Staff Landman

DAVID H. ARRINGTON OIL & GAS, INC. ELECTS TO PARTICIPATE in the Townsend St. COM #10 Well

DAVID H. ARRINGTON OIL & GAS, INC. ELECTS NOT TO PARTICIPATE in the Townsend St. COM #10 Well

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DAVID H. ARRINGTON OIL & GAS, INC., hereby elects to grant Ocean Energy Resources, Inc. a term assignment covering Yates interest in the NE/4 of Section 3, T16S R35E, Lea County, New Mexico based upon the above mentioned terms.

By:	
Title:	
Date:	· · · · · · · · · · · · · · · · · · ·

May 31, 2000

Ocean Energy VIA FAX (505) 748 4572 & US MAIL

Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. 105 S. Fourth Street Artesia, New Mexico 88210-2118

Attn: Mr. Robert Bullock

Re: Proposed 12,950' Morrow Test Well

- Townsend St. COM #10 Well
- 660' FWL and 800' FNL

Section 3, T16S, R35E

Lea County, New Mexico

Dear Mr. Arrington:

Ocean Energy Resources, Inc. hereby proposes to drill at 12,950' Morrow Test at a location 660' FWL and 800' FNL of Section 3, T16S, R35E, Lea County, New Mexico. If the well is successfully completed in the Morrow formation, a 320-acre proration unit consisting of the N/3 of said Section 3 would be established. Based upon our most current title information, Yates Petroleum Corporation et al (Yates) appears to own leasehold interest in the NE/4 of said Section 3. Please advise if this is incorrect.

Ocean respectfully requests that Yates either participate for its proportionate interest in the proposed well, or in the alternative grant Ocean a term assignment covering all of Yates's interest in the NE/4 of Section 3, T16S, R35E, Lea County, New Mexico, based upon the following general terms:

- 1. \$100.00 per mineral acre
- 2. One year primary term
- 3. Your reservation of a proportionally reduced overriding royalty interest equal to the
- difference between 20% and existing lease burdens

Enclosed for your review and execution are two (2) copies of the AFE for the above captioned well. You will be provided an operating agreement covering the N/3 of said Section 3 within the next few days. Should Yates elect to participate in the proposed well, please execute and return one (1) copy of this letter, one (1) AFE well cost estimate, and one (1) copy of the Operating Agreement. Also, please provide your well information requirements and the names of personnel to receive reports. Should Yates elect to grant Ocean a term assignment, please make the appropriate election in the space provided

May 31, 2000 Page 2

below, and return one (1) fully executed copy of this letter to the undersigned. Upon receipt of your election a term assignment will be prepared and forwarded for your execution, along with a draft for the appropriate bonus amount.

Thanks for your consideration of this proposal, and if you have any questions please call me at (713) 265-6897.

Yours very truly,

OCEAN ENERGY RESOURCES, INC., a subsidiary of OCEAN ENERGY, INC.

Derold Maney Senior Staff Landman

YATES PETROLEUM CORPORATION
 ELECTS TO PARTICIPATE in the Townsend St. COM #10 Well

YATES PETROLEUM CORPORATION
 ELECTS NOT TO PARTICIPATE in the Townsend St. COM #10 Well

By:	
By: Title:	·
Date:	

 YATES PETROLEUM CORPORATION, hereby elects to grant Ocean Energy Resources, Inc. a term assignment covering Yates interest in the NE/4 of Section 3, T16S R35E, Lea County, New Mexico based upon the above mentioned terms.

By:	
Title:	-
By: Title: Date:	-
	-



June 26, 2000

Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. 105 S. Fourth Street Artesia, New Mexico 88210-2118 David H. Arrington Oil & Gas, Inc. P.O. Box 2071 Midland, TX 79702

Attn: David H. Arrington

Attn: Mr. Robert Bullock

Re: Townsend State Com #10 Well Section 3, T16S, R35E Lea County, New Mexico

Gentlemen:

Enclosed for your review is a copy of the proposed Operating Agreement covering the above referenced well. Please review the Agreement and advise weather or not it is acceptable.

Ocean is interested in drilling this well as soon as possible. Therefore, your prompt attention in this matter is greatly appreciated.

If you have any questions or comments, please give me a call at (713) 265-6897,

Yours very truly,

OCEAN ENERGY RESOURCES, INC., a subsidiary of OCEAN ENERGY, INC.

201 Janu

Derold Maney Senior Staff Landman

Enclosure

DAVID H. ARRINGTON OIL & GAS, INC.

214 West Texas Suite 400 (Zip 79701) P.O. Box 2071 Midland, Texas 79702

September 29, 2000

CERTIFIED MAIL RETURN RECEIPT REQUESTED: 7094322000511836002

Ocean Energy Resources, Inc. Attn: Mr. Derold Maney 1001 Fannin, Suite 1600 Houston, TX 77002

Re:

B.B. Skunk State Com #1 Well 660' FNL and 1980' FWL Section 3, T16S, R35E Lea County, NM Our North, North Airport

Ladies and Gentlemen:

David H. Arrington Oil & Gas, Inc., PO Box 2071, Midland, Texas 79702 hereby proposes the drilling of the captioned well at the location referenced above to test the Mississippian formations. This well will be drilled to an approximate depth of 13,100'. You will find enclosed an AFE for the drilling and completion of this well which sets forth the anticipated costs. We intend to commit Lots 1,2,3,4,5,6,7,and 8 (being the N/2) of said Section 3 to the spacing unit for this well.

In the event you should desire to participate in the drilling of this test well, please so indicate by signing and returning one copy of the AFE to my attention as soon as possible. In the event you should elect to participate, we will forward for your review and execution a Joint Operating Agreement.

In the alternative, in the event you should wish to not participate in this test well, we would request that you grant a term assignment of your interest in your leasehold position in the in this proposed spacing unit, pursuant to the following terms and conditions: (i) \$100.00 per acre bonus, (ii) deliver an 80% NRI, retaining as an ORRI the difference if any between 20% and current leasehold burdens, and (iii) one (1) year primary term.

Should there be any questions or comments regarding this matter, please advise.

Yours very truly,

DAVID H. ARRINGTON OIL & GAS, INC.

Dale Douglas

Enclosure

CAMPBELL, CARR, BERGE & Sheridan, p.a.

LAWYERS

MICHAEL B. CAMPBELL WILLIAM F. CARR BRADFORD C. BERGE MARK F. SHERIDAN MICHAEL H. FELDEWERT TANYA M. TRUJILLO ROBERT J. SUTPHIN, JR

> JACK M. CAMPBELL 1916-1999



JEFFERSON PLACE SUITE I - 110 NORTH GUADALUPE POST OFFICE BOX 2208 SANTA FE, NEW MEXICO 87504-2208 TELEPHONE: (505) 988-4421 FACSIMILE: (505) 983-6043 E-MAIL: law@westofpecos.com

December 21, 2000

12-28-00

<u>CERTIFIED MAIL</u> <u>RETURN RECEIPT REQUESTED</u>

TO: AFFECTED INTEREST OWNERS

Re: Application of Yates Petroleum Corporation for compulsory pooling and three nonstandard oil and gas spacing and proration units, Lea County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that Yates Petroleum Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking the compulsory pooling of certain spacing and proration units in Lots 1 through 8 of Irregular Section 3, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico. Said units will be dedicated to a well which Yates Petroleum Corporation proposes to drill at a standard location 660 feet from the North and East lines of said Section 3 to test all formations from the surface to the base of the Morrow formation.

This application has been set for hearing before a Division Examiner on January 11, 2001. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Prehearing Statement three days in advance of a scheduled hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,

William F. Carr ATTORNEY FOR YATES PETROLEUM CORPORATION

Enc.

MARTIN YATES, 111 1912 - 1985 FRANK W. YATES 1936 - 1986



105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210-2118 Telephone (505) 748-1471

282930

S. P. YATES CHAIRMAN OF THE BOARD JOHN A. YATES PRESIDENT PEYTON YATES EXECUTIVE VICE PRESIDENT RANDY G. PATTERSON SECRETARY DENNIS G. KINSEY TREASURER

December 27, 2000

Working Interest Owners Addressee List Attached

AFE

Re:

Daisy AFS St #2 <u>Township 16 South, Range 35 East</u> Section 3: 660' FNL & 660' FEL Lea County, New Mexico

21222322

Via Certified Mail

Ladies and Gentlemen:

Please find enclosed our AFE proposing the drilling of the captioned well to test the Morrow/Mississippian formation at approximately 13,100'.

The proposed proration unit located in irregular Section 3 is Lots 1 through 8 which forms a non-standard 355.80 acre spacing unit.

We will forward our Joint Operating Agreement for your review as soon as you have indicated your desire to participate in this proposed test.

Please call me at (505) 748-4351 if you have any guestions regarding this proposal.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

ert Bullock

Robert Bullock Landman

RB:bn

Tom R. Cone PO Box 778 Jay, OK 74346

Marilyn Cone, Trustee of the D.C. Trust PO Drawer 1629 Lovington, NM 88260

Keith Pratt Daniels PO Box 190766 Dallas, TX 75219

The Long Trusts PO Box 3096 Kilgore, TX 75663

David H. Arrington Oil & Gas, Inc. 214 West Texas, Suite 400 Midland, TX 79701

DAISY AFS ST #2 ADDRESSEE LIST

Kenneth G. Cone PO Box 11310 Midland, TX 79702

Clifford Cone PO Drawer 1629 Lovington, NM 88260

Lynda Pratt Rast 1202 Marlee Lane Arlington, TX 76014

LWJ Partnership PO Box 64244 Lubbock, TX 79424 Kenneth G. Cone, Trustee Kenneth G. Cone Children's Trust PO Box 11310 Midland TX 79702

Clifford Cone, Trustee of the Clifford Cone Family Trust U/W/O Kathleen Cone PO Drawer 1629 Lovington, NM 88260

Phillip L. White The Blanco Company PO Box 2168 Santa FE, NM 87504-2168

Ocean Energy Resources, Inc. 1001 Fannin, Suite 1600 Houston, TX 77002-6794

Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. 105 South Fourth Street Artesia, NM 88210

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 EXHIBIT

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

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.

Yours truly,

Blaine Hess

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

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.

Yours truly,

Blaine Hess

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.

Yours truly,

Blaine Hess

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

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:

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

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:

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

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

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

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

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.

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.

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.

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.

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.

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.

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.

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 (505) 623-4916 facsimile

November 8, 2000

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

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. Rast:

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.

OCEAN ENERGY, INC EXPLORATORY DRELLING / COMPLETION									
WELLNAME:	TOWNSENE	STATE CON	£\$10	PROSPECT	TOWNSEND		ing a second	DATE:	04/20/2001
AVE TITLE:	Drill and Con	splete			· ·	· · · ·			
PROJECT AFE NO:	10220	DEPTH:	12950' MD	12950' TVD					
fisld:	Townsond		COUNTRY:	Loc	LATAONG SHL:	an jaw			
SUBFACE LOC:	650' FWL	SOUTNL			X-Y SEL	X= Y=			
BTM HOLE LOCI	660' FWL	800/FNL			X-Y BHL:	X= Y=			
OTHER LOC DESCI	RIPTION:	Sec 3 - T16	S-R35E, Los Ch	y, NM					

OTHER LOC DESCRIPTION: Set 3 - 1165-5252, Lee CP, NM GROLOGIC OBJECTIVE: Morrow/Upper Ataka/Strawn/Wolfoump PROJECT SCOPE: Drill and complete the Townsend State Com #10 as a Morrow producer. The target objectives are the Strawn, the Atoka and the Morrow. The well plan calls for 13-3/8' casing at 500, \$-5/8' casing at 5,000, and, if successful, 5-1/2" ousing at TD. There are three possible open hele DSTs planned for in the well in the Strawn, Atoka & Morrow. This well will not require a 7" intermediate casing string through the Wolfcamp. The well foothin spots it out of the Wolfcamp fairway. A much legget will be operational by 9,000. TD electric logs will be a CNL/LDT/GR/CU, PB & DIL w/Rxo. GR, Cal.

AFE Number		10220-D		10220-C		-
	AFE Status	Original-Drill	SUP1-Drill	Original-Compl	SUPI-Compi	
	ESTIMATED INTANGIBLE EXPENSES				1	
ACCOUNT	DESCRIPTION	DRILL	Sepplement	COMPLETE	Supplement :	TOTAL
221 / 222 - 010	LOCATION COSTS	\$51,500	\$0	\$5,000	S0	\$56
221 / 222 - 020	RIG COSTS	\$\$07,400	50	\$37,000	នា	\$544
221 / 222 - 625	MOB/DEMOB RIG COSTE	\$90,500	\$0	\$0	\$0 J	\$90
221-827	TURNKBY	50	\$0	,		
221 / 222 - 034	SHOREBASE SERVICES	\$0	50	50	50	
221 / 222 - 040	FUEL / LUBE / POWER / WTR	\$77,408	20	\$5,600	\$0	\$13
221-440	DIRECTIONAL BERVICES	50	92	1	1	
222 - 060	DOWNHOLE COMPLETION SERVICES			\$40,000	\$0	540
231/222-070	FISHING	50	\$0	30	50	
231 / 222 - 644	CEMENT AND SERVICES	\$32,500	SD	\$30,000	\$C	\$62
213 / 222 - 090	FORMATION EVALUATION	\$32,000	\$0	\$10	\$0	\$32
121 693	OPIN HOLE LOG / LWD	\$30,000	20			\$30
221 / 222 - 897	CASED HOLE LCG/MECH WIRELINE	50	\$0	\$10,000	\$0	\$10
221 / 222 - 100	TRANSPORTATION - LAND	\$14,600	\$0	\$6,700	\$0	\$34
21-101/222-195	TRANSPORTATION - AIR	S0	50	50	\$0	
21-105/222-095	TRANSPORTATION . MARINE	20	50	\$0	\$0	
211/221-110	SITS, REAMERS AND STABILIZERS	\$13,000	\$0	\$2,500	SO SO	385
221 / 722 - 129	EQUIPMENT RENTAL	\$12,900	50	\$5,300	50	588
221/222-130	MUD / FLUIDS / CHEMICALS	\$60,000	50	54,000	50	\$64
221 / 212 - 140	CONTRACT LABOR	\$75,700	\$0	\$11,300	50	\$107
211/212 - 169	COMMUNICATIONS	\$4,400	50	\$400	\$0	54
221/222 - 179	OVERHEAD	\$14,200	\$0	\$2,300	50	\$16
221/222-180	INSURANCE	\$9,700	50	50	50	59
221/232 - 185		\$13,000	50	\$11,900	30	124
221/222-200	CASING/TUBING/HMR/EQ.6.5ERVICE MISCELLANEOUS	\$2,000	02 02	311,000	30	
221 - 210		32,000	02			\$2
221/222-220	PAA EXPENSE	\$3,200		30		
	COMPANY LABOR		50		50	\$2
121/222.230	ENVIRONMENTAL	\$0	\$9	\$0	50	
221 - 240	DRILL SITE GAG	\$4,300	50	50	50	54
221 / 222 - 258	WEATHER DELAY	\$0	<u>\$0</u>	\$0	50	
5100995	SUB-TOTAL INTANGIBLE	\$1,187,309 \$118,739	<u>50</u> 70	5191,100 519,119	50 	<u>\$1,378.</u> \$137.
	CONTINGENCIES 20 10.00%	\$118,739 \$1,306,839				
	CONTENGENCIES 20 10.00% TOTAL INTANGIBLES: ESTIMATED TANGIBLE EXPENSES TUBULARS	\$118,739	79	\$19,119	នា	\$137
	CONTINGENCIES & 14.60% 10.00% TOTAL INTANGIBLES: ESTIMATED TANGIBLE EXPENSES TUBULARS SIZE DEPTH FOOTAGE	\$118,739 \$1,306,839 5 5	79 58	<u>\$19,11</u> 2 \$216,218	\$0	\$137
	CONTINGENCIES & 14.60% 10.00% TOTAL INTANGIBLES: ESTIMATED TANGIBLE EXPENSES TUBULARS SIZE DEPTH FOOTAGE	\$118,739 \$1,306,839 5 5	79 58	<u>\$19,11</u> 2 \$216,218	\$0	\$137
	CONTINGENCIES & 14.60% 10.00% TOTAL INTANGIBLES: ESTIMATED TANGIBLE EXPENSES TUBULARS SIZE DEPTH FOOTAGE	\$118,739 \$1,306,839 5 5	79 58	<u>\$19,11</u> 2 \$216,218	\$0	\$137
	CONTINGENCIES & 14.60% 10.00% TOTAL INTANGIBLES: ESTIMATED TANGIBLE EXPENSES TUBULARS SIZE DEPTH FOOTAGE	\$118,739 \$1,306,839 5 5	79 58	<u>\$19,11</u> 2 \$216,218	\$0	\$137
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	CONTINGENCIES @ 10.00% 10.00% TOTAL INTANGIBLES: ESTIMATED TANGIBLE EXPENSES TUBULARS SIZE DEPTH FOOTAGE	3116,739 51,306,639 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	79 54 55 51 51 51 51 51 51 51 51 51 51 51 51	<u>\$19,11</u> 2 \$216,218	\$0	\$137
	CONTINGENCIES @ 10.00% 10.00% TOTAL INTANGIBLES: ESTIMATED TANGIBLE EXPENSES TUBULARS SIZE DEPTH FOOTAGE	3116,739 51,306,639 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	79 54 55 51 51 51 51 51 51 51 51 51 51 51 51	<u>\$19,11</u> 2 \$216,218	\$0	\$137
() <u> </u>	CONTINGENCIES @ 10.00% 10.00% TOTAL INTANGIBLES: ESTIMATED TANGIBLE EXPENSES TUBILABS SIZE DEPTH POOTACE SIZE SIZE DEPTH POOTACE SIZE DEPTH SIZE DEPTH POOTACE SIZE D	51,306,839 51,306,839 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	79 54 50 51 51 51 51 51 51 51 51 51 51 51 51 51	<u>\$19,11</u> 2 \$216,218	\$0	513 31,516
	ICONTINGENCIES @ 10.00% TOTAL INTANGIBLES: ESTIMATED TANGIBLE EXPENSES TUBULARS SIZE DEPTH POOTACE SIZE DEPTH SIZE S	3116,739 51,306,639 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	79 54 55 51 51 51 51 51 51 51 51 51 51 51 51	519,110 5336,318		3137 31,516
	CONTINGENCIES @ 10.00% 10.00% TOTAL INTANGIBLES: ESTIMATED TANGIBLE EXPENSES TUBULABS SIZE DEPTH POOYAGE AUTOMOTOR POOYA	51,306,839 51,306,839 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	79 54 50 51 51 51 51 51 51 51 51 51 51 51 51 51	519,119 5236,210	50 50	513 31,516
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226- 010	CONTINUENCIES @ 10.00% 10.00% TOTAL INTANGIBLES: ESTIMATED TANGIBLE EXPENSES 10.00% TOTAL INTANGIBLE EXPENSES TOTAL INTANGIBLE EXPENSES 10.00% SIZE DEPTH POOTACE 10.00% 10.00% SIZE DEPTH POOTACE <td>51,306,839 51,306,839 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2</td> <td>99 54 54 54 55 50 50 50 50 50 50 50 50</td> <td>519,110 5136,218 5136,218 516,218 516,218 516,218 516,218 516,218 516,218 516,218 516,218 516,218 516,218 517,119 513,218 517,119 513,218 513,218 513,218 513,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 515</td> <td>50 50</td> <td>5137 51,416</td>	51,306,839 51,306,839 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	99 54 54 54 55 50 50 50 50 50 50 50 50	519,110 5136,218 5136,218 516,218 516,218 516,218 516,218 516,218 516,218 516,218 516,218 516,218 516,218 517,119 513,218 517,119 513,218 513,218 513,218 513,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5136,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 5156,218 515	50 50	5137 51,416
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225 - 010 227 - 010 227 - 010 214 / 227 - 020 214 / 227 - 034 217 - 180 227 - 180	ICONTINGENCIES @ 10.00% TOTAL INTANGIBLES: ESTIMATED TANGIBLE EXPENSES TOTAL INTANGIBLES: ESTIMATED TANGIBLE EXPENSES TOTAL INTANGIBLE S: SIZE DEPTH POOTACE	\$114,739 \$1,306,639 5 5 5 5 5 5 5 5 5 5 5 5 5	90 54 54 54 55 50 50 50 50 50 50	519,110 5236,210 5236,210 5236,210 5236,210 54,500 514,500 55,000 55,000 55,000 53,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,0000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 55,000 50,000 55,000 50,000 55,000 50,000 50,000 55,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,0000 50,0000 50,0000 50,00000	04 04 04 04 04 04 04 04 04 04 04 04 04 0	5137 31,516 5137 5132 5132 5132 525 525 551
226 - 010 227 - 414 216 / 227 - 020 216 / 227 - 020 217 - 550 227 - 60	ICONTENGENCIES @ 10.00% TOTAL INTANGIBLES: BATIMATED TANGIBLE EXPENSES TUDIABS SIZE DEPTH POOTACE NEW STREAM OF TANGIBLE EXPENSES TUDIABS SIZE DEPTH POOTACE NEW STREAM OF TANGIBLE EXPENSES TUBULABS SIZE DEPTH POOTACE NEW STREAM OF TANGIBLE EXPENSES TUBULABS SIZE DEPTH POOTACE NEW STREAM OF TANGIBLE EXPENSES TUBULABS DOWNSTREAM OF TANGIBLE EXPENSES TUBULABS TUBULABS DOWNSTREAM OF TANGIBLE EXPENSES TUBULABS DOWNSTREAM OF TANGIBLE EXPENSES DOWNSTREAM OF TANGIBLE EXPENSES DOWNSTREAM OF TANGIBLE EXPENSES DOWNSTREAM OF TANGIBLE EXPENSES LASS SUBPLICE LASS SUBPLICE	\$114,739 \$1,306,639 5 5 5 5 5 5 5 5 5 5 5 5 5	90 54 54 54 55 50 50 50 50 50 50	519,119 5234,218 5254,218 5254,218 5254,218 5254,218 5254,218 5254,218 521,200 521,200 521,000 521,000 521,000 521,000	50 50 50 50 50 50 50 50 50 50 50 50 50 5	5137 31,516 5137 5132 5132 5132 525 525 551
225-010 227-010 217-010 216/227-020 216/227-024 217-050 227-100	ICONTINGENCIES @ 10.00% TOTAL INTANGIBLES: BATIMATED TANGIBLE EXPENSES TUDILABS SIZE DEPTH POOTAGE	\$114,739 \$1,306,639 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	99 54 55 55 55 50 50 50 50 50 50 50 50 50 50	519,119 5134,218 5134,218 5134,218 5134,218 5132,500 514,500 514,500 514,500 514,500 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50	50 50 50 50 50 50 50 50 50 50 50 50 50 5	5137 31,436 313,436 315, 315, 315, 315, 315, 315, 315, 315,
226-010 227-010 227-010 236/227-020 236/227-034 237-50 227-100 227-100 227-100	ICONTINGENCIES @ 14.00% 10.00% TOTAL INTANGIBLES: BETIMATED TANGIBLE EXPENSES TUBULABS SIZE DEPTH POOTAGE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE	\$114,739 \$1,306,639 5 5 5 5 5 5 5 5 5 5 5 5 5	90 54 54 54 55 50 50 50 50 50 50	519,110 5216,210 5216,210 519,210 519,210 519,200 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 514,500 500 500 500 500 500 500 500	50 50 50 50 50 50 50 50 50 50 50 50 50 5	5137 31,436 3133 3133 3133 3133 3133 3133 3133 3
226 - 010 227 - 414 214 / 27 - 620 214 / 27 - 620 217 - 150 227 - 100 227 - 100 227 - 100	ICONTINGENCIES @ 14.00% 10.00% TOTAL INTANGIBLES: BETIMATED TANGIBLE EXPENSES TUBULABS SIZE DEPTH POOTAGE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE	\$114,739 \$1,306,439 \$2 \$2 \$2 \$2 \$2 \$2 \$2 \$2 \$2 \$2	99 54 55 55 55 50 50 50 50 50 50 50 50 50 50	519,119 5214,210 5214,210 50780,510,500,500 50780,510,500,500 514,500 514,500 514,500 514,500 514,500 512,700 50 50 50 50 50 50 50 50 50	50 50 50 50 50 50 50 50 50 50 50 50 50 5	5127 31,436 313 313 3132 3132 3132 3132 325 525 533 353 353 353 353 353 353 3
226 - 010 227 - 414 214 / 27 - 620 214 / 27 - 620 217 - 150 227 - 100 227 - 100 227 - 100	ICONTINGENCIES @ 10.00% TOTAL INTANGIBLES: ESTIMATED TANGIBLE EXPENSES TUDILARS SIZE DEPTH POOTACE INFORMENTING INFORMATION	\$114,739 \$1,306,639 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	99 54 55 55 55 50 50 50 50 50 50 50 50 50 50	519,119 5134,218 5134,218 5134,218 5134,218 5132,500 514,500 514,500 514,500 514,500 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 51,52,90 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50 50,50	50 50 50 50 50 50 50 50 50 50 50 50 50 5	5127 31,436 512,436 512,436 5132, 5132, 525, 551, 551, 553, 551, 553, 551, 553, 553
226-010 227-910 216/227-020 216/227-020 217-100 227-100 227-100 227-100 227-100 227-100 227-100	ICONTINGENCIES @ 10.00% TOTAL INTANGIBLES: ESTIMATED TANGIBLE EXPENSES TOTAL INTANGIBLE S: ESTIMATED TANGIBLE EXPENSES TOULARS SIZE DEPTH FOOTAL INTANGIBLE S: INTERCENT FOOTAL INTANGIBLE S: INTERCENT INTERCENT FOOTAL INTANGIBLE S: INTERCENT	\$114,739 \$1,306,439 \$2 \$2 \$2 \$2 \$2 \$2 \$2 \$2 \$2 \$2	50 50 50 50 50 50 50 50 50 50	519,119 5214,210 5214,210 5214,210 5214,200 514,500 514,500 514,500 514,500 51,000 55,000 50 50 50 50 50 50 50 50 50	50 50 50 50 50 50 50 50 50 50 50 50	5137 31,436 3152 3152 3152 353 3152 353 353 353 353 353 353 353 353 353 3
226-010 227-010 227-000 227-000 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 227-100 200 200 200 200 200 200 200 200 200	ICONTINGENCIES @ 10.00% TOTAL INTANGIBLES: ESTIMATED TANGIBLE EXPENSES TIDULAS SIZE DEPTH POOTACE INTERESTING AND STREET INTERCULATION AND STREET <td>\$114,739 \$1,305,839 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$</td> <td>99 54 55 55 50 50 50 50 50 50 50 50 50 50 50</td> <td>519,119 5214,210 5214,210 5214,210 5214,200 514,500 514,500 514,500 514,500 51,000 55,000 50 50 50 50 50 50 50 50 50</td> <td>103 50 50 50 50 50 50 50 50 50 50</td> <td>5127 31,516 3152 3152 3152 525 551, 353 5343, 31,959,6</td>	\$114,739 \$1,305,839 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	99 54 55 55 50 50 50 50 50 50 50 50 50 50 50	519,119 5214,210 5214,210 5214,210 5214,200 514,500 514,500 514,500 514,500 51,000 55,000 50 50 50 50 50 50 50 50 50	103 50 50 50 50 50 50 50 50 50 50	5127 31,516 3152 3152 3152 525 551, 353 5343, 31,959,6
226-010 227-020 227-020 226/227-020 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 227-200 207-200 207-200 207-200 207-200 207-200 207-200 207-200 207-200 207-200 207-200 207-200	ICONTINGENCIES @ 10.00% TOTAL INTANGIBLES: ESTIMATED TANGIBLE EXPENSES TIDULAS SIZE DEPTH POOTACE INTERESTING AND STREET INTERCULATION AND STREET <td>\$114,739 \$1,306,439 \$2 \$2 \$2 \$2 \$2 \$2 \$2 \$2 \$2 \$2</td> <td>50 50 50 50 50 50 50 50 50 50</td> <td>519,119 5214,210 5214,210 5214,210 5214,200 514,500 514,500 514,500 514,500 51,000 55,000 50 50 50 50 50 50 50 50 50</td> <td>50 50 50 50 50 50 50 50 50 50 50 50</td> <td>5137 31,416 513,416 513, 513, 513, 513, 513, 513, 513, 513,</td>	\$114,739 \$1,306,439 \$2 \$2 \$2 \$2 \$2 \$2 \$2 \$2 \$2 \$2	50 50 50 50 50 50 50 50 50 50	519,119 5214,210 5214,210 5214,210 5214,200 514,500 514,500 514,500 514,500 51,000 55,000 50 50 50 50 50 50 50 50 50	50 50 50 50 50 50 50 50 50 50 50 50	5137 31,416 513,416 513, 513, 513, 513, 513, 513, 513, 513,

OIL CONSERVATION DIVISION

e (2) a CASE NUMBER eller Exhibit 1

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF OCEAN ENERGY RESOURCES, INC. FOR COMPULSORY POOLING AND FOUR NON-STANDARD OIL AND GAS SPACING AND PRORATION UNITS, LEA COUNTY, NEW MEXICO.

Case No. 12,535

AFFIDAVIT REGARDING NOTICE

STATE OF NEW MEXICO ss. COUNTY OF SANTA FE

-1

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

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

I am an attorney for Applicant. 2.

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.

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

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

∮ames Bruce

10th SUBSCRIBED AND SWORN TO before me this _____ day of January, 2001, by James Bruce.

Notary Public

OIL CONSERVATION DIVISION My Commission Expires: 3/14/2001

~~~\$\$**\$** CASE NUMBER Gan EXHIBIT

And the second second second second second

#### JAMES BRUCE ATTORNEY AT LAW

. POST OFFICE BOX 1056 . SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA HYDE PARK ESTATES SANTA FE, NEW MEXICO 87501

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

.October 26, 2000

#### CERTIFIED MAIL RETURN RECEIPT REQUESTED

Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. 105 South Fourth Street Artesia, New Mexico 88210

Attention: Chuck Moran

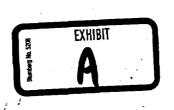
David H. Arrington Oil & Gas, Inc. P.O. Box 2071 Midland, Texas 79702

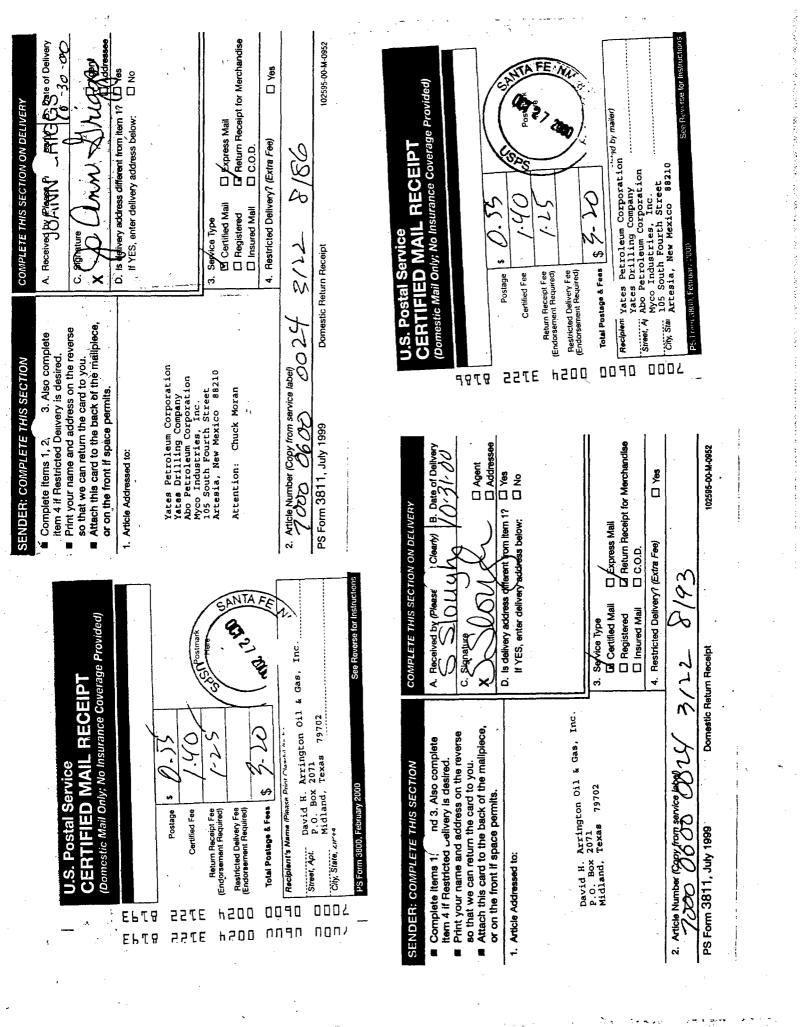
Ladies and Gentlemen:

Enclosed is a copy of an application for compulsory pooling, filed with the New Mexico Oil Conservation Division by Ocean Energy Resources, Inc., regarding Lots 1-8 of Section 3, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico. This application is scheduled to be heard at 8:15 a.m. on Thursday, November 16, 2000 at the Division's offices at 2040 South Pacheco Street, 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.

Very truly yours,

Attorney for Ocean Energy Resources, Inc.





# BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF OCEAN ENERGY RESOURCES, INC. FOR COMPULSORY POOLING AND FOUR NON-STANDARD OIL AND GAS SPACING AND PRORATION UNITS, LEA COUNTY, NEW MEXICO.

Case No. 12,567

#### AFFIDAVIT REGARDING NOTICE

ss.

STATE OF NEW MEXICO

COUNTY OF SANTA FE

1.--

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

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

2. I am an attorney for Applicant.

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

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

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

James Brucé

SUBSCRIBED AND SWORN TO before me this <u>10th</u> day of January, 2001, by James Bruce.

Notary Public

My Commission Expires: 3/14/2001

OIL CONSERVATION DIVISION

CASE NUMBER EXHIBIT

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### JAMES BRUCE ATTORNEY AT LAW

POST OFFICE BOX 1056 SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA HYDE PARK ESTATES SANTA FE, NEW MEXICO 87501

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

December 19, 2000

#### CERTIFIED MAIL RETURN RECEIPT REQUESTED

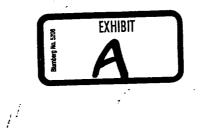
To: Persons on Exhibit A

- Ladies and Gentlemen:

Enclosed is a copy of an application for compulsory pooling, filed with the New Mexico Oil Conservation Division by Ocean Energy Resources, Inc., regarding Lots 1-8 of Section 3, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico. This application is scheduled to be heard at 8:15 a.m. on Thursday, January 11, 2001 at the Division's offices at 2040 South Pacheco Street, 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.

Very truly yours, James Brucé

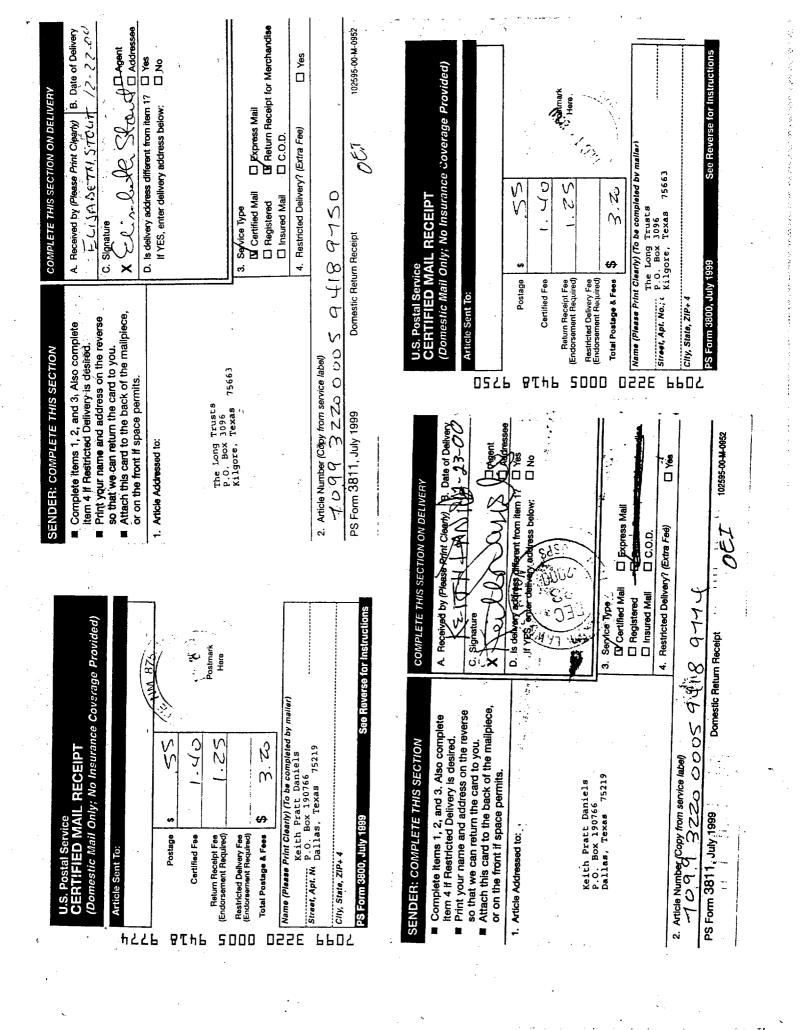
Attorney for Ccean Energy Resources, Inc.



## EXHIBIT A

Kenneth G. Cone, individually and as Trustee of the Kenneth G. Cone \_ Children's Trust U/W/O Kathleen Cone P.O. Box 11310 Midland, Texas 79702 Sonic Oil & Gas, L.P. P.o. Box 1240 Graham, Texas 76450 The Blanco Company P.O. Box 2168 Santa Fe, New Mexico 87504 Keith Pratt Daniels P.O. Box 190766 Dallas, Texas 75219 -1 Lynda Pratt Rast 1202 Marlee Lane Arlington, Texas 76014 The Long Trusts P.O. Box 3096 Kilgore, Texas 75663 Marilyn Cone, Trustee of the D.C. Trust P.O. Drawer 1629 Lovington, New Mexico 88260 LWJ Partnership P.O. Box 64244 Lubbock, Texas 79424 Clifford Cone, individually and as Trustee of the Clifford Cone 'Family Trust

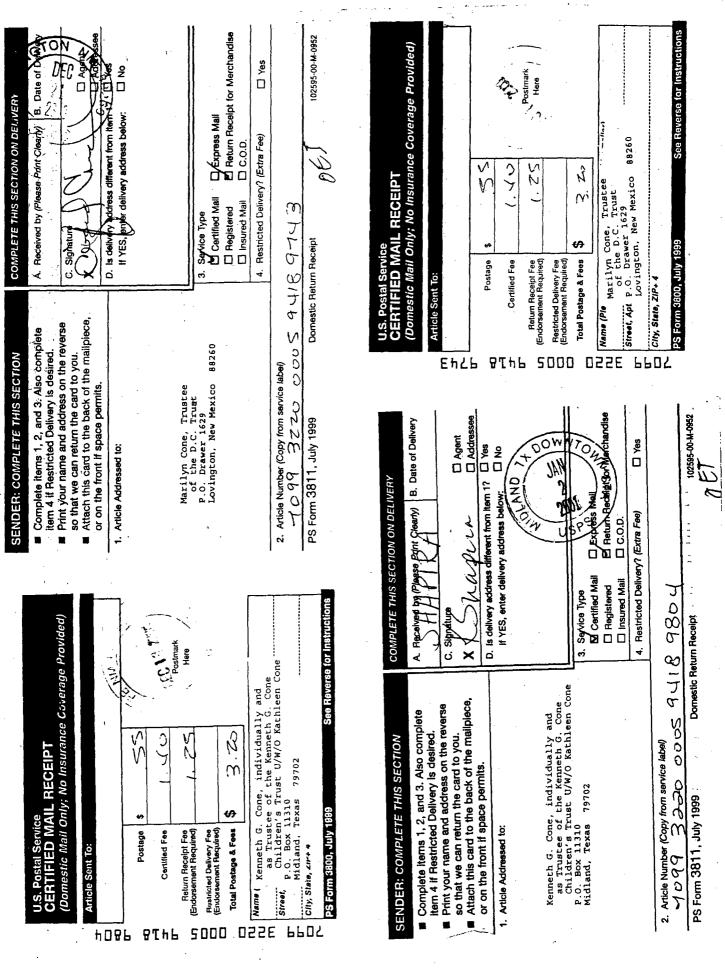
P.O. Drawer 1629 Lovington, New Mexico 88260

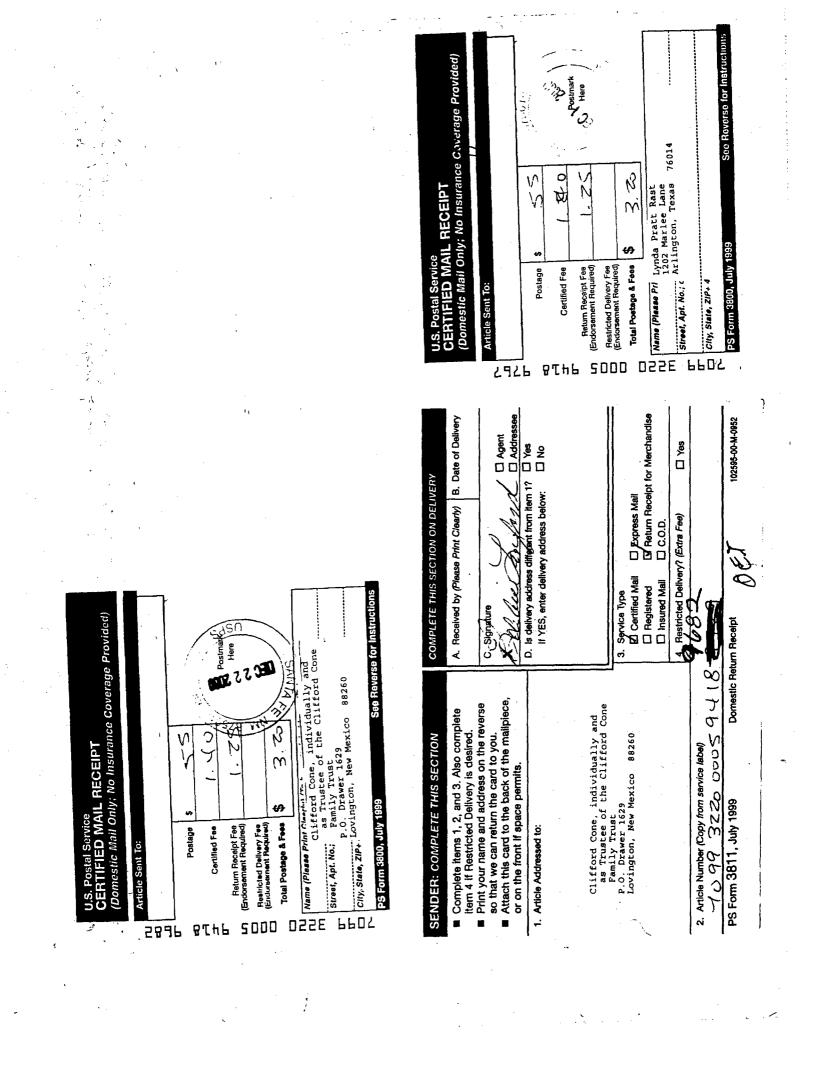


| COMPLETE THIS SECTION ON DELIVERY<br>A. Received by (Please Print Clearly) B. Date of Delivery<br>C. Signature<br>X T A Agent<br>X and A Agent<br>D. Is delivery address different from item 1? T Yes<br>If YES, anter delivery address below: D. 0.                                                                                                                                                          | 3. Service Type         3. Service Type         Centified Mail         Centified Mail         Registered         A Return Receipt for Marchandise         Insured Mail         Insured Mail         Insured Mail         Insured Mail         Continued Mail         Insured Mail <th>U.S. Postal Service.<br/>CERTIFIED MAIL RECEIPT<br/>(pomestic Mail Only; No Insurance Coverage Provided)<br/>Article Sent To:<br/>Postage Sent To:<br/>Postage Sent To:<br/>Certified Fee<br/>Certified Fee<br/>Certified Fee<br/>Feature Coverage Provided)<br/>Postage Provided)<br/>Postage Sent To:<br/>Return Receipt Fee<br/>(Endorsement Required)<br/>Restricted Delivery<br/>(Endorsement Required)<br/>Total Postage &amp; Fees<br/>Restricted Delivery<br/>(Endorsement Required)<br/>Total Postage &amp; Fees<br/>Restricted Delivery<br/>(Endorsement Required)<br/>Restricted Delivery<br/>(Endorsement Required)<br/>Restricted Delivery<br/>(Endorsement Required)<br/>Restricted Delivery<br/>(Endorsement Required)<br/>Restricted Delivery<br/>(Endorsement Required)<br/>(Endorsement Required)<br/>Restricted Delivery<br/>(Endorsement Required)<br/>(Endorsement R</th> | U.S. Postal Service.<br>CERTIFIED MAIL RECEIPT<br>(pomestic Mail Only; No Insurance Coverage Provided)<br>Article Sent To:<br>Postage Sent To:<br>Postage Sent To:<br>Certified Fee<br>Certified Fee<br>Certified Fee<br>Feature Coverage Provided)<br>Postage Provided)<br>Postage Sent To:<br>Return Receipt Fee<br>(Endorsement Required)<br>Restricted Delivery<br>(Endorsement Required)<br>Total Postage & Fees<br>Restricted Delivery<br>(Endorsement Required)<br>Total Postage & Fees<br>Restricted Delivery<br>(Endorsement Required)<br>Restricted Delivery<br>(Endorsement Required)<br>Restricted Delivery<br>(Endorsement Required)<br>Restricted Delivery<br>(Endorsement Required)<br>Restricted Delivery<br>(Endorsement Required)<br>(Endorsement Required)<br>Restricted Delivery<br>(Endorsement Required)<br>(Endorsement R |
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| <ul> <li>SENDER: COMPLETE THIS SECTION</li> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Deitvery'is desiried.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the maliplece, or on the front if space permits.</li> <li>Article Addressed to:</li> <li>The Blanco Company P.O. Box 2168</li> </ul> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Талта али и тала и тал                                                                                                                                                                                |
| U.S. Postal Service<br>CERTIFIED MAIL RECEIPT<br>(Domestic Mail Only: No Insurance Coverage Provided)<br>Article Sent To:<br>Postage Sent To:<br>Contined Fee Service Postage Provided                                                                                                                                                                                                                        | If Fee     I. Z.S     Here       Wree     \$ 3. Z.S     Here       Immoniant     \$ 3. Z.S     Fee       Free     \$ 3. Z.S     Fee       Sonic oil & Gas, L.P.     Fee     Fee       Sonic oil & Gas, L.P.     Fee     Fee       Graham, Texas     76450     Feerse for Instructions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    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No</i><br><i>City, State, ZIP+</i><br>255 Form SE00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | SENDER: COMPLETE THIS SECTION<br>Complete items 1, 2, and 3. Also com-<br>iftem 4 if Restricted Delivery is desired<br>iftem 4 if Restricted Delivery is desired<br>iften 4 if Restricted Delivery is desired<br>Attach this can to the back of the ma<br>or on the front if space permits.<br>1. Article Addressed to:<br>P. Article Number (Copy from service label)<br>2. Article Number (Copy from service label)<br>PS Form 3811, July 1999<br>PS Form 3811, July 1999                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

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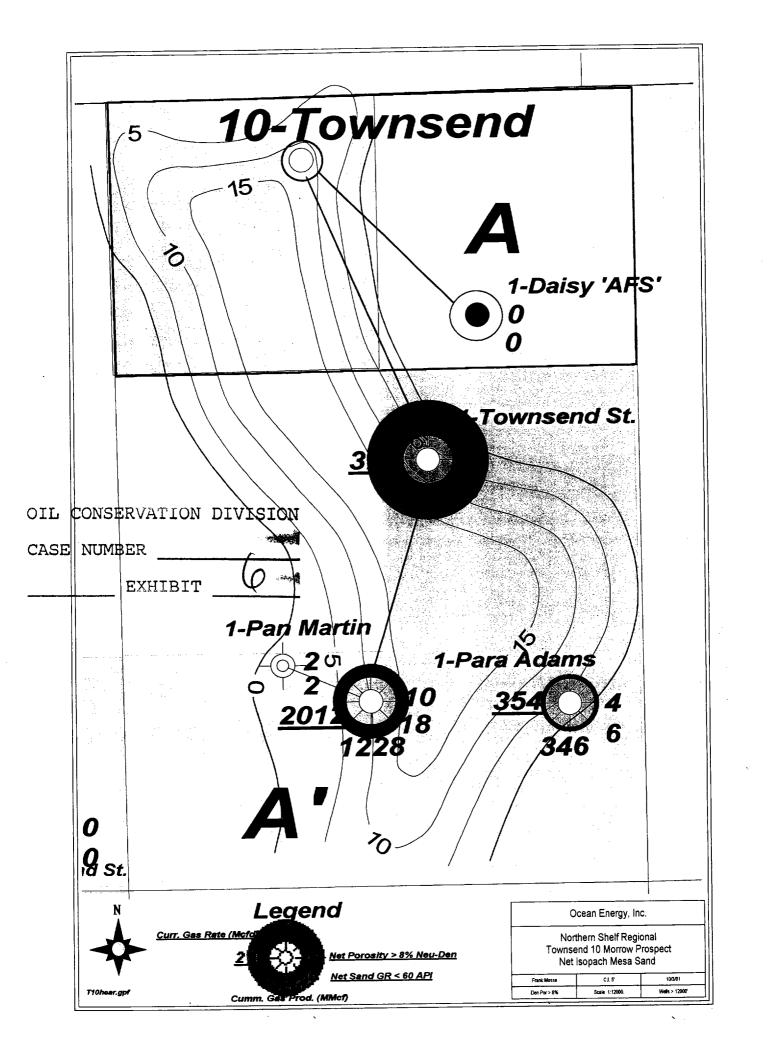


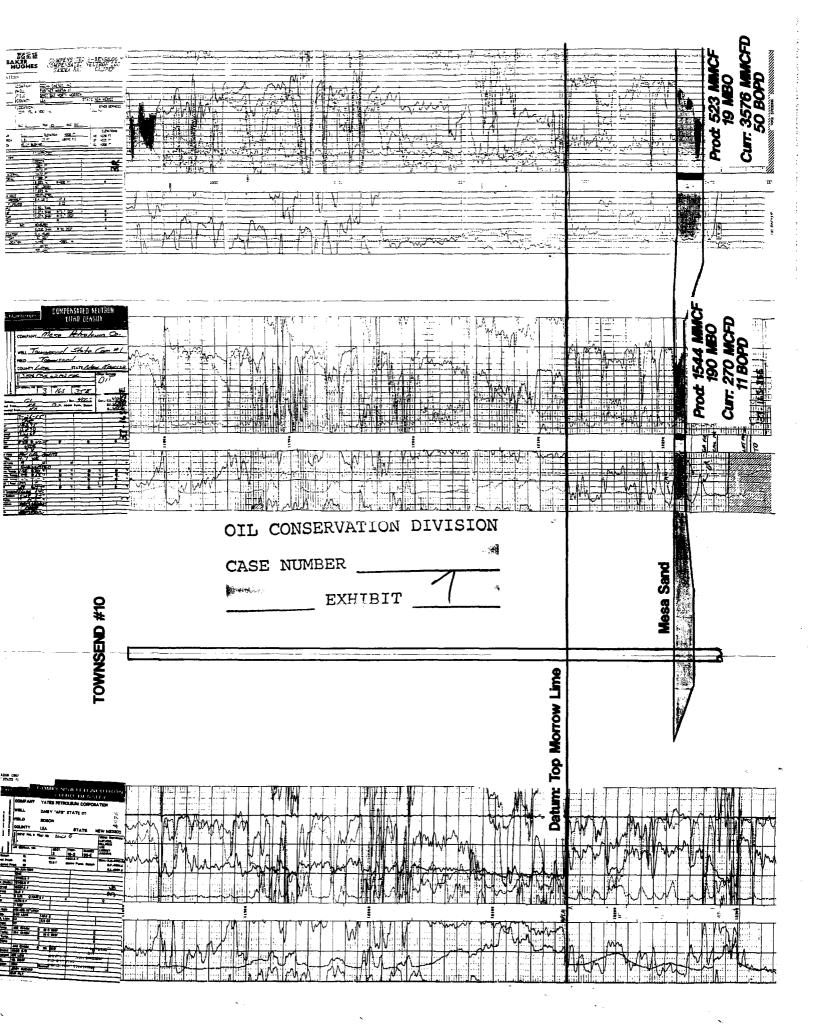


See Reverse for Instructions U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only; No Insurance Coverage Provided) Posteriark Hare J1501mailer A FE Name (Plesse Pr LWJ Partnership ND P.O. Box 61244 P.O. Box 61244 Streel, Apt. No.; Lubbock, Texas 79424 0 10 22 S h m C Agent Express Mall
 Express Mall
 Express Mall A. Received by (Please Print Clearly) B. Date of Delivery 102595-00-M-0952 PS Form 3800, July 1999 Ф (Ses AT 14111 -D. Is delivery address different from Item 1? 
Yes If YES, enter delivery address below: 
No Total Postage & Fees Return Receipt Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required) Postage Certified Fee City, State, ZIP+4 Article Sent To: COMPLETE THIS SECTION ON DELIVERY If YES, enter delivery address below: 4. Restricted Delivery? (Extra Fee) D C.O.D. 1 juli 6602 5000 8246 9E26 Service Type D Insured Mail C Registered 78189176 C. Signature Domestic Return Receipt ಲ × so that we can return the card to you. Attach this card to the back of the mailpiece, Print your name and address on the reverse Complete Items 1, 2, and 3. Also complete Item 4 if Restricted Delivery is desired. 1099 3220 0005 SENDER: COMPLETE THIS SECTION 2. Article Number (Copy from service label) or on the front if space permits. LMJ Partnership P.O. Box 64244 Lubbock, Texas 79424 PS Form 3811, July 1999 1. Article Addressed to: 1

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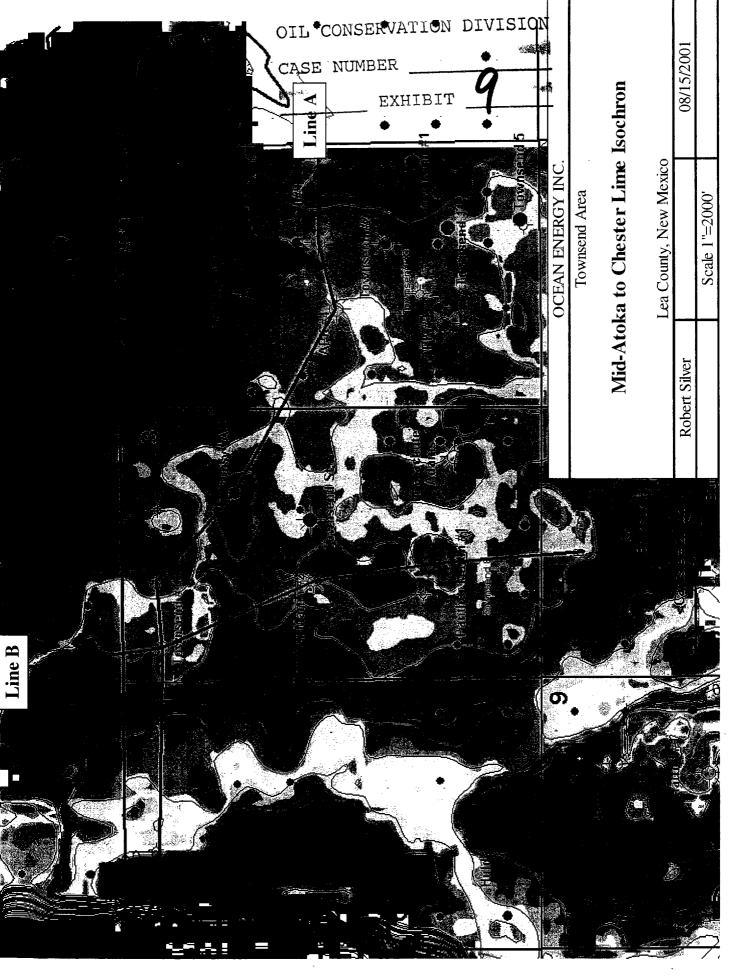
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