

SHIELDS ENERGY, INC.

1600 E. 19TH STREET, SUITE 103 • EDMOND, OK 73013 • (405) 341-7607 • FAX (405) 341-8055

Via Express Mail

July 22, 1999

Mr. Richard L. Oliver
P.O. Box 425
June Lake, CA 93529

Re: Helene C. Singer's OCC Application to Vacate Spacing Order No. 431106
SW/4 Section 9, T15N-R4W, Logan County, Oklahoma

Dear Mr. Oliver:

As stated in our phone conversation, you should have recently received a Notice of Hearing for the above referenced cause, an application to vacate 80 acre "standup" (East Half/West Half) spacing for the SW/4 of Section 9, T15N-R4W, Logan County, Oklahoma, from Mahaffey & Gore, Attorneys for both Helene C. Singer and Moore Petroleum Investment Corp., a/k/a Moorexco, Inc.

If the above application is approved, you, and Norman L. Oliver, stand the possibility of losing royalty revenue for the period starting with first production of the Moore Petroleum Lexie No. 1-9 well, a Layton formation gas well that produces approximately 1 million cubic feet of gas per day, until the size of the unit is determined, either 80 acres as is it spaced presently, or 160 acres, which Moore Petroleum is seeking by its OCC Application No. 990002275.

Your royalty revenue will not be changed whether the SW/4 of Section 9 is spaced on 80's or 160's, since you have the same percentage of ownership(x 1/8th royalty) in either size unit. It is that time period from the date the 80 acre spacing order is vacated by Helene C. Singer's application until the unit size is determined that you, and your brother, have the potential to lose royalty income, up to \$15,000 over a four (4) month period, during this well's highest production period.

Therefore, please review the enclosed plat which summarizes the above, and Affidavit, and if found acceptable, sign said Affidavit, before a Notary, and return in the express envelope included with this letter, before August 1st. We believe this Affidavit is not biased between Moore Petroleum and/or Shield Energy, and only sets forth your interest in protecting your royalty income until the size unit is determined by the Oklahoma Corporation Commission.

93 per day
1/8 249 daily

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Mr. Richard L. Oliver

Further, as discussed in our conversation, the oil & gas leases taken from you, and your brother, in August, 1998, by Moorexco, Inc., a company related to Moore Petroleum Investment Corp., operator of the Lexie No. 1-9 well, mistakenly covered shallow rights that were still held by production from the Seyller No. 3 well, a Mississippi formation producer since March, 1964. These rights are owned by Shield Energy, Inc. who purchased them from Helene C. Singer.

As indicated, whether your interest is covered by the new leases acquired by Moorexco in August, 1998, or the lease granted by C.E. Seyller & Ruby Steinfeldt in May, 1955, now owned by Shields Energy, your royalty percentage will remain the same.

Also, below is the information on the mineral deeds shown of record wherein C.E. Seyller sold a 1/8th interest each to the parties shown:

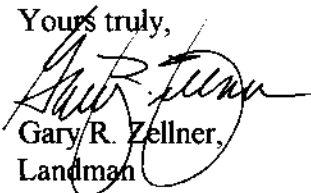
- a.) Mineral Deed dated October, 1955, recorded Book 344, Page 247, C.E. Seyller to George R. Torres, an undivided 3/24th of S/2 SW/4 Section 9, 15N-R4W, Logan County, Oklahoma.
- b.) Mineral Deed dated October, 1955, recorded Book 344, Page 248, C.E. Seyller to Cora Harris Weller, an undivided 3/24th of S/2 SW/4 Section 9, 15N-4W, Logan County, Oklahoma.

I will research the records of the Logan County Clerk and Court Clerk to determine the whereabouts of litigation which made these mineral deeds null and void, as you indicated.

If you have any further questions, feel free to call me at the above listed phone number or 405/715-0091, during evening hours or weekends.

Thank you for your attention to this matter.

Yours truly,


Gary R. Zellner,
Landman

cc: Norman L. Oliver

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICANT:	HELENE C. SINGER)	
)	
RELIEF SOUGHT:	VACATION OF SPACING)	
	ORDER NO. 431106)	
)	CAUSE CD NO.
LEGAL DESCRIPTION:	SW/4 SECTION 9,)	990002449
	TOWNSHIP 15 NORTH,)	
	RANGE 4 WEST, LOGAN)	
	COUNTY, OKLAHOMA)	

NOTICE

Comes now, the undersigned, a respondent and mineral owner within the SW/4 Section 9, Township 15 North, Range 4 West, Logan County, Oklahoma, herein states that he is against the above application if it is determined the actions of the Applicant effects, changes, or eliminates, the undersigned from receiving royalty rightfully due him from production proceeds of the Moore Petroleum Investment Corporation Lexie No. 1-9, NE/4 SW/4 Section 9, Township 15 North, Range 4 West, Logan County, Oklahoma, for any period of time, while awaiting final determination of the unit size for this well.

RESPONDENT:

COPY

Richard L. Oliver

STATE OF CALIFORNIA)
COUNTY OF)

This instrument was acknowledged before me, a Notary Public, by Richard L. Oliver on this ____ day of _____, 1999.

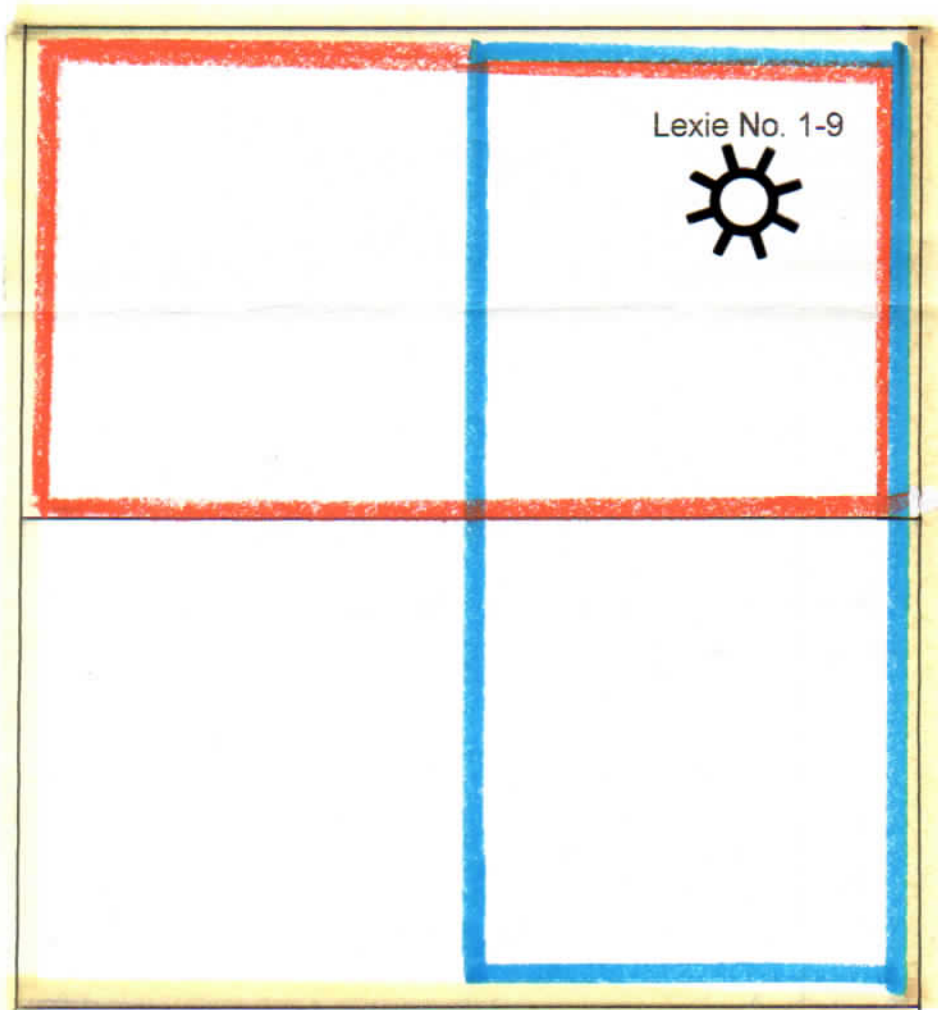
My Commission Expires: _____




Notary Public

SW/4 Section 9, T15N-R4W, Logan County, OK

N/2 SW/4 owned
by Joel Blehm &
wife

S/2 SW/4 owned
by Richard &
Norman Oliver



-  - if 80 acre spacing is approved, Lexie No. 1-9 well unit will comprise these lands, you as a mineral owner within this unit would share in royalty income.
-  - if 160 acre spacing is approved, Lexie No. 1-9 well unit will comprise these lands, you as a mineral owner within this unit will share in royalty income.
-  - Until unit is established (whether 80's or 160's), mineral owners within this area would share in royalty income, on a lease basis (all to Blehms), if Helene C. Singer's application is approved.

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICANT:	HELENE C. SINGER)	
)	
RELIEF SOUGHT:	VACATION OF SPACING ORDER)	CAUSE CD NO. 990002449
	NO. 431106)	
)	
LEGAL DESCRIPTION:	SW/4 OF SECTION 9, TOWNSHIP 15)	
	NORTH, RANGE 4 WEST, LOGAN)	
	COUNTY, OKLAHOMA.)	
)	

NOTICE OF HEARING

NOTICE IS HEREBY GIVEN that the Applicant requests that the Commission enter an order vacating spacing Order No. 431106, which order authorized 80 acre standup drilling and spacing units for the Layton common source of supply underlying all of the SW/4 of Section 9, Township 15 North, Range 4 West, Logan County, Oklahoma.

NOTICE IS FURTHER GIVEN that the Applicant in this cause is requesting the following special relief: That the Commission enter an order vacating spacing Order No. 431106 ab initio for lack of jurisdiction over Applicant.

NOTICE IS FURTHER GIVEN that this cause will be set before an Administrative Law Judge for hearing, taking of evidence and reporting to the Commission.

NOTICE IS FURTHER GIVEN that this cause will be heard before an Administrative Law Judge on the Initial Hearing Docket at the Corporation Commission, First Floor, Jim Thorpe Building, Oklahoma City, Oklahoma, at 8:30 a.m., on the 2nd day of August, 1999, and that this notice be published as required by law and the rules of the Commission.

NOTICE IS FURTHER GIVEN that in the event this cause is uncontested, the Applicant, its Attorney, representatives, witnesses and other proponents of the Applicant may appear and conduct the hearing by telephone from either the Tulsa office facility, 440 S. Houston, Suite 114, Tulsa, Oklahoma 74127, or the Oklahoma City facility, Jim Thorpe Building, Oklahoma City, Oklahoma 73105.

NOTICE IS FURTHER GIVEN that all interested persons may appear and be heard. For information concerning this action contact GREGORY L. MAHAFFEY, Attorney, Two Leadership Square, Suite 1100, 211 North Robinson, Oklahoma City, Oklahoma 73102-7101, Telephone: (405) 236-0478.

CORPORATION COMMISSION OF OKLAHOMA

BOB ANTHONY
CHAIRMAN

DENISE A. BODE
VICE CHAIRMAN

ED APPLE
COMMISSIONER

DONE AND PERFORMED this 16th day of July, 1999.

BY ORDER OF THE COMMISSION:

CHARLOTTE W. FLANAGAN
SECRETARY OF THE COMMISSION

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICANT:	HELENE C. SINGER)	
)	
RELIEF SOUGHT:	VACATION OF SPACING)	
	ORDER NO. 431106)	
)	CAUSE CD NO.
LEGAL DESCRIPTION:	SW/4 SECTION 9,)	990002449
	TOWNSHIP 15 NORTH,)	
	RANGE 4 WEST, LOGAN)	
	COUNTY, OKLAHOMA)	

NOTICE

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RESPONDENT: _____
Richard L. Oliver

STATE OF CALIFORNIA)
COUNTY OF)(

This instrument was acknowledged before me, a Notary Public, by Richard L. Oliver on this ____ day of _____, 1999.

My Commission Expires: _____
Notary Public

SIGN & RETURN

760 934-2546 Julie

August 10, 1998

MOOREXCO INC.
710 Heatherhill Dr.
Norman, Ok. 73072

Richard L. Oliver & Norman L. Oliver
C/O P.O. Box 425
June Lake, Ca. 93529

RE: Oil & Gas Lease
SE/4 of SW/4 of 9-15N-4W
Logan Co., Ok.

Gentlemen,

Pursuant to our conversation this morning I am sending you this oil and gas lease covering the above captioned lands. I have both parties on the lease as requested and listed as individuals, as this is how you own title according to the county records in Guthrie, Oklahoma. The terms for the lease are \$50.00/ac. with a 1/8 royalty and a three year term. This lease covers only from surface to the Base of the Hogshooter Lime, which is about 5500' on this tract. Whereas, the rest of your mineral rights are "held by production" by the Seyeller well on the lands which produces from the deeper Mississippian horizon.

I have enclosed a copies of the lease for your records. Since this is a paid-up lease, the \$1.00/ac./yr. Rentals are inclusive and find this amount enclosed in the draft. Thusly, there will be two (2) drafts which will each be for \$780.00, as both Richard L. Oliver and Norman L. Oliver own 15 acres each. ←

Please have each signature attested by a notary public and return the original lease with the draft to your bank and they will send it to my bank. When my bank gets the draft and leases I will authorize payment and they will send monies to your bank and account your may designate. If you have any questions please call me @ 405-329-9200 at your convenience. Thanks for your help and wish us luck and good luck to you regarding your other land in Logan County.

Thanks,


Hal Moore

CUSTOMER BANK DRAFT

THIS IS NOT A CASH ITEM

DATED: 8/10/98

Payable on or before 10 days with approval of title.
Not subject to recall by depository bank before due date.
Re-drafting privileges granted.

Subject to revocation at will by Drafter without notice anytime prior to due date.
Void if not placed for collection within 30 days of draft.

PAY TO THE ORDER OF:

RICHARD L. OLIVER
~~P.O.~~ P.O. Box 425
JUNE LAKE, Ca. 93529

PAY: Seven hundred Eighty dollars & no cents \$780.00

FOR: Payment of full bonus consideration for a 3-year Paid-Up
Oil & Gas Lease dated 8/10/98 covering in the
SE 1/4 of SW 1/4 of 9-15N-4W, Logan Co. OK.

COLLECT DIRECTLY THROUGH: BANKONE
P.O. BOX 99007
BEDFORD, TEXAS 76095-9107
Attn: DOMESTIC COLLECTIONS

TO: MOOREXCO INC. OR MOORE PETROLEUM INVESTMENT CORP.
710 HEATHERHILL DRIVE
NORMAN, OKLAHOMA 73072
(405) 329-9200

BY: Hal Moore

Hal Moore

OIL AND GAS LEASE
PAID UP

AGREEMENT, Made and entered into this 10th day of August
1998, by and between Richard L. Oliver and
Norman L. Oliver c/o P.O. Box 425
June Lake, Ca. 93529

Party of the first part, hereinafter called lessor (whether one or more) and
Moorexco Inc.

part Y of the second part, hereinafter called lessee.

WITNESSETH, That the said lessor, for and in consideration of
Ten & 0/10

DOLLARS, cash in hand paid, receipt of which is hereby acknowledged and of
the covenants and agreements hereinafter contained on the part of lessee to be
paid, kept and performed, has granted, demised, leased and let and by these
presents does grant, demise, lease and let unto the said lessee, for the sole and only
purpose of exploring by geophysical and other methods, mining and operating for oil (including but not limited to distillate and
condensate), gas (including casinghead gas and helium and all other constituents), and for laying pipe lines, and building tanks, power
stations and structures thereon, to produce, save and take care of said products, all that certain tract of land, together with any
reversionary rights therein, situated in the County of Logan State of
Oklahoma described as follows, to-wit:

18 (Prod. Pooling) (Oklahoma) Form 258-10NG (Order By Number)
(640 Shet (s) (Paid up) (Revised 1979) Manly Legal Forms, Inc. -Primmers-Okl. City

SE $\frac{1}{4}$ of SW $\frac{1}{4}$

of Section 9 Township 15N Range 4W and containing 40.00 acres, more or less.

It is agreed that this lease shall remain in force for a term of three years from date (herein call primary term) and
as long thereafter as oil or gas, or either of them, is produced from said land by the lessee.

In consideration of the premises the said lessee covenants and agrees:

1st. To deliver to the credit of lessor free of cost, in the pipe line to which it may connect its wells, the one-eighth (1/8) part of
all oil (including but not limited to condensate and distillate) produced and saved from the leased premises.

2nd. To pay lessor for gas of whatsoever nature or kind (with all of its constituents) produced and sold or used off the leased
premises, or used in the manufacture of products therefrom, one-eighth (1/8) of the gross proceeds received for the gas sold, used off the
premises, or in the manufacture of products therefrom, but in no event more than one-eighth (1/8) of the actual amount received by the
lessee, said payments to be made monthly. During any period (whether before or after expiration of the primary term hereof) when gas
is not being so sold or used and the well or wells are shut in and there is no current production of oil or operations on said leased premises
sufficient to keep this lease in force, lessee shall pay or tender a royalty of One Dollar (\$1.00) per year per net royalty acre retained hereunder,
such payment or tender to be made, on or before the anniversary date of this lease next ensuing after the expiration of ninety (90) days from
the date such well is shut in and thereafter on the anniversary date of this lease during the period such well is shut in, to the royalty owners.
When such payment or tender is made it will be considered that gas is being produced within the meaning of the entire lease.

3rd. To pay lessor for gas produced from any oil well and used off the premises, or for the manufacture of casing-head gasoline
or dry commercial gas, one-eighth (1/8) of the gross proceeds, at the mouth of the well, received by lessee for the gas during the time such
gas shall be used, said payments to be made monthly.

If the lessee shall commence to drill a well or commence reworking operations on an existing well within the term of this lease
or any extension thereof, or on acreage pooled therewith, the lessee shall have the right to drill such well to completion or complete
reworking operations with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease
shall continue and be in force with like effect as if such well had been completed within the term of years first mentioned.

Lessee is hereby granted the right at any time and from time to time to unitize the leased premises or any portion or portions
thereof, as to all strata or any stratum or strata, with any other lands as to all strata or strata, for the production primarily
of oil or primarily of gas with or without distillate. However, no unit for the production primarily of oil shall embrace more than 40 acres,
or for the production primarily of gas with or without distillate more than 640 acres; provided that if any governmental regulation shall
prescribe a spacing pattern for the development of the field or allocate a producing allowable based on acreage per well, then any such unit
may embrace as much additional acreage as may be so prescribed or as may be used in such allocation of allowable. Lessee shall file written
unit designations in the county in which the leased premises are located. Operations upon and production from the unit shall be treated
as if such operations were upon or such production were from the leased premises whether or not the well or wells are located thereon.
The entire acreage within a unit shall be treated for all purposes as if it were covered by and included in this lease except that the royalty
on production from the unit shall be as below provided, and except that in calculating the amount of any shut in gas royalties, only the part
of the acreage originally leased and then actually embraced by this lease shall be counted. In respect to production from the unit, Lessee
shall pay Lessor, in lieu of other royalties thereon, only such proportion of the royalties stipulated herein as the amount of his acreage placed
in the unit, or his royalty interest therein on an acreage basis bears to the total acreage in the unit.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the
royalties herein provided shall be paid to the lessor only in the proportion which his interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for its operations thereon, except water
from wells of lessor.

When requested by the lessor, lessee shall bury his pipe lines below plow depth.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises, without the written consent of the lessor.

Lessee shall pay for all damages caused by its operations to growing crops on said land.

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw
and remove casing.

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants
hereof shall extend to their heirs, executors, administrators, successors or assigns. However, no change or division in ownership of the land
or royalties shall enlarge the obligations or diminish the rights of Lessee. No change in the ownership of the land or royalties shall be binding
on the lessee until after the lessee has been furnished with a written transfer or assignment or a true copy thereof. In case lessee assigns
this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent
to the date of assignment.

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules and
Regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damages, for failure to comply therewith,
if compliance is prevented by, or such failure is the result of any such Law, Order, Rule or Regulation.

This lease shall be effective as to each lessor on execution hereof as to his or her interest and shall be binding on those signing,
notwithstanding some of the lessors above named may not join in the execution, hereof The word "Lessor" as used in this lease means the
party or parties who execute this lease as Lessor, although not named above.

Lessee may at any time and from time to time surrender this lease as to any part or parts of the leased premises by delivering
or mailing a release thereof to lessor, or by placing a release of record in the proper County.

Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right
at any time to redeem for lessor by payment any mortgage, taxes or other liens on the above described lands, in the event of default or
payment by lessor, and be subrogated to the rights of the holder thereof.

The lease is limited from the surface to the base of the Hogshooter.

IN TESTIMONY WHEREOF, we sign this the 10th day of August

Richard L. Oliver

Norman L. Oliver

Lessor