

Holloman Corporation
FAX COVER SHEET

DATE/TIME:

1/27/03

TO:

Frank Betts

COMPANY:

Exxon Mobil

FAX NO.:

713-431-1901

NO. OF SHEETS (Including Cover Sheet):

4

FROM:

Eric Prim

COMPANY:

Holloman Corporation

TELEPHONE NO. TO CONFIRM RECEIPT: (915) 381-2000

Operating Proposal - GCF Means

Please call or e-mail with any
questions or concerns.

Thanks

Eric Prim

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January 25th, 2003

Mr. Frank Betts

**ExxonMobil Resources
396 West Greens Rd.
Houston, TX. 77067**

Re: Means GCF Operations Initial Proposal

Dear Frank,

I hope your year is starting out well. The following proposal is based on a “best guess” for operations of the ExxonMobil Means GCF conditioning and reinjection facility. In light of the fact that this proposal is based on limited information, please regard this as a rough draft that will be refined over the next few weeks. Please be assured that Holloman will adapt and adjust this proposal to comply with the needs and requirements of ExxonMobil operations as necessary.

The basic structure of the proposal is as follows:

Holloman will directly provide the following resources:

- 1) Three operators for overlapping daytime coverage of 10 hours per day – seven days per week. Vacations and call outs will be covered with overtime.**
- 2) Each operator will be equipped with a company-supplied truck and basic hand tools.**
- 3) Operators will be trained in ExxonMobil procedures and basic operations of the GCF facilities. The operators will also be sent to outside supplemental training at least once per year.**

This operations team will directly perform the following tasks:

- 1) Monitoring and operation of GCF processing equipment**
- 2) Generation of daily logs and reports**
- 3) Supervision of subcontractors**
- 4) Interface with ExxonMobil field personnel**
- 5) Answer call outs from the GCF control system**
- 6) Arrange for maintenance and repairs of GCF process equipment**
- 7) Oversee a preventative maintenance program**
- 8) Perform simple repairs of equipment and piping**
- 9) Maintain fluid levels in GCF processes**
- 10) Record volume and flow information**
- 11) Vacation and sick leave coverage for operators**

The following items will be charged on a cost plus basis:

- 1) Process chemicals**
- 2) Lubricants**
- 3) P.M. Subcontract**
- 4) General Maintenance and Repairs**
- 5) Gas analysis**
- 6) Instrument repairs and calibration**
- 7) Upgrades and modifications**
- 8) Emergencies and non-routine situations**
- 9) Overtime for abnormal situations and malfunctions**
- 10) All materials**

Holloman Corp. proposes to perform the above-mentioned services for a lump sum cost of \$325,000 per year for a minimum contract term of 5 years. It is estimated that this type of coverage will result in an on stream time of over 98%. The reasoning behind this statement is based on 7-day coverage, which should identify and correct most problems before they become a source of shutdown. To accomplish this, the operators will be required to observe and record operational parameters three times per day – every day. Additionally, a formal P.M. program that will be managed by Holloman, should significantly improve mechanical reliability. Of course, less coverage will be proportionally less expensive in the same manner that more coverage will demand more cost.

To reiterate, this is a first attempt and all terms of this proposal are negotiable. This letter is written as a stand-alone contract. If the operations of the GCF are coupled with the proposed NGL recovery plant, savings will be realized through the synergy of operating both facilities. A recent visit to the GCF has identified excellent tie in points that will enable the plant to connect to the existing process just downstream of the dehydration unit. These connections can be made with a very short shutdown of the dehydration facilities. In fact, it may be possible to tie in the new plant without any shutdown of the existing system.

Holloman has located a surplus processing facility that will enable the plant to be constructed quicker, and at a lower installed cost. It is estimated that the processing plant can be installed in under six months for under \$7,000,000. After this plant has been installed, ExxonMobil will receive approximately \$50,000 per month with essentially no risk. After payoff, in approximately 3 years, the payment to ExxonMobil will increase to approximately \$150,000 per month.

Due to the slow nature of the energy business, this is an ideal time to construct this processing plant. Of course, Holloman is very interested in expediting this project so that the revenue stream can start as soon as possible.

Any help or advice on this project will be sincerely appreciated.
Please call with any questions or concerns.

Best regards,



Eric Prim
Vice President
Holloman Corporation