





Devon Energy Corporation  
20 North Broadway  
Oklahoma City, Oklahoma 73102-8260

Richard Winchester  
Land Advisor

Phone: (405) 228-4415  
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January 7, 2003

Robert E. Landreth  
505 N. Big Spring, Suite 507  
Midland, Texas 79701

**Via Facsimile**  
**(915) 684-4783**

**Re: Rio Blanco Devonian Prospect**  
**Lea County, New Mexico**

Dear Bob:

Following are comments on issues raised in your letter dated December 20, 2002, concerning the Rio Blanco Devonian Prospect located in Section 4, T23S-R34E, Lea County, New Mexico:

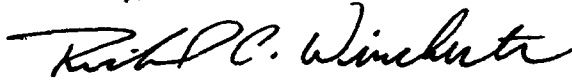
1. Since the majority of Devon's leasehold in the Bootleg Ridge East area expires in March 2004, we want to encourage activity in the area as soon as possible. However, we must reach an agreement on how to handle any prospects identified, or acreage purchased, from reviewing the 3-D seismic data in the area. Our primary focus is on reaching an agreement to test and develop the Rio Blanco Devonian Prospect. Therefore, Devon would prefer to keep separate any review of the 3-D seismic data over Bootleg Ridge East.
2. Regarding the required commencement date of April 1, 2003, Devon will make all reasonable efforts to commence operations on or before this date. However, there are uncertainties surrounding rig availability and permitting issues that could cause unforeseen delays. Devon agrees to commence re-entry operations within 90 days from receipt of an approved BLM permit to drill.
3. Initial overhead rates will be \$5,000/\$500 per month, respectively, for drilling and producing operations. These rates will be capped at \$7,000/\$700.
4. Devon proposes forming an AMI covering the W/2 of Section 3, all of Section 4, the E/2 of Section 5, and the N/2 of Section 9, T23S-R34E, in which interests acquired by any party after the date of an approved formal agreement for testing and developing this prospect, are offered/shared on the basis of each party's working interest in Section 4.
5. I understand that Al Ledbetter has contacted you regarding your marketing questions, and that Bill Greenlees and Bill Dougherty have discussed several operational issues with you. I trust that these issues can be resolved.

BEFORE THE  
OIL CONSERVATION EXAMINER  
Case No. 13048 Exhibit No. 11  
Submitted By:  
Devon Energy Production Co.  
Hearing Date: April 10, 2003  
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6. Your concerns over recent dealings with Devon's Joint Interest Billing and Revenue Accounting departments have been forwarded to the respective department's supervisor.

If these comments adequately address your concerns, I will draft a formal agreement for your review that incorporates the terms of Devon's December 17, 2002 proposal, and this letter. Please call me at (405) 228-4415 and we can discuss these items.

Sincerely,

A handwritten signature in cursive script, reading "Rich C. Winchester".

Richard C. Winchester  
Land Advisor