

Preston Exploration, L.L.C.

April 20, 2004

7003 1680 0006 9703 9843

Mr. Thomas R. Smith
Saguaro Resources, Inc.
1409 S. Country Road 1130
Midland, TX 79706

Re: Roughneck Red "29" Com #1
N/2 of Section 29, T17S, R26E
Roughneck Red Prospect
Eddy County, New Mexico

Dear Mr. Smith:

Pursuant to a phone conversation with Mark Wheeler at Capstone Oil & Gas, I have enclosed for your approval our Joint Operating Agreement for the drilling of the referenced well.

If acceptable, please execute the extra signature page and return same at your earliest convenience. Please note, this form is in place with the owners in the N/2 N/2 of Section 29. Should you have any questions, please call the undersigned.

Yours very truly,



Bo Blue
New Ventures Land Manager

Enclosure

Preston Exploration, L.L.C.

April 20, 2004

Mr. Richard Coats
Cactus Energy, Inc.
400 W. Illinois, Ste. 1620
Midland, TX 79701

Re: Roughneck Red "29" Com #1
N/2 of Section 29, T17S, R26E
Roughneck Red Prospect
Eddy County, New Mexico

Dear Mr. Coats:

Pursuant to a phone conversation with Mark Wheeler at Capstone Oil & Gas, I have enclosed for your approval our Joint Operating Agreement for the drilling of the referenced well.

If acceptable, please execute the extra signature page and return same at your earliest convenience. Please note, this form is in place with the owners in the N/2 N/2 of Section 29. Should you have any questions, please call the undersigned.

Yours very truly,



Bo Blue
New Ventures Land Manager

Enclosure

Preston Exploration, L.L.C.

April 20, 2004

Mr. Wendell W. Iverson, Jr.
E3 Energy, Ltd.
400 W. Illinois, Ste. 1620
Midland, TX 79701

Re: Roughneck Red "29" Com #1
N/2 of Section 29, T17S, R26E
Roughneck Red Prospect
Eddy County, New Mexico

Dear Mr. Iverson:

Pursuant to a phone conversation with Mark Wheeler at Capstone Oil & Gas, I have enclosed for your approval our Joint Operating Agreement for the drilling of the referenced well.

If acceptable, please execute the extra signature page and return same at your earliest convenience. Please note, this form is in place with the owners in the N/2 N/2 of Section 29. Should you have any questions, please call the undersigned.

Yours very truly,



Bo Blue
New Ventures Land Manager

Enclosure

From: Origin ID: (281)387-8897
 Be Blue
 Preston Exploration, L.L.C
 1717 Woodstead Court
 Suite 207
 The Woodlands, TX 77380

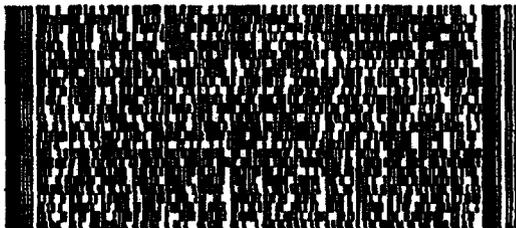


Ship Date: 20APR04
 Actual Wgt: 2 LB
 System#: 5508240/NET1800
 Account#: S *****

REF: 01

SHIP TO: (432)884-4007 BILL SENDER
Mr. Wendell W. Iverson, Jr.
E3 Energy, Ltd.
400 W. Illinois, Ste. 1620

Midland, TX 79701



PRIORITY OVERNIGHT

WED

Deliver By:
 21APR04

TRK# 7912 1705 1197

FORM
 0201

LBB A2

79701 -TX-US

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From: Origin ID: (281)367-8697
 Bo Blue
 Precision Exploration, L.L.C
 1717 Woodstead Court
 Suite 207
 The Woodlands, TX 77380

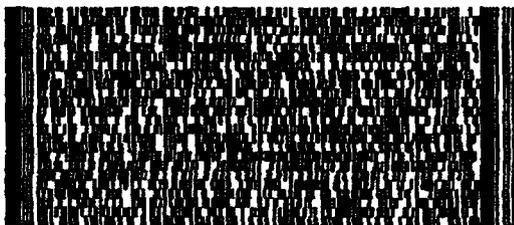


Ship Date: 20APR04
 Actual Wgt: 2 LB
 System#: 5508240/NET1800
 Account#: 8

REF: 001

SHIP TO: (432)884-5824 **BILL SENDER**
Mr. Richard Coats
Cactus Energy, Inc.
400 W. Illinois, Ste. 1620

Midland, TX 79701



PRIORITY OVERNIGHT

WED

TRK# 7912 1706 1669

FORM 0201

Deliver By:
21APR04

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