

LEONARD RESOURCE INVESTMENT CORPORATION
P. O. BOX 3422
MIDLAND, TEXAS 79702

OIL AND GAS INVESTMENTS

(915) 682-3712 OFFICE
(915) 682-8652 FAX

May 16, 2002

Certified Mail # 7001 0320 0003 9455 3822

Coates Energy Trust
Energy Plaza II, Suite 510
8610 N. New Braunfels
San Antonio, Texas 78217

Attention: Sherrie Green
Land Manager

Re: Capataz Operating, Inc.'s
White Owl No. 1 Well
T-20-S, R-38-E
Section 2: NW/4
Lea County, New Mexico

Gentlemen:

Reference is made to NMOCDC Order No. R-11684 pooling the SE/4 NW/4 of Section 2, T-20-S, R-38-E, Lea County, New Mexico from the surface to the base of the Abo formation.

Due to additional geologic information and the unanticipated completion of an offset well as a gas well, Leonard Resource has re-evaluated the location for the captioned well, taking into consideration the oil bearing zones in the Abo, Drinkard and Tubb formations that would be spaced on 40 acres and a gas bearing zone in the Blinbry that would be spaced on 160 acres. We have decided to move the well to a location in the NE/4 NW/4 of said Section 2, 990 feet from the north line and 1980 feet from the west line, and dedicate said NE/4 NW/4 for oil and the entire NW/4 of Section 2 for gas. The prior pooling order has expired because we have made the decision to move the location.

Enclosed for your review and consideration are two (2) copies of Capataz Operating, Inc.'s current AFE for the White Owl No. 1 reflecting revised estimated costs to drill and complete the 7,800 foot Abo test: \$301,648.00 to drill and evaluate the well to casing point and \$360,750.00 to complete the well, for a total completed well cost of \$662,398.00. Coates Energy Trust's 25% share of said revised, estimated total completed well cost is \$165,599.50.

In the event Coates elects to participate in the well and pay its proportionate share of such estimated well costs, please return one executed copy of the AFE and your check made payable to Capataz Operating, Inc. in the amount of \$75,412.00, representing your 25% share of the estimated cost to casing point, to us at the address on our letterhead within thirty (30) days of receipt of this letter.

If Coates elects not to participate and prefers to lease, Leonard Resource would be receptive to a lease covering Coates' undivided 25% mineral interest in Lots 3, 4 and the S/2 NW/4 of Section 2, provided we could use a form of lease similar to the Apache lease form we submitted to you under cover letter of September 29, 2001. If such lease form is agreeable, we would still be willing to pay \$175.00 per acre bonus consideration for a quarter royalty, two (2) year term lease.

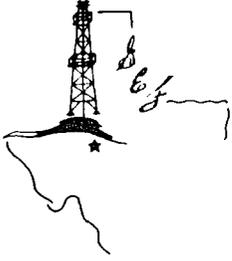
A prompt response would be appreciated.

Very truly yours,

LEONARD RESOURCE INVESTMENT CORPORATION

Dan M. Leonard
Dan M. Leonard, President

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature <input checked="" type="checkbox"/> <i>C. Van Horn</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) _____ C. Date of Delivery MAY 20 2002</p>
<p>1. Article Addressed to:</p> <p>Coates Energy Trust Energy Plaza II, Suite 510 8610 N. New Braunfels San Antonio, TX 78217</p> <p>Attn: Sherrie Green Land Manager</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>2. Article Number (Transfer from servic 7001 0320 0003 9455 3822</p>	



GLEN E. FARMER

415 West Wall, Suite 705
MIDLAND, TEXAS 79701-4417

(915) 687-0006

FAX LETTER
FAX #: 432-687-1307

OIL & GAS LEASES
OIL & GAS PROPERTIES
OIL & GAS EXPLORATION
OIL & GAS INVESTMENTS

Follow-up message 10/7/03

RE: Lea County, New Mexico
T-20-S, R-38-E, N.M.P.M.

TO: Mr. Terry Young, Vice President at Telephone #214-209-2313
Oil & Gas Management Trusts
Bank of America

FROM: Glen E. Farmer

DATE: September 17, 2003
Number of pages to be transmitted: 1, including this one.

Please deliver to: Mr. Terry Young at FAX #: 214-209-3082

Dear Terry:

Pursuant to our telephone conversation this morning, Mr. Dan M. Leonard, of Leonard Resource Investment Corporation of Midland, Texas, has approved our paying a \$175 per net mineral acre bonus for an oil and gas lease from Cleo Riley Hill Testamentary Trust, said lease to provide for a one-fourth (1/4) royalty and a three-year, paid-up term, with the continuous development clause to be limited to 120 days. We show that the Trust owns a 9.283951 net mineral acre interest in the NW/4NE/4 of Section 3, T-20-S, R-38-E, Lea County, NM.

Also, Leonard Resource Investment Corporation has approved a \$150 signing fee for your granting of a lease by the Myrtle L. Davis Trust, said lease to provide for a one-fourth (1/4) royalty and a three-year paid up term, with 120 day continuous development clause. The lease would cover the Trust's 0.125 net mineral acre interest under Lots 2, 4, and S/2NW/4 of Section 2, T-20-S, R-38-E, Lea County, NM.

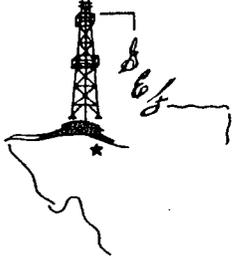
If you need anything further, please let me know; otherwise, we would appreciate your prompt preparation of the Leases. Please draft them to:

Leonard Resource Investment Corporation
First National Bank of Midland
ATTN: Collections Department
PO BOX 11307
Midland, Texas 79702,

or, FAX the Leases to us, and we will be happy to pay by check.

Thank you for your help and cooperation.


Glen E. Farmer



GLEN E. FARMER

415 West Wall, Suite 705
MIDLAND, TEXAS 79701-4417

(~~432~~) 687-0006

FAX LETTER
FAX #: 432-687-1307

OIL & GAS LEASES
OIL & GAS PROPERTIES
OIL & GAS EXPLORATION
OIL & GAS INVESTMENTS

RE: **South Nadine**
Lea County, New Mexico
NW/4NE/4 Sec. 3, T-20-S, R-38-E, N.M.P.M., and
W/2SE/4 Sec. 34, T-19-S, R-38-E, N.M.P.M.
All Cleo Riley Hill Testamentary Trust, and,

Lots 2, 4, and S/2NW/4 Sec. 2, T-20-S, R-38-E, N.M.P.M.
Lea County, New Mexico
Myrtle L. Davis Trust

TO: Mr. H. Greg Holcomb, Senior Vice President (Telephone: 214-209-1275)
Mineral Properties
Bank of America, N.A.
Dallas, Texas

FROM: Glen E. Farmer

DATE: December 23, 2003
Number of pages to be transmitted: 1, including this one.

Please deliver to: Mr. H. Greg Holcomb at FAX #: 214-209-2512

Dear Mr. Holcomb:

Reference is made to our FAX letter of December 10, requesting oil and gas leases from the captioned Trusts' to JTD Resources, LLC, of PO BOX 3422, Midland, Texas 79702.

Your Mr. Terry Young informed me by telephone on December 11, 2003, that he was "typing leases by the captioned Trusts today" and that the leases would be emailed to me at glenfarm@geospectrum.com. Not having received these leases in my email, I left a call to Mr. Young on December 12, giving him my email address again. If there is difficulty with the email address, please use glenjan@geospectrum.com. You might just email them to both of my addresses, as the latter goes into my secretary's computer.

Could you check into these for me and let me know?

Yours very truly,


Glen E. Farmer

glen farmer

From: "glen farmer" <glenfarm@geospectrum.com>
To: <Terry.Young@bankofamerica.com>
Sent: Wednesday, January 07, 2004 2:48 PM
Subject: Re: Cleo Riley Hill Trust Lea Co., NM

Hi Terry,
Hope that you enjoyed the Holidays and your week off last week.
I have the lease before Mr Leonard and should have it back very soon. I was just in his office within the last hour and he is out of the office today and may be in New Mexico tomorrow. I will e-mail you as soon as I can catch him.

In the mean time, could you e-mail to me the proposed lease for the Myrtle L Davis Trust covering NW/4 Sec 2, T-20-S, R-38-E, Lea County, N M . That way mabe I could get them both back to you at the same time. That may be what Mr Leonard is waiting for.

Glen E Farmer
432-687-0006

----- Original Message -----

From: <Terry.Young@bankofamerica.com>
To: <glenfarm@geospectrum.com>
Sent: Wednesday, January 07, 2004 8:42 AM
Subject: RE: Cleo Riley Hill Trust Lea Co., NM

> Hi Glen,
> Are we ready to move forward with this lease?
>
> Terry L Young
> Bank of America
> Trust Oil and Gas
> 214-209-2313
> TX1-492-17-01
> This communication is confidential and intended only for the addressee.
If
> you are not the intended recipient, you may not copy, disclose, or
> distribute this message to anyone else; any such actions may be unlawful.
> If you have received this communication in error, please contact the
sender
> of the message to inform him or her of the error. Regular Internet e-mail
> is not secure. We ask that you do not send personal or company
information
> of a sensitive or confidential nature through unsecured e-mail. For
> questions concerning your account relationship with Bank of America, you
may
> contact us by phone or US mail.
>
>> -----Original Message-----

GLEN E. FARMER

415 West Wall, Suite 705
Midland, Texas 79701-4417

(432) 687-0006

January 23, 2004

Mr. Terry Young, Vice President
Bank of America, N.A.
Oil & Gas Trusts
PO BOX 830308
Dallas, Texas 75283

Re: Cleo Riley Hill Testamentary Trust
Lea County, New Mexico
T-20-S, R-38-E, N.M.P.M.
Sec. 3: NW/4NE/4, and
T-19-S, R-38-E, N.M.P.M.
Sec. 34: W/2SE/4
containing 120 acres, more or less.

Dear Mr. Young:

We have made changes in the lease for the captioned Trust. Leonard Resource Investment Corporation is now operating as JTD Resources, LLC, with a mailing address of P. O. Box 3422, Midland, Texas 79702. We have changed your leaseform to reflect that change, and underscored the change for your convenience. In addition, we have made some other changes and underscored them so that you can find them easily. We would appreciate your granting these minor revisions as written.

We have made changes as follows:

1. In Paragraph 3 (e), we inserted \$5, and in 3 (g), three (3) years.
2. In Paragraph 3, (i), we added a provision that the Lessee be notified in writing if royalty payments are not made timely, and that he should have 30 days in which to comply.
3. In Paragraph #15, Lessee will earn by drilling "100' below the base of the deepest depth drilled, and Lessee shall execute a release of this lease as to the balance of the land covered hereby as well as formations at depths below 100' below the deepest depth drilled."
4. Inasmuch as Paragraph #15 contains a Pugh clause, but did not provide for continuous development, we have inserted a new Paragraph #16, which reads as follows:

16. Notwithstanding anything contained herein to the contrary, at the end of the primary term, this lease shall terminate as to all of the leased premises not then included in a proration unit allocated to a well capable of producing oil or gas in paying quantities, unless Lessee is then conducting drilling or reworking operations, or has completed or plugged and abandoned well within 90 days prior to the expiration of the primary term. In either event, this lease shall remain in force so long as Lessee is engaged in continuous drilling operations on said land, or lands pooled therewith. Such operations shall be deemed continuous if not more than 180 days elapse between the cessation of drilling one well and the commencement of actual drilling operations on the next well. Upon cessation of continuous drilling operations or expiration of the primary term, whichever is later, this lease shall terminate as to all lands and depths one hundred feet (100') below the deepest depth drilled; however, Lessee shall be entitled to retain all horizons down to and including 100' below the base of the deepest producing formation for each producing unit on this property. All other formations below said 100' shall revert to Lessor and be released at the expense of Lessee.

We hope that these changes will be acceptable. The reason that we have requested these changes is that, in this area of New Mexico, the geological formations and depths are the Blineberry, at approximately 6,000' subsurface; the Tubb at approximately 6,750' subsurface; the Drinkard, at approximately 7,000' subsurface, and the Abo, at approximately 7,500' subsurface. The greater portion of the reserves in these formations are in the Blineberry and Tubb formations, with the Drinkard and Abo formations having poor reserves. It is JTD's plan to drill their wells all the way to the Abo formation, then plug back to the Blineberry and/or Tubb formations for completion. Therefore, your clause providing that JTD only earns to depths 150' below the deepest producing formation, would cut off the Drinkard and Abo formations. These deeper formations would, in all probability never be drilled, because it is not economically feasible to drill to those depths for those poor reserves. However, by drilling their wells all the way through the upper formations into the lower formations, at some time in the future, when the Blineberry and/or Tubb formations are depleted, JTD can then knock out the plugs and go down and complete in the Drinkard and/or Abo and recover those reserves, which would probably never be recovered if an operator had to drill just for completion in those two lower zones. We hope that you will approve of this plan. If not, please call me.

We would like the lease from the Myrtle Davis Trust, on which you are also working, to be identical to the one we are requesting under the Cleo Riley Hill Testamentary Trust.

Please contact me if we need to discuss this further.

Yours very truly,

Glen E. Farmer

Janet Farmer

From: <Terry.Young@bankofamerica.com>
To: <glenjan@geospectrum.com>
Sent: Friday, January 23, 2004 5:06 PM
Subject: RE: Cleo Riley Hill Testamentary Trust

Thank you for providing the requested amendments to the Bank of America lease form. Paragraph 3 e is standard at Bank of America at \$25.00.

3 g is fine at 3 years

3 i is fine, but will require a similar paragraph that is approved by our real property committee

I understand the validity of your #3 and #4 requests. I will determine whether these can be permitted by my committee.

The Myrtle Davis Trust will be prepared on the same lease form.

Terry L Young
Bank of America
Trust Oil and Gas
214-209-2313
TX1-492-17-01

This communication is confidential and intended only for the addressee. If you are not the intended recipient, you may not copy, disclose, or distribute this message to anyone else; any such actions may be unlawful. If you have received this communication in error, please contact the sender of the message to inform him or her of the error. Regular Internet e-mail is not secure. We ask that you do not send personal or company information of a sensitive or confidential nature through unsecured e-mail. For questions concerning your account relationship with Bank of America, you may contact us by phone or US mail.

-----Original Message-----

From: Janet Farmer [mailto:glenjan@geospectrum.com]
Sent: Friday, January 23, 2004 10:41 AM
To: Terry.Young@bankofamerica.com
Subject: Cleo Riley Hill Testamentary Trust

Mr. Young:

I am attaching my letter and your leaseform for the Cleo Riley Hill Testamentary Trust, with a few changes. Both should be self-explanatory.

Please call me if you need to discuss the changes with me. We would be happy to consider any of your comments. We do need, however, to expedite this transaction.

Yours very truly,

Glen E. Farmer

Janet Farmer

From: "Janet Farmer" <glenjan@geospectrum.com>
To: <Terry.Young@Bankofamerica.com>
Sent: Tuesday, January 27, 2004 2:15 PM
Subject: Cleo Riley Hill Testamentary Trust

Dear Terry:

Please excuse me for the delay in answering your email of Friday, January 23, 2004. Our T-1 system has been on the fritz for several days, and I have not been able to receive timely email.

Thank you for accepting 3(g) and 3(i) as I requested. I think that we can live with the standard \$25 in 3 (e).

As to my request #3, some of the larger interest owners have suggested, "100' below the deepest depth for which production casing has been set," which could be changed in this Lessor's lease as well.

As to the #4 request, I have always felt that it is fair to both Lessor and Lessee to provide for continuous development, especially when a lease has a Pugh clause. After all, it should be beneficial to both Lessor and Lessee to fully develop the property. If Lessee terminates his continuous development program, then it is only fair that the Lessor's undeveloped acreage be released.

Thank you for your advising us that the Myrtle Davis Trust will be prepared on the same leaseform whenever we are agreeable to these few requests.

If it would expedite the execution of this lease, I would be happy to come to Dallas and meet with your committee if you think it to be necessary.

Yours very truly,

Glen E. Farmer

Janet Farmer

From: <Terry.Young@bankofamerica.com>
To: <glenjan@geospectrum.com>
Sent: Tuesday, February 10, 2004 2:57 PM
Subject: RE: Myrtle Davis Trust

Thanks Glen,

I am preparing your leases and trying to get them through our system maintenance process. I appreciate your patience throughout this process.

Terry L Young
Bank of America
Trust Oil and Gas
214-209-2313
TX1-492-17-01

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-----Original Message-----

From: Janet Farmer [mailto:glenjan@geospectrum.com]
Sent: Tuesday, February 10, 2004 2:37 PM
To: Terry.Young@bankofamerica.com
Subject: Myrtle Davis Trust

Dear Terry:

Yesterday, I left a message on your voice mail saying that probably there were going to be some of the lands in either the Cleo Riley Hill Testamentary Trust or the Myrtle Davis Trust that would be subject to forced pooling. Regarding the NW/4 Sec. 2, T-20-S, R-38-E, Lea County, NM, in which the Myrtle Davis Trust owns a mineral interest that we are trying to lease, today I found out that letters are going out today to certain other mineral interest owners advising that forced pooling proceedings are to be initiated soon if an agreement is not made on that Lessor's interest. I requested that my client hold off sending such a letter to you regarding the Cleo Riley Hill Testamentary Trust and perhaps my client will also hold up sending one to you, because we are so close to finalizing the trade on these leases.

Again, if it would help you in any way, I would be happy to come to Dallas and meet with your committee if you deem it necessary.

Yours very truly,

Glen E. Farmer

*C.C. Dan***Janet Farmer**

From: "Janet Farmer" <glenjan@geospectrum.com>
To: <Terry.Young@bankofamerica.com>
Sent: Tuesday, February 24, 2004 12:52 PM
Subject: Oil & Gas Leases Requests, Myrtle Davis Trust; Cleo Riley Hill Testamentary Trust

Dear Mr. Young:

Your records should indicate that we have been negotiating with you on behalf of our client, JTD Resources, LLC, for oil and gas leases from the Cleo Riley Hill Testamentary Trust covering lands in the NW/4NE/4 Sec. 3, 20S-38E, and W/2SE/4 Sec. 34, 20S-38E, Lea County, New Mexico, and from the Myrtle Davis Trust covering lands in the NW/4 Section 2, 20S-38E, Lea County, New Mexico, and that we have requested changes in your lease form per our email letters of January 23 and 27, 2004, which you are working on.

Please accept my apology in that I failed to ask for deletion of the last sentence in subparagraph (g) of paragraph 3 on page 1 of your lease form, as follows: "In the event Lessor does not approve Lessee's proposed sales contract, then Lessor's royalty shall nonetheless, be calculated by using the highest price paid or offered for Products of comparable quality in the general area where produced and when run." The first part of subparagraph (g) provides that Lessor may be furnished with a copy of the Lessee's contract for gas, and Lessor does have the option of marketing his own gas if Lessor so chooses, which should make the last sentence of subparagraph (g) moot. Furthermore, JTD Resources LLC is a four-man office operation, which does not have the personnel to keep up with any competitor's prices on a continuous basis. My client is a reputable operator which has a reputation for negotiating the best possible price for its products. Any Lessor will benefit from my client's conscientious negotiations. The sentence, as written, is not manageable for a company of this size, and the sentence is not acceptable to my client. Therefore, we ask that it be stricken.

With regard paragraph 3 (i) on Page 2, our requested revision concerning timely payment of royalties is made to allow Lessee time to correct an error or oversight regarding Lessor's payments of royalties. Automatic termination of the lease without an opportunity to correct an error or oversight is not acceptable.

We hope that you will see the Lessee's point of view and understand that the Lessee is not trying to abuse the Lessors, but that the Lessee must have a lease that is manageable.

Yours very truly,

Glen E. Farmer

2/24/2004

JTD RESOURCES, LLC
P. O. BOX 3422
MIDLAND, TEXAS 79702

OIL AND GAS INVESTMENTS

(432) 682-3712 OFFICE
(432) 682-8652 FAX

February 24, 2004

Bank of America, N.A., Trustee
of the Myrtle L. Davis Trust
901 Main Street
17th Floor
Dallas, Texas 75202-3714

Certified Mail
Return Receipt Requested
7002-3150-0005-0464-3026

Attn: Terry L. Young
Mineral Property Group

Re: Capataz Operating, Inc.'s
White Owl No.1 Well
Section 2: NW/4
T-20-S, R-38-E
Lea County, New Mexico

Gentlemen:

Reference is made to NMOCD Order No. R-11684 pooling the SE/4 NW/4 of Section 2, T-20-S, R-38-E, Lea County, New Mexico from the surface to the base of the Abo formation.

As you know, that pooling order has expired. We have re-evaluated the location for the captioned well and have again revised the location. We now propose to drill the well in the NW/4 NW/4 of said Section 2. The surface location will be 500 feet from the north line and 330 feet from the west line, and the bottom hole location is estimated to be 1,300 feet from the north line and 330 feet from the west line. Total vertical depth is projected to be 7,800 feet. We propose to dedicate the NW/4 NW/4 of Section 2 as the 40-acre spacing unit for oil.

Enclosed for your review and consideration are two (2) copies of Capataz Operating, Inc.'s current AFE for the White Owl No. 1 reflecting estimated costs of \$374,844.00 to drill and evaluate the well to casing point and \$339,189.00 to complete the well, for a total completed well cost of \$714,033.00. The Davis Trust's .078125% share of said estimated total completed well cost is \$557.84.

In the event the Davis Trust elects to participate in the well and pay its proportionate share of such estimated well costs, please return one executed copy of the AFE to us at the address on our letterhead within thirty (30) days of receipt of this letter. Upon receipt of your AFE, we will forward the Operating Agreement to you for execution. Anticipated spud date for the White Owl No.1 is June 15, 2004.

A prompt response would be appreciated.

Very truly yours,

JTD Resources, LLC

Dan M. Leonard
 Dan M. Leonard, Manager

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>1. Article Addressed to: BANK OF AMERICA, N.A., TRUSTEE OF THE MYRTLE DAVIS TRUST 901 MAIN STREET 17TH FLOOR DALLAS, TX 75202-3714 Attn: TERRY YOUNG MINERAL PROPERTY GROUP</p>		<p>A. Signature: <i>[Signature]</i> <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p>	
<p>2. Article Number: (Transfer from service label) PS Form 3811, August 2001</p>		<p>B. Received by (Printed Name): <input checked="" type="checkbox"/> Date of Delivery: 3-8-04</p>	
<p>3. Service Type: <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Registered <input type="checkbox"/> Insured Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> C.O.D.</p>		<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>	
<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>		<p>102595-02-M-1540</p>	

----- Original Message -----

From: Terry.Young@bankofamerica.com

To: glenfarm@geospectrum.com

Sent: Friday, March 12, 2004 2:29 PM

Subject: RE: Oil & Gas Lse. Requests; Myrtle Davis Trust; Cleo Riley Hill Trust

I appreciate your concern Mr. Farmer. It is our intentions to expedite approved oil and gas leases as timely as possible. Unfortunately your efforts to continue to adjust terms in the Bank of America lease form, most recently 2/24/04, causes considerable delays.

I will seek approval from our Real Property Committee, on behalf of the Myrtle L Davis Trust and Cleo Riley Hill Trust for the following final terms:

\$175 per net mineral acre as bonus consideration for the Cleo Riley Hill Trust and \$150 signing fee for the Myrtle L Davis Trust. (We have not received your check, as of today)

1/4 royalty

3-year lease term

3e will reflect \$25

Paragraph 3g will reflect 3 years

Paragraph 3i amended as follows:

(i). Within 120 days following the first sale of oil or gas produced from the leased premises, settlement shall be made by Lessee or by its agent for royalties due hereunder with respect to such oil or gas sold off the premises, and such royalties shall be paid monthly thereafter without the necessity of Lessor executing a division or transfer order. If said initial royalty payment is not so made under the terms hereof, or with respect to oil or gas produced during any month, if royalty is not paid hereunder on or before the last of the second succeeding month, Lessor shall notify Lessee in writing of such failure to pay royalties and Lessee shall have sixty (60) days from receipt of said notice to pay royalties. In the event Lessee fails to pay royalties due within said sixty(60) day period, then it is agreed that Lessor shall be entitled to have this lease declared cancelled or forfeited. The application of this paragraph shall in no way preclude Lessor from receiving any statutory interest due from Lessee on late payment of royalties. Provided there shall be no forfeiture or cancellation of this lease under the terms of the paragraph where a bona fide question of title or ownership exists.

All other lease amendment requests will not be considered by our Real Property Committee. I very much appreciate your time and consideration for the development of our client's minerals. If these terms meet with your client's needs please forward the lease bonus consideration for each trust. I look forward to our continued relationship and trust I can save you considerable time in the future.

Terry L Young
Bank of America
Trust Oil and Gas
214-209-2313
TX1-492-17-01

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-----Original Message-----

From: glen farmer [mailto:glenfarm@geospectrum.com]

Sent: Friday, March 05, 2004 5:04 PM

To: Terry.Young@bankofamerica.com

Cc: greg.holcomb@bankofamerica.com

Subject: Oil & Gas Lse. Requests; Myrtle Davis Trust; Cleo Riley Hill Trust

Terry,

I called you on 03/02/04 and left word on your voice mail but I have not heard from you. Why can't we get these leases done? It has been in the system for 9 months that I know about and for quite sometime before that by my predasessor.

Glen

Thanks,

Glen Farmer

----- Original Message -----

From: Terry.Young@bankofamerica.com

To: glenfarm@geospectrum.com

Cc: kathy@jtdresources.com

Sent: Friday, March 19, 2004 2:24 PM

Subject: RE: Oil & Gas Lse. Requests; Myrtle Davis Trust; Cleo Riley Hill Trust

Thank you Mr. Farmer.

I appreciate and understand your request to review the final form. I will ensure the leases are e-mailed to you.

Terry L Young
Bank of America
Trust Oil and Gas
214-209-2313
TX1-492-17-01

This communication is confidential and intended only for the addressee. If you are not the intended recipient, you may not copy, disclose, or distribute this message to anyone else; any such actions may be unlawful. If you have received this communication in error, please contact the sender of the message to inform him or her of the error. Regular Internet e-mail is not secure. We ask that you do not send personal or company information of a sensitive or confidential nature through unsecured e-mail.

-----Original Message-----

From: glen farmer [mailto:glenfarm@geospectrum.com]

Sent: Friday, March 19, 2004 2:13 PM

To: Terry.Young@bankofamerica.com

Cc: Kathy Long

Subject: Re: Oil & Gas Lse. Requests; Myrtle Davis Trust; Cleo Riley Hill Trust

Mr. Young:

I apologize for the delay in answering your email of March 12. My client, Mr. Dan M. Leonard of JTD Resources, LLC, has been ill and out of his office. I did, however, talk to Mr. Leonard today, and we agreed to send you his check for the subject \$175 per net mineral acre bonus for the Cleo Riley Hill Trust, and another check from him for \$150 for the signing fee for the Myrtle L. Davis Trust. However, I do not think it unreasonable to ask that you email to me, or FAX to me (at 432-687-1307), copies of the leases prepared in their final form.

We do appreciate your re-write of Paragraph 3 (i), and Mr. Leonard is pleased that you understood why this request was made.

Since the last paragraph in your email of March 12 states that all other lease amendment requests will not be considered by your Real Property Committee, we need to know what the lease will actually say. I would particularly need to see if the last sentence has been deleted in Paragraph 3 (g).

Yours very truly,

Glen Farmer

4/20/2004

Kathy Long

From: "glen farmer" <glenfarm@geospectrum.com>
To: <Terry.Young@bankofamerica.com>
Cc: "Kathy Long" <kathy@jtdresources.com>
Sent: Tuesday, April 20, 2004 4:13 PM
Subject: Re: Oil & Gas Lse. Requests; Myrtle Davis Trust; Cleo Riley Hill Trust

Dear Terry,

I am sure that you are aware that JTD Resorces has asked the New Mexico Oil And Gas Conservation Commission that the Myrtle Davis Trust's intrest be force pooled. That is what I was wanting to talk to you about when I last left you a telephone message on March 29,2004. I did not receive a return call.

The hearing is near the end of the month. Do you think that you and I could talk this over by phone come up with a trade? If so please call me at 432-687-0006.

Sincerely,

Glen Farmer

----- Original Message -----

From: Terry.Young@bankofamerica.com
To: glenfarm@geospectrum.com ; Terry.Young@bankofamerica.com
Cc: kathy@jtdresources.com
Sent: Thursday, March 25, 2004 4:12 PM
Subject: RE: Oil & Gas Lse. Requests; Myrtle Davis Trust; Cleo Riley Hill Trust

Hi Glen,
Attached are the leases you requested.
If you have any questions please give me a call.
thanks

Terry L Young
Bank of America
Trust Oil and Gas
214-209-2313
TX1-492-17-01

This communication is confidential and intended only for the addressee. If you are not the intended recipient, you may not copy, disclose, or distribute this message to anyone else; any such actions may be unlawful. If you have received this communication in error, please contact the sender of the message to inform him or her of the error. Regular Internet e-mail is not secure. We ask that you do not send personal or company information of a sensitive or confidential nature through unsecured e-mail.

-----Original Message-----

From: glen farmer [mailto:glenfarm@geospectrum.com]
Sent: Wednesday, March 24, 2004 3:06 PM
To: Terry.Young@bankofamerica.com
Cc: kathy@jtdresources.com
Subject: Re: Oil & Gas Lse. Requests; Myrtle Davis Trust; Cleo Riley Hill Trust

Mr. Young,

When do you think that you can furnish us with the leases that you are working on? My client, JTD

4/21/2004

Kathy Long

From: "Young, Terry L" <Terry.Young@bankofamerica.com>
To: "glen farmer" <glenfarm@geospectrum.com>
Cc: "Kathy Long" <kathy@jtdresources.com>
Sent: Thursday, April 22, 2004 4:13 PM
Subject: RE: Out of Office AutoReply: Oil & Gas Lse. Requests; Myrtle Davis Trust; Cleo Riley Hill Trust

Thank you for your review Glen. I know you have worked extremely hard on amending the terms of our required lease form. Our real property committee is unable and unwilling to accept the changes you propose. I realize you have worked on this for quite some time and your client is unwilling to work with us under terms other companies find favorable and acceptable in our industry.

I very much appreciate your time and tenacity up to this point of impasse we have reached. Your leases were executed in January and again in mid-March under previous terms deemed acceptable to Bank of America. We have been awaiting your payment to consummate these leases for quite some time. Bank of America respectfully declines your offer to lease the referenced mineral acreage from our clients. I wish you and Leonard Resources the best in your ventures in other areas of Lea County, NM.

Terry L Young
 Bank of America
 Trust Oil and Gas
 214-209-2313
 TX1-492-17-01

This communication is confidential and intended only for the addressee. If you are not the intended recipient, you may not copy, disclose, or distribute this message to anyone else; any such actions may be unlawful. If you have received this communication in error, please contact the sender of the message to inform him or her of the error. Regular Internet e-mail is not secure. We ask that you do not send personal or company information of a sensitive or confidential nature through unsecured e-mail.

-----Original Message-----

From: glen farmer [mailto:glenfarm@geospectrum.com]
Sent: Wednesday, April 21, 2004 4:16 PM
To: Young, Terry L
Cc: Kathy Long
Subject: Re: Out of Office AutoReply: Oil & Gas Lse. Requests; Myrtle Davis Trust; Cleo Riley Hill Trust

Dear Mr. Young:

Regarding the Myrtle L. Davis Oil Trust Oil & Gas Lease of March 25, 2004, covering NW/4 Sec. 2, T-20-S, R-38-E, Lea Co., NM, in Paragraph #3 (e), we will accept the \$25 per acre regarding shut-in wells.

4/23/2004

As to Paragraph #3 (g), we respectfully request that the last sentence be deleted, said sentence being, "In the event Lessor does not approve Lessee's proposed sales contract, then Lessor's royalty shall, nonetheless, be calculated by using the highest price paid or offered for products of comparable quality in the general area where produced and when run." That sentence is not acceptable to my client; however, my client will allow a look at his sales contract, and if the Lessor doesn't like the contract, then Lessor may exercise his right to take royalty in kind as provided in Paragraph #3 (h).

Regarding Paragraph #3 (i), we approve of your changes therein, and thank you for understanding our request.

As to Paragraph #15, we ask that the third sentence be worded as follows: "As to each producing unit so designated, this lease shall continue in force so long as oil or gas is produced in paying quantities therefrom or so long as drilling or reworking operations are prosecuted thereon as provided in paragraph 6, and shall be limited in depth from the surface down to and including 50 feet below the base of the deepest depth drilled within the wellbore situated on that producing unit; and Lessee shall execute a release of this lease as to the balance of the land covered thereby as well as formations at depths below the total depth drilled in the respective producing units."

Finally, we ask that after Paragraph #15, the following continuous development clause be added, to-wit: "Notwithstanding anything herein to the contrary, at the end of the primary term, this lease shall terminate as to all of the leased premises not then included in a proration unit allocated to a well capable of producing oil or gas in paying quantities, unless Lessee is then conducting drilling or reworking operations, or has completed or plugged and abandoned well within 90 days prior to the expiration of the primary term. In either event, this lease shall remain in force so long as Lessee is engaged in continuous drilling operations on said land, or lands pooled therewith. Such operations shall be deemed continuous if not more than 180 days elapse between the cessation of drilling one well and the commencement of actual drilling operations on the next well. Upon cessation of continuous drilling operations or expiration of the primary term, whichever is later, this lease shall terminate as to all lands and depths one hundred feet (100') below the deepest depth drilled; however, Lessee shall be entitled to retain all horizons down to and including 100' below the base of the deepest producing formation for each producing unit on this property. All other formations below said 100' shall revert to Lessor and be released at the expense of Lessee."

Obviously, addition of the immediately preceding paragraph will change both your pagination and the numbers of the succeeding paragraphs.

Thank you,

Glen E. Farmer

JTD RESOURCES, LLC
P. O. BOX 3422
MIDLAND, TEXAS 79702

OIL AND GAS INVESTMENTS

(432) 682-3712 OFFICE
(432) 682-8652 FAX

February 24, 2004

Levy Brothers, LLC
5715 N. Western
Oklahoma City, Oklahoma 73118

Certified Mail
Return Receipt Requested
7002-3150-0005-0464-2951

Attn: Joan Greer

Re: Capataz Operating, Inc.'s
White Owl No.1 Well
Section 2: NW/4
T-20-S, R-38-E
Lea County, New Mexico

Gentlemen:

Reference is made to NMOCD Order No. R-11684 pooling the SE/4 NW/4 of Section 2, T-20-S, R-38-E, Lea County, New Mexico from the surface to the base of the Abo formation.

As you know, that pooling order has expired. We have re-evaluated the location for the captioned well and have again revised the location. We now propose to drill the well in the NW/4 NW/4 of said Section 2. The surface location will be 500 feet from the north line and 330 feet from the west line, and the bottom hole location is estimated to be 1,300 feet from the north line and 330 feet from the west line. Total vertical depth is projected to be 7,800 feet. We propose to dedicate the NW/4 NW/4 of Section 2 as the 40-acre spacing unit for oil.

Enclosed for your review and consideration are two (2) copies of Capataz Operating, Inc.'s current AFE for the White Owl No. 1 reflecting estimated costs of \$374,844.00 to drill and evaluate the well to casing point and \$339,189.00 to complete the well, for a total completed well cost of \$714,033.00. Levy Brothers' .0390625 % share of said estimated total completed well cost is \$278.92.

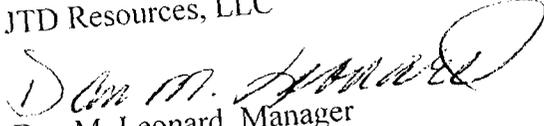
In the event Levy Brothers elects to participate in the well and pay its proportionate share of such estimated well costs, please return one executed copy of the AFE to us at the address on our letterhead within thirty (30) days of receipt of this letter. Upon receipt of your AFE, we will

forward the Operating Agreement to you for execution. Anticipated spud date for the White Owl No.1 is June 15, 2004.

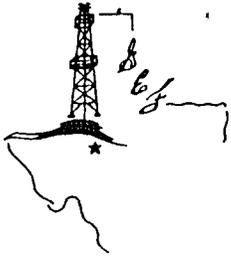
A prompt response would be appreciated.

Very truly yours,

JTD Resources, LLC


Dan M. Leonard, Manager

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none">Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.Print your name and address on the reverse so that we can return the card to you.Attach this card to the back of the mailpiece, or on the front if space permits.	A. Signature <input checked="" type="checkbox"/> <i>Kerw Mathews</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee	
1. Article Addressed to: Levy Brothers, LLC Attn: Joan Greer 5715 N. Western Oklahoma City, OK 73118	B. Received by (Printed Name)	C. Date of Delivery
2. Article Number (Transfer from service label)	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
PS Form 3811, August 2001	3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
Domestic Return Receipt	4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	



GLEN E. FARMER

415 West Wall, Suite 705
MIDLAND, TEXAS 79701-4417

(915) 687-0006

OIL & GAS LEASES
OIL & GAS PROPERTIES
OIL & GAS EXPLORATION
OIL & GAS INVESTMENTS

September 5, 2003

Ms. Joan Geer
5715 North Western
Oklahoma City, Oklahoma 73118

Re: South Nadine Area
Lea County, New Mexico
T-20-S, R-38-E, N.M.P.M.
Section 2: Lots 3, 4 & S/2NW/4 (160 acres)

Dear Ms. Geer:

Pursuant to our telephone conversation of August 12, we are enclosing duplicate originals of a newly-prepared oil and gas lease for execution by your company, covering its 0.625 net mineral acres under the captioned land.

We ask that the document be signed and notarized at the earliest convenience of the proper party, and returned to us in the enclosed business reply envelope. After receipt of the fully-executed oil and gas lease, Leonard Resource Investment Corporation will mail you its check for \$63.75, being bonus consideration based on \$100 per net mineral acre for your company's 0.625 net mineral acres (\$62.50) plus two advance rental payments (\$1.25).

Thank you for your kind help and cooperation.

Yours very truly,

Glen E. Farmer

LEONARD RESOURCE INVESTMENT CORPORATION

**P. O. BOX 3422
MIDLAND, TEXAS 79702
(915) 682-3712**

August 23, 2002

Levy Brothers, LLC
Mr. Harrison Levy
5715 N. Western, Suite C
Oklahoma City, OK 73118-1200

RE: Oil and Gas Lease
Lots 3,4 and S/2 NW/4 Section 2
T-20-S, R-38-E
Lea County, New Mexico

Dear Mr. Levy:

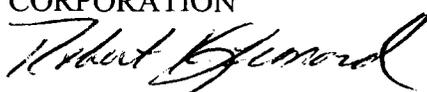
In response to my telephone conversation with Ms. Joan Geer in which she indicated that Levy Brothers would not join in the proposed well but would be receptive to a lease, I am enclosing an Oil and Gas Lease covering the undivided 1/2560ths mineral interest Levy Brothers own in the captioned being .0625 net mineral acres, more or less.

Please execute the original lease in the presence of a notary public and return to our office at your earliest convenience. We have also enclosed our check made payable to Levy Brothers in the amount of \$9.38, which represents the \$150.00 per acre bonus consideration for the 1/4th royalty, two (2) year paid-up lease covering the .0625 net acre mineral interest. The copy of the lease is for your files.

Thank you for your cooperation and please do not hesitate to call our office if you have any questions.

Very truly yours,

LEONARD RESOURCE INVESTMENT
CORPORATION



Robert K. Leonard

RKL/kal
Enclosures

LEONARD RESOURCE INVESTMENT CORPORATION
P. O. BOX 3422
MIDLAND, TEXAS 79702

OIL AND GAS INVESTMENTS

(915) 682-3712 OFFICE
(915) 682-8652 FAX

May 16, 2002

Certified Mail # 7001 1140 0002 8320 4890

Levy Brothers, LLC
5715 N. Western
Oklahoma City, Oklahoma 73118

Re: Capataz Operating, Inc.'s
White Owl No. 1 Well
T-20-S, R-38-E
Section 2: NW/4
Lea County, New Mexico

Gentlemen:

Reference is made to NMOCD Order No. R-11684 pooling the SE/4 NW/4 of Section 2, T-20-S, R-38-E, Lea County, New Mexico from the surface to the base of the Abo formation.

Due to additional geologic information and the unanticipated completion of an offset well as a gas well, Leonard Resource has re-evaluated the location for the captioned well, taking into consideration the oil bearing zones in the Abo, Drinkard and Tubb formations that would be spaced on 40 acres and a gas bearing zone in the Blinebry that would be spaced on 160 acres. We have decided to move the well to a location in the NE/4 NW/4 of said Section 2, 990 feet from the north line and 1980 feet from the west line, and dedicate said NE/4 NW/4 for oil and the entire NW/4 of Section 2 for gas. The prior pooling order has expired because we have made the decision to move the location.

Enclosed for your review and consideration are two (2) copies of Capataz Operating, Inc.'s current AFE for the White Owl No. 1 reflecting revised estimated costs to drill and complete the 7,800 foot Abo test: \$301,648.00 to drill and evaluate the well to casing point and \$360,750.00 to complete the well, for a total completed well cost of \$662,398.00. Levy Brothers, LLC's 0.0390625% share of said revised, estimated total completed well cost is \$258.75.

In the event you elect to participate in the well and pay your proportionate share of such estimated well costs, please return one executed copy of the AFE and your check made payable to Capataz Operating, Inc. in the amount of \$117.83, representing your 0.0390625% share of the estimated cost to casing point, to us at the address on our letterhead within thirty (30) days of receipt of this letter.

If you elect not to participate and prefer to lease, Leonard Resource would be receptive to a lease covering your undivided 0.0390625% mineral interest in Lots 3, 4 and the S/2 NW/4 of Section 2.

A prompt response would be appreciated.

Very truly yours,

LEONARD RESOURCE INVESTMENT CORPORATION

Dan M. Leonard
Dan M. Leonard, President

SENDER: COMPLETE THIS SECTION		DELIVERY	
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 		<p>1. Article Addressed to:</p> <p>Levy Brothers, LLC 5715 N. Western Oklahoma City, OK 73118</p>	
		<p>2. Article Number (Transfer from service) 7001 1140 0002 8320 4890</p>	
		<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>	
		<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	
		<p>B. Received By (Printed Name) C. Date of Delivery</p> <p><i>A. Singleton</i> <i>5/22/02</i></p>	
		<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes</p> <p>If YES, enter delivery address below: <input checked="" type="checkbox"/> No</p>	



JTD RESOURCES, LLC
P. O. BOX 3422
MIDLAND, TEXAS 79702

OIL AND GAS INVESTMENTS

(432) 682-3712 OFFICE
(432) 682-8652 FAX

February 24, 2004

The M&M Families Trust
1308 SW 114th Street
Oklahoma City, Oklahoma 73170

Certified Mail
Return Receipt Requested
7002-3150-0005-0464-2944

Attn: James L. Marr, Trustee

Re: Capataz Operating, Inc.'s
White Owl No.1 Well
Section 2: NW/4
T-20-S, R-38-E
Lea County, New Mexico

Dear Mr. Marr:

Reference is made to NMOCD Order No. R-11684 pooling the SE/4 NW/4 of Section 2, T-20-S, R-38-E, Lea County, New Mexico from the surface to the base of the Abo formation.

As you know, that pooling order has expired. We have re-evaluated the location for the captioned well and have again revised the location. We now propose to drill the well in the NW/4 NW/4 of said Section 2. The surface location will be 500 feet from the north line and 330 feet from the west line, and the bottom hole location is estimated to be 1,300 feet from the north line and 330 feet from the west line. Total vertical depth is projected to be 7,800 feet. We propose to dedicate the NW/4 NW/4 of Section 2 as the 40-acre spacing unit for oil.

Enclosed for your review and consideration are two (2) copies of Capataz Operating, Inc.'s current AFE for the White Owl No. 1 reflecting estimated costs of \$374,844.00 to drill and evaluate the well to casing point and \$339,189.00 to complete the well, for a total completed well cost of \$714,033.00. The M&M Families Trust's .015625% share of said estimated total completed well cost is \$111.53.

In the event The M&M Families Trust elects to participate in the well and pay its proportionate share of such estimated well costs, please return one executed copy of the AFE to us at the address on our letterhead within thirty (30) days of receipt of this letter. Upon receipt of

your AFE, we will forward the Operating Agreement to you for execution. Anticipated spud date for the White Owl No.1 is June 15, 2004.

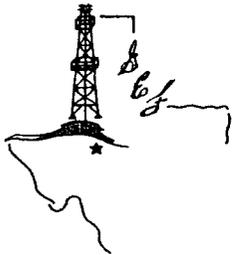
A prompt response would be appreciated.

Very truly yours,

JTD Resources, LLC


Dan M. Leonard, Manager

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none">Complete Items 1, 2, and 3. Also complete Item 4 if Restricted Delivery is desired.Print your name and address on the reverse so that we can return the card to you.Attach this card to the back of the mailpiece, or on the front if space permits.	A. Signature <input checked="" type="checkbox"/>  <input type="checkbox"/> Agent <input type="checkbox"/> Addressee	
1. Article Addressed to: The M&M Families Trust Attn: James L. Marr, Ttee 1308 SW 114th Street Oklahoma City, OK 73170	B. Received by (Printed Name)	C. Date of Delivery 2-26-04
2. Article Number (Transfer from service label)	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
PS Form 3811 August 2001	3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D. 4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	



GLEN E. FARMER

415 West Wall, Suite 705
MIDLAND, TEXAS 79701-4417

⁴³²
~~(940)~~ 687-0006

OIL & GAS LEASES
OIL & GAS PROPERTIES
OIL & GAS EXPLORATION
OIL & GAS INVESTMENTS

FAX LETTER

FAX #: 432-687-1307

RE: South Nadine
Lea County, New Mexico
T-20-S, R-38-E, N.M.P.M.
Sec. 2: Lots 3, 4, and S/2NW/4 (160 acres)
M&M Family Trust

TO: Mr. James L. Marr, Trustee Telephone: 405-942-1944

FROM: Glen E. Farmer

DATE: February 2, 2004

Number of pages to be transmitted: 4, including this one.

Please deliver to: Mr. James L. Marr at FAX #: 405-946-1944

Dear Mr. Marr:

Reference is made to your FAX of January 1, 2004, requesting that certain paragraphs of our leaseform be changed.

There follows a copy of our lease altering some of our standard paragraphs as you have requested, but we cannot approve some of the minor requests that you have made. We suggest that you accept this revised document, and if so, let me know as soon as possible, and we will send you the original documents for your execution and return to us. We will then pay your \$25 signing fee so that you will not have to bother with a draft, and pay bank fees for handling same. After all, if we did not pay for your lease, said lease would not be effective.

Yours very truly,


Glen E. Farmer

glen farmer

From: <Marrj@aol.com>
To: <glenfarm@geospectrum.com>
Sent: Thursday, January 01, 2004 6:15 PM
Attach: Attachment.doc
Subject: Lea County, NM Lease

M & M FAMILIES TRUST
1308 S. W. 114th
OKLAHOMA CITY, OK 73170

December 28, 2003

Glen Farmer
415 W. Wall, Suite 705
Midland, TX 79701-4417

RE: Lots 3, 4 & S/2, NW/4, Section 2, T-20-S, R-38-E, Lea County, NM

Dear Mr. Farmer:

I have reviewed your offer to lease the above listed properties from the M & M Families Trust. There are several items in the lease that will limit our ability to complete the proposed lease.

The attached page contains the items that need to be changed before the Trust can agree to the lease. Proposed changes are also included. Words suggested for elimination are crossed out. Words to be added are double underlined.

The Collection Draft is worth less to me than its value. If I present it to the bank, they will charge \$10 to collect the \$25. If an agreeable lease can be developed, a check payable to the M & M Families Trust for the \$25 lease bonus will be needed.

Please review these items. If they are acceptable we can complete the amended lease. Please call 405-942-1944 during normal work hours with any questions.

Sincerely,

James L. Marr, Trustee

Suggested Changes For Lea County, NM Lease

Paragraph 3

"Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such ~~contract or~~ regulatory orders.

Paragraph 3

~~In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of the functions performed.~~

Paragraph 5

Drilling operations on or production from any part of any such unit shall be considered for all purposes, ~~except the payment of royalty,~~ as operations conducted upon or production from the land described in this lease.

Paragraph 5

There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, ~~after deducting any used in lease or unit operations,~~ which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit.

Paragraph 7

Lessee shall have the free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed ~~after deducting from~~ any so used.

Paragraph 9

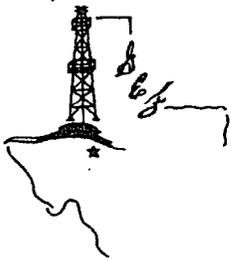
Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil and gas hereunder ~~by reason of scarcity or inability to obtain or use equipment or materials, or by~~ operation of force majeure, or by any Federal or state law or order, rule, regulation or governmental authority, then while so prevented, Lessee's duty shall be suspended and Lessee shall not be liable for failure to comply therewith;...

Paragraph 10

Lessor ~~hereby warrants and agrees to defend~~ does not warrant the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same.

Paragraph 11

Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors and assigns by delivering or mailing a release thereof to the Lessor, ~~or~~ and by placing a release thereof of record in the county in which said land is situated;...



GLEN E. FARMER

415 West Wall, Suite 705
MIDLAND, TEXAS 79701-4417

(915) 687-0006

OIL & GAS LEASES
OIL & GAS PROPERTIES
OIL & GAS EXPLORATION
OIL & GAS INVESTMENTS

September 17, 2003

Mr. James L. Marr, Trustee of the
M & M Family Trust
1308 Southwest 114th Street
Oklahoma City, Oklahoma 73170

Re: South Nadine Area
Lea County, New Mexico
T-20-S, R-38-E N.M.P.M.
Sec. 2: Lots 3, 4 & S/2NW/4 (160 acres)

Dear Mr. Marr:

Pursuant to our recent telephone conversation regarding an oil and gas lease from The M & M Family Trust covering the captioned land, we are enclosing the following document for your execution and handling:

1. Duplicate originals of a one-fourth (1/4) royalty, three-year term, paid-up oil and gas lease,
2. Draft for \$25.00, being signing bonus for the Trust's 0.024992 net mineral acre under the captioned land.

We ask that you please execute one of the duplicate original oil and gas leases in the presence of a notary public at your earliest convenience. When signing, please furnish us with the Trust's Tax Identification number in the space provided. Then, simply endorse your draft, attach it to the executed, notarized lease, and place both with the collection department of your bank. The extra copy of the lease is for your records.

Inasmuch as some banks charge as much as \$25 for handling collection items, some of our lessors prefer simply to return the draft and the original signed, notarized lease to us, and then be paid by check within in the same time frame as specified in the draft. Either method that you choose will be satisfactory.

Yours very truly,

Glen E. Farmer

W. B. Robbins III
P. O. Box 10428
Midland, Texas 79702
Office: (432) 683-5055
E-Mail: WBRIICPL@aol.com

March 30, 2004

Bernice S. Wade
P.O. Box 226
Cloudcroft, NM 88317

Re: T-20-S, R-38-E, NMPM
Section 2: Lots 3, 4 & S/2 NW/4
Lea County, New Mexico
(159.62 acres)

Dear Ms. Wade:

The records of Lea County, New Mexico indicate that you may own a mineral interest in the captioned land. We would like to discuss terms and conditions to acquire an Oil & Gas Lease covering this interest. Once we have determined clear title, we would like to offer the following:

Bonus:	\$100.00 per net mineral acre
Royalty:	3/16 royalty
Term:	3 years

Once you've had the opportunity to review the above terms, please contact me at the numbers listed above for further discussion.

Very truly yours,



W. B. Robbins III

WBR:rcr
Attachment

W. B. Robbins III
P. O. Box 10428
Midland, Texas 79702
Office: (432) 683-5055
E-Mail: WBRHICPL@aol.com

March 30, 2004

Gertrude L. Soper
C/O: Barbara Watts
413 Indiana, Apt. 2
Coeur D'Alene, ID 83814

Re: T-20-S, R-38-E, NMPM
Section 2: Lots 3, 4 & S/2 NW/4
Lea County, New Mexico
(159.62 acres)

Dear Ms. Soper:

The records of Lea County, New Mexico indicate that you may own a mineral interest in the captioned land. We would like to discuss terms and conditions to acquire an Oil & Gas Lease covering this interest. Once we have determined clear title, we would like to offer the following:

Bonus:	\$100.00 per net mineral acre
Royalty:	3/16 royalty
Term:	3 years

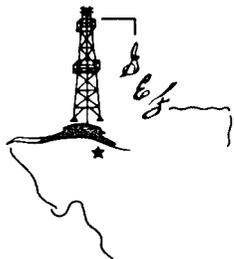
Once you've had the opportunity to review the above terms, please contact me at the numbers listed above for further discussion.

Very truly yours,



W. B. Robbins III

WBR:rcr
Attachment



GLEN E. FARMER

415 West Wall, Suite 705
MIDLAND, TEXAS 79701-4417

⁴³²
(~~815~~) 687-0006

February 26, 2004

OIL & GAS LEASES
OIL & GAS PROPERTIES
OIL & GAS EXPLORATION
OIL & GAS INVESTMENTS

Mr. Carl J. Meier II
308 Silver Belle Parkway
Lafayette, LA 70508

Mr. Paul Meier
PO BOX 54
Basile, LA 70508

Ms. Mary Ann Meier de la Houssaye
206 Crescent Bay Drive
League City, TX 77573

Mr. Mark Meier
PO BOX 1517
Breux Bridge, LA 70517

Ms. Karen Louise Meier Ramirez
36 Hwy 190 Bypass
Covington, LA 70433

Re: South Nadine Area
Lea County, New Mexico
T-20-S, R-38-E, N.M.P.M.
Sec. 2: Lots 3, 4, and S/2NW/4 (160 acres)

Ladies and Gentlemen:

We are an independent land service acquiring oil and gas leases for our client, JTD Resources, LLC, of Midland, Texas, covering the captioned lands.

Our records indicate that you each own an undivided one-fifth of one two hundred fifty-sixth ($1/5$ of $1/256$) mineral interest in said land, being 0.125 net mineral acre. We make you the offer of paying you \$25 bonus signing fee for a three-year term oil and gas lease, which provides for a $3/16$ royalty. This equals a rate of \$200 per net mineral acre, the same as paid to Mr. William J. Meier.

Enclosed are duplicate originals of an oil and gas lease covering the subject lands, which have been prepared for your signature. If you will please sign one of these original leases at your earliest convenience, in the presence of a notary public, and return the signed, notarized lease to us, JTD Resources, LLC will send you its check for \$25 within 15 days of its receipt of your signed lease. You may keep the second original lease for your records.

JTD Resources, LLC, has plans for developing these lands by drilling for oil and gas. The State of New Mexico has a "forced pooling" law that provides that if the Lessor and Lessee cannot come to terms on leasing, then the affected interest will be force pooled into the drilling unit with the mineral owner being paid at $1/8$ royalty, with no bonus. We realize that your interest is quite small, and that you may not care to lease for this small amount of money. However, you will still be eligible for forced pooling, but at a lesser royalty, and no bonus money at all.

If you should have any questions, please feel free to contact us.

Yours very truly,

Glen E. Farmer