Roswell, NM 88201

July 13, 2006

Telephone (505) 625-8807 Fax (505) 625-8827

Mary Debra Brady 1804 Lake Crest Lane Plano, TX 75023-7442

> Re: Offer to Lease <u>Township 20 South, Range 36 East, NMPM</u> Section 17: NE/4 Lea County, NM

Dear Ms Brady:

The records in Lea County, New Mexico, indicate the ownership of 3.3333 net mineral acres in the above listed area by the Braille Institute of America. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant anioil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

	U.S. Postal Service MAIL MRECEIPT	Sincerely,
76 4 3 96	(Domestic Mail Only; No Insurance Covers rovided) For delivery intermation visit our website at www.usps.coms	Barbara Spalding nd gas lease
35	Postage \$ \$0.63 0602	the drilling of the Morrow well - please return signed AFE.
006	Certified Fee \$2,40 13	
1	Return Receipt Fee (Endorsement Required) \$1.85	
390	Restricted Delivery Fee (Endorsement Required) \$0.00	
5	Total Postage & Fees \$ \$4.88 07/14/2006	
	Sont Tallan De Dra Program	
~	Street, Apt. No.; or PO Box No.	; ;
,	City, State, 219+4 75023	
	PS Form 3800, June 2002 See Reverse for Instructions	

Oil Conservation Division Case No. 137 80
Exhibit No. 3



400 Penn Plaza, Suite 1120 Roswell, NM 88201

July 18, 2006

Telephone (505) 625-8807 Fax (505) 625-8827

Robert E. Carswell, III 12401 Split Rail Cove Austin, TX 78750

> Re: Offer to Lease Township 20 South, Range 36 East, NMPM Section 17: NE/4 Lea County, NM

Dear Mr. Carswell:

The records in Lea County, New Mexico, indicate the ownership of 0.1875 net mineral acres in the above listed area by the Braille Institute of America. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

	•	Sincerely,
(Domestic Mail O	SERVICE IN MAIL THE RECEIPS Provided) Inton visit our website et www.usps.coms	Barbara Spalding
HAUETAN FFX 78		
m Postage	* ** 70 0455	the drilling of the Morrow well – please return signed AFE
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Restricted Delivery Fee (Endorsement Required)	\$0.00 To M	·
Total Postage & Fees	\$ \$4.64 07/20/20/20	
Sent To Coder- Street, Apt. No.; or PO Box No. Z City, State, ZIP+4 A PS Form 3800, June 200	T E. Casull III 401 Sight Nail Cou sho, TX TXTO See Reverse for Instructions	



05well, 14M 002U1

Telephone (505) 625-8807 Fax (505) 625-8827

Coll Mineral Interest Holders-C/O Charles H. Coll 701 W. Country Club Road Roswell, NM 88201

Re: Offer to Lease

Township 20 South, Range 36 East, NMPM
Section 17: NE/4
Lea County, NM

Dear Mr. Coll:

The records in Lea County, New Mexico, indicate the ownership of **1.2500** net mineral acres by Charles H. Coll, 1.2500 net mineral acres by Jon F. Coll, 0.5625 net mineral acres by Eric J. and Shelly Coll, 0.5625 net mineral acres by Clarke and Amy Coll, 0.7500 net mineral acres by Max W. Coll, II, 0.0892 net mineral acres by Jon F. II and Michelle Coll, 0.0179 net mineral acres by Max W. Coll II, and 0.0179 net mineral acres by Melanie Coll DeTempe in the above listed area. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

July 14, 2006

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

U.S. Postal Service™	cerely,
For delivery information visit our website at www.usps.com. las lease	bara Spalding
_n	ell – please return signed AFE.
Telephone#	
D 4 4 5 12.40	
(Cidorealian May 1)	
Restricted Delivery Fee (Endorsement Required) \$0.00	
Total Poslage & Fees \$6.08 \$62085 107/20/2008	
Spirity WINENER ANTENEST HOLDERS STIFFER NO.: OF PO BON NO. CITY/Spiro, 219-4 LOUNTRY CLUB Rd.	
PS Form 3890, June 2002 See Reverse for Instructions	



400 Penn Plaza, Suite 1120 Roswell, NM 88201

Telephone (505) 625-8807 Fax (505) 625-8827

July 13, 2006

Barbara Jane Dewey 11006 Oregon Curve Bloomington, MN 55438

> Re: Offer to Lease Township 20 South, Range 36 East, NMPM Section 17: NE/4 Lea County, NM

Dear Mrs. Dewey:

The records in Lea County, New Mexico, indicate the ownership of 2.2222 net mineral acres in the above listed area by the Braille Institute of America. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

189		Service114 D-MAIL114 RECEIL nly; No Insurance Coverage Provided)	Sincerely,	
4 929	For delivery informs	MSGBIAL USE	Barbara Spalding nd gas lease	
щ	Postage	\$ \$0.63.11 0602	45 - 4-90 741 - 84 - 19 - 1 - 1 - 1 - 1 - 1	
9000	Certified Fee Return Receipt Fee (Endorsement Required)	(\$2.40) 13 Postmark \$1.85 We here	the drilling of the Morrow well – please return signed AFE.	
0340	Restricted Delivery Fee (Endorsement Required) Total Postage & Fees	\$0.00		
7005	Sent To Sireel, Apt No.; or PO Box No. City, State, ZIP+4 PS Form 3800, June 200	ara Sene Davey		

Roswell, NM 88201

July 13, 2006

Telephone (505) 625-8807 Fax (505) 625-8827

Jacqueline Elliott C/O Andrew C. Elliot Mr. #18 Sundown Parkway Austin, TX 78746

Re: Offer to Lease

<u>Township 20 South, Range 36 East, NMPM</u>
Section 17: NE/4
Lea County, NM

Dear Ms Elliot:

The records in Lea County, New Mexico, indicate the ownership of **0.1875** net mineral acres in the above listed area by the Braille Institute of America. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

1.58	U.S. Postal S RTIFIED (Domestic Mail O	Sincerely, IAIL _{IM} RECEIPT No insurance Coverage Provided)	
676 y	For delivery informa	visit our website at www.usps.com. Barbara Spalding CIALUSE Ind gas lease	
Ш	Postage	\$0.63 0602 the drilling of the Morrow well – please return signed A	FE.
10	Certified Fee	\$2.40\c) 13 Postmark	
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390	Restricted Delivery Fee (Endorsement Required)	10.00	
	Total Postage & Fees	\$4.88 07/14/2006	
7005	Sireel, Apt. No.; or PO Box No.	Sidpun Pobly	
	PS Form 3800, June 20	See Reverse for Instructions	



> Telephone (505) 625-8807 Fax (505) 625-8827

July 13, 2006

Mary Louise Galbreath C/O Jacqueline Fay Daugherty P.O. Box 583
Jenks, OK 74037

Re: Offer to Lease

<u>Township 20 South, Range 36 East, NMPM</u>
Section 17: NE/4
Lea County, NM

Dear Ms Galbreath:

The records in Lea County, New Mexico, indicate the ownership of **1.6667** net mineral acres in the above listed area by the Braille Institute of America. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

		Sincerely,
18.0	U.S. Postal Service: ERTIFIED MAIL::: RECEIPT (Comestic Mail Only: No Insurance Coverage Provided)	
П-		Barbara Spalding
ш.	For delivery information visit our website at www.usps.com	nd gas lease
h7h	JEREF TEST CIAL USE	
, M	Postage \$ \$0.63 \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	the drilling of the Morrow well – please return signed AFE.
00	Certified Fee \$2,40	
: 🗀	Return Receipt Fee (Endorsement Required) \$1.85	
390	Restricted Delivery Fee (Endorsement Required) \$0.00	
	Total Postage & Fees \$ \$4.88 07/14/2006	
7005	Street, ADI. NO.;	i
	or PO Box No. DO BOX 684	
	city, State, ZIP44 Junks, Okc 74037	
	PS Form 3800, June 2002 See Reverse for Instructions	

Telephone (505) 625-8807 Fax (505) 625-8827

July 13, 2006

Rachel Joan Garrett C/O. Jacqueline Fay Daugherty P.O. Box 583 Jenks, OK 74037

> Re: Offer to Lease Township 20 South, Range 36 East, NMPM Section 17: NE/4 Lea County, NM

Dear Ms Garrett:

The records in Lea County, New Mexico, indicate the ownership of 1.6667 net mineral acres in the above listed area by the Braille Institute of America. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

Sincerely, S. Postal Service RTIFIED MAIL RECE Barbara Spalding nd gas lease JENKS OK 74037 35 the drilling of the Morrow well - please return signed AFE. 9000 Certified Fee Return Receipt Fee (Endorsement Regulred) 0390 07/14/2006 \$4.88

> Telephone (505) 625-8807 Fax (505) 625-8827

July 13, 2006

Geodyne Nominee Corp. Samson Plaza Two West Second Street Tulsa, OK 74103

Re: Offer to Lease

<u>Township 20 South, Range 36 East, NMPM</u>
Section 17: NE/4
Lea County, NM

To Whom it May Concern:

The records in Lea County, New Mexico, indicate the ownership of **5.3838** net mineral acres in the above listed area by the Braille Institute of America. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

RTIFIED MAIL: RECE. (Domestic Mail Only; No Insurance Coverage Provided) For delivery information vielt our website at www.usps.come.	Barbara Spalding · · · · · · · · · · · · · · · · · · ·
TO TO SE TOUCH CIAL USE	the drilling of the Morrow well – please return signed AFE
Postage \$ \$0.63 0602 Certified Fee	
or PO Box No. City, State, 2iP-4 PS Form 3800, June 2002 See Reverse for Instructions	

July 14, 2006

Telephone (505) 625-8807 Fax (505) 625-8827

Hamon Operating Company 5950 Cedar Spring Dallas, Texas 75235-6805

Re: Offer to Lease

Township 20 South, Range 36 East, NMPM Section 17: NE/4 Lea County, NM

Dear Mr. Coll:

The records in Lea County, New Mexico, indicate the ownership of 10.5000 net mineral acres in the above listed area by the Braille Institute of America. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

U.S. Posta	I Service TM ED MAIL TM RECEIPT I Only; No Insurance Coverage Provided)	Barbara Spalding gas lease	
G (Comestic Ma	rmation visit our website at www.usps.com	3 drilling of the Morrow well – please return signed AFE.	
C DAGAS TO		Telephone#	
n Pos	1. /00/25		
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Total Postage &	\$ \$4.88 07/14/2006		
Street, Apt. No.; or PO Box No. City, State, ZiP-4	Devative Co. See Reverse for Instruction		



> Telephone (505) 625-8807 Fax (505) 625-8827

July 13, 2006

Arvis K. Miller Trust Bank One Oklahoma City P.O. Box 25848 Oklahoma City, OK 73125

Re: Offer to Lease

Township 20 South, Range 36 East, NMPM
Section 17: NE/4
Lea County, NM

To Whom It May Concern:

The records in Lea County, New Mexico, indicate the ownership of **10.0000** net mineral acres in the above listed area by the Braille Institute of America. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

RTIFIED (Domestic Mail G	MAIL RECE nly; No Insurance Cove	rage Provided)	Barbara Spalding
		USE	the drilling of the Morrow well – please return signed AFE.
Postage	\$ \$0.63	2602	r.
Certified Fee	\$2.40 NA	13000	
Return Receipt Fee (Endorsement Required)	\$1.85	Here	<u>. </u>
Restricted Delivery Fee (Endorsement Required)	\$0.00	16	
Total Postage & Fees	\$ \$4.88 07	/14/2006	
Street, Apt. No., or PO Box No. City, State, 2IP+4	F. Mille Bx 258 Carana C	v thst 48 h, 12 Bl	
	POSTAGE & FOOS Sent To Siree, Apt No. CIV, State, Zip + 1	Comestic Mail Gally; No Insurance Cove For delivery information visit our website at with the control of the co	Postage \$ \$0.63 0602 Certified Fee \$2.40 No. Postmark Here (Endorsomal Required) Total Postage & Fees \$ \$4.88 07/14/2006



Telephone (505) 625-8807 Fax (505) 625-8827

July 18, 2006

Claude Morrison 101 Blue Sky Court Georgetown, TX 78682

Re: Offer to Lease

<u>Township 20 South, Range 36 East, NMPM</u>
Section 17: NE/4
Lea County, NM

Dear Mr. Morrison:

The records in Lea County, New Mexico, indicate the ownership of **0.1875** net mineral acres in the above listed area by the Braille Institute of America. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

Sincerely. U.S. Postal Service CERTIFIED MAIL MRECE (Domestic Mail Only; No Insurance Cov. Barbara Spalding and gas lease USE ROUND FOCK FFX 1860 | A n the drilling of the Morrow well - please return signed AFE. 6682157 \$0.63 Postage 9000 Cortified Fee \$2.40 U \$1.85 0330 \$0.00 \$4.88 07/20/2006 or PO Box No.

400 Penn Plaza, Suite 1120 Roswell, NM 88201

> Telephone (505) 625-8807 Fax (505) 625-8827

July 13, 2006

L. Brady Myers 2647 Somerset Drive Prairie Village, KS 66208

Re: Offer to Lease

Township 20 South, Range 36 East, NMPM

Section 17: NE/4 Lea County, NM

Dear Mr. Myers:

The records in Lea County, New Mexico, indicate the ownership of **4.4444** net mineral acres in the above listed area by the Braille Institute of America. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

U.S. Postal Service MAILTON RECEIPT (Loomestic Mail Only; No Insurance Coverage ided) For delivery Information visit our website at www.usps.coms PRAKRIE VIITAGE K9 68208	Barbara Spalding nd gas lease the drilling of the Morrow well – please return signed AFE
Sireet, Apt. No.; or PO Box No. City, State, 219- PS Form 3800, June 2002 See Peve se for instructions	



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Telephone (505) 625-8807 Fax (505) 625-8827

Petro Tiger I, LTD P.O. Box 3166 Tulsa, OK 74101-3166

Re: Offer to Lease

Township 20 South, Range 36 East, NMPM
Section 17: NE/4
Lea County, NM

To Whom It May Concern:

The records in Lea County, New Mexico, indicate the ownership of **4.6162** net mineral acres in the above listed area by the Braille Institute of America. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

July 13, 2006

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

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75, 47,27	(Domestic Mail Unly; No Insurance Coverage Provided) For delivery information visit our website at www.usps.com	Barbara Spalding Ind gas lease the drifling of the Morrow well – please return signed AFE.
מספט מפטר אך	Postage \$ \$0.63 0602 Certified Fee Fee	
	Sent To PCVO Siriesi, Api. No.; or PO Box No. City, State, ZiP+4: PS Form 3800, June 2002! See Reverse for Instructions	



Roswell, NM 88201

July 13, 2006

Telephone (505) 625-8807 Fax (505) 625-8827

Sally Rogers 152 Arroyo Hondo Rd. Santa, Fe NM 87505

> Re: Offer to Lease Township 20 South, Range 36 East, NMPM Section 17: NE/4 Lea County, NM

Dear Ms Rogers:

The records in Lea County, New Mexico, indicate the ownership of 0.5000 net mineral acres in the above listed area by the Braille Institute of America. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

						Sincerely,
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ر ا			USE		the drilling of the	Morrow well – please return signed AFE.
35	Postage	\$ \$0.63	0602			
900	Certified Fee	\$2,40 88	O713.	-		
	Return Receipt Fee (Endorsement Required)	/¥1.85	Postmark Here			
n D	Restricted Delivery Fee (Endorsement Required)	\$0.00				
	Total Postage & Fees	\$ \$4.88	07/14/2006			
7005	Street, Apl. No.;	y Jodge	Landa l	7		

Roswell, NM 88201

Telephone (505) 625-8807 Fax (505) 625-8827

July 13, 2006

Round Hill Royalty, LP P.O. Box 25128 Dallas, TX 75225

Re: Offer to Lease

Township 20 South, Range 36 East, NMPM
Section 17: NE/4
Lea County, NM

To Whom It May Concern:

The records in Lea County, New Mexico, indicate the ownership of 3.3333 net mineral acres in the above listed area by the Braille Institute of America. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

RTIFIED MAIL IN RECEIP (Domestic Mail Only; No Insurance Coverage Provided) For delivery Information visit our website at www.usps.coms Includes TX 15225 C A	Barbara Spalding nd gas lease the drilling of the Morrow well – please return signed AFE.
E KONN TON KAN HU	

July 13, 2006

Telephone (505) 625-8807 Fax (505) 625-8827

Barbara Sue Schmidt -C/O Jacqueline Fay Daugherty P.O. Box 583 Jenks, OK 74037

Roswell, NM 88201

Re: Offer to Lease

Township 20 South, Range 36 East, NMPM
Section 17: NE/4
Lea County, NM

Dear Ms Schmidt:

The records in Lea County, New Mexico, indicate the ownership of **1.6667** net mineral acres in the above listed area by the Braille Institute of America. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

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Roswell, NM 88201

July 13, 2006

Telephone (505) 625-8807 Fax (505) 625-8827

Alton C. White, Jr. 3112 Above Stratford Place Austin, TX 78746

Re: Offer to Lease

<u>Township 20 South, Range 36 East, NMPM</u>
Section 17: NE/4
Lea County, NM

Dear Mr. White:

The records in Lea County, New Mexico, indicate the ownership of **10.0000** net mineral acres in the above listed area by the Braille Institute of America. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

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For delivery information visit our website at www.usps.coms. AUDINITY 1874 C A L USE	the drilling of the Morrow well – please return signed AFE.
Postage \$ \$0.63 060 PV 85 Gertified Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required) Total Postage & Fees \$ \$4.88 07/14/2006	
or PO Box No. City, State, ZIP-4 PS Form 3800, June 2002 See Reverse for Instructions	



> Telephone (505) 625-8807 Fax (505) 625-8827

July 14, 2006

Taylor and Associates Real Estate 3418 W. Sunset Ave. Springdale, AR 72762

Attn: Karen Jech

Re: Offer to Lease

Township 20 South, Range 36 East, NMPM
Section 17: NE/4
Lea County, NM

Dear Ms. Jech:

We have been unable to locate an address for Mrs. Brady and would appreciate your passing this letter on to her.

Thank you for your help.

Sausau Spaceding

Barbara Spalding

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	PS Form 3800 June 2002									



> Telephone (505) 625-8807 Fax (505) 625-8827

July 14, 2006

Dorothy Groves Brady C/o Karen Jech 3418 W. Sunset Ave Springdale, AR 72762

Re: Offer to Lease

<u>Township 20 South, Range 36 East, NMPM</u>
Section 17: NE/4
Lea County, NM

Dear Ms. Brady:

The records in Lea County, New Mexico, indicate the ownership of 3.3334 net mineral acres in the above listed area. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

Sincerely,

I prefer to grant an oil and gas lease

I prefer to participate in the drilling of the Morrow well – please return signed AFE.

Signature:

Telephone#

Printed Name:



> Telephone (505) 625-8807 Fax (505) 625-8827

July 14, 2006

Jacqueline Fay Daugherty P.O. Box 583 Jenks, OK 74037

Re: Offer to Lease

Township 20 South, Range 36 East, NMPM
Section 17: NE/4
Lea County, NM

Dear Ms. Daugherty:

The records in Lea County, New Mexico, indicate the ownership of 1.6667 net mineral acres in the above listed area. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

Sincerely,

Baran Spaeding

Barbara Spalding

I prefer to grant an oil and gas lease U.S. Postal Service CERTIFIED MAIL RECEIPT estic Mail Only; No Insurance Coverage Provided) JENN OF 7 FT \$0,39 0602 חחחח \$2,40 Return Receipt Fee (Endorsement Required) Ξ Restricted Delivery Fee (Endorsement Required) Total Postage & Fees 08/24/2006 Daughorty Jac quelo et, Apt. No.; P.O. OK 740

Irilling of the Morrow well - please return signed AFE.

___Telephone#

Roswell, NM 88201

Telephone (505) 625-8807 Fax (505) 625-8827

July 25, 2006

Mary Debra Brady 1804 Lake Crest Lane Plano, TX 75023-7442

Re: Offer to Lease

Township 20 South, Range 36 East, NMPM
Section 17: NE/4
Lea County, NM

Dear Ms Brady:

In reference to our certified letter previously mailed to you and dated 7/13/06, we have discovered an error in the first sentence there in where we erroneously state the owner of 3.3333 net mineral acres to be the "Braille Institute of America." We apologize for this error and re submit our previous offer herewith.

The records in Lea County, New Mexico, indicate the ownership of 3.3333 net mineral acres in the above listed area by Mary Debra Brady. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

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400 Penn Plaza, Suite 1120 Roswell, NM 88201

> Telephone (505) 625-8807 Fax (505) 625-8827

July 25, 2006

Robert E. Carswell, III 12401 Split Rail Cove Austin, TX 78750

> Re: Offer to Lease Township 20 South, Range 36 East, NMPM Section 17: NE/4 Lea County, NM

Dear Mr. Carswell:

In reference to our certified letter previously mailed to you and dated 7/13/06, we have discovered an error in the first sentence there in where we erroneously state the owner of 0.1875 net mineral acres to be the "Braille Institute of America." We apologize for this error and re submit our previous offer herewith.

The records in Lea County, New Mexico, indicate the ownership of 0.1875 net mineral acres in the above listed area by Robert E. Carswell, III. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

Sincerely.

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7.	Street, Apt. Robert E or PO Box 1 12401 Sp City, State, Austin, T	Rail Cove	
	PS Form 38	ons	



Telephone (505) 625-8807 Fax (505) 625-8827

July 25, 2006

Barbara Jane Dewey 11006 Oregon Curve Bloomington, MN 55438

> Re: Offer to Lease <u>Township 20 South, Range 36 East, NMPM</u> Section 17: NE/4 Lea County, NM

Dear Mrs. Dewey:

In reference to our certified letter previously mailed to you and dated 7/13/06, we have discovered an error in the first sentence there in where we erroneously state the owner of 2.2222 net mineral acres to be the "Braille Institute of America." We apologize for this error and re submit our previous offer herewith.

The records in Lea County, New Mexico, indicate the ownership of 2.2222 net mineral acres in the above listed area by Barbara Jane Dewey. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

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> Telephone (505) 625-8807 Fax (505) 625-8827

July 25, 2006

Jacqueline Elliott C/O Andrew C. Elliot Mr. #18 Sundown Parkway Austin, TX 78746

Re: Offer to Lease

Township 20 South, Range 36 East, NMPM
Section 17: NE/4
Lea County, NM

Dear Ms Elliot:

In reference to our certified letter previously mailed to you and dated 7/13/06, we have discovered an error in the first sentence there in where we erroneously state the owner of 0.1875 net mineral acres to be the "Braille Institute of America." We apologize for this error and re submit our previous offer herewith.

The records in Lea County, New Mexico, indicate the ownership of 0.1875 net mineral acres in the above listed area by Jacqueline Elliot. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

Sincerely, U.S. Postal Service. CERTIFIED MAIL RECEIPT Barbara Spalding gas lease SE drilling of the Morrow well - please return signed AFE 38. 060211 \$0.39 Telephone# 9000 \$2.40 \$1.85 0340 \$0.00 07/26/2006 \$4.64 Jacqueline Elliot Street, or PO I C/O Andrew C. Elliot #18 Sundown Parkway City, S Austin, TX 78746

.

Telephone (505) 625-8807 Fax (505) 625-8827

Mary Louise Galbreath C/O Jacqueline Fay Daugherty P.O. Box 583 Jenks, OK 74037

Re: Offer to Lease

Township 20 South, Range 36 East, NMPM
Section 17: NE/4
Lea County, NM

Dear Ms Galbreath:

In reference to our certified letter previously mailed to you and dated 7/13/06, we have discovered an error in the first sentence there in where we erroneously state the owner of 1.6667 net mineral acres to be the "Braille Institute of America." We apologize for this error and re submit our previous offer herewith.

The records in Lea County, New Mexico, indicate the ownership of 1.6667 net mineral acres in the above listed area by the Mary Louise Galbreath. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

July 25, 2006

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

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	City (Jenks, OK 74037	
i	PS Fol.	

> Telephone (505) 625-8807 Fax (505) 625-8827

July 25, 2006

Rachel Joan Garrett C/O. Jacqueline Fay Daugherty P.O. Box 583 Jenks, OK 74037

Re: Offer to Lease

Township 20 South, Range 36 East, NMPM
Section 17: NE/4
Lea County, NM

Dear Ms Garrett:

In reference to our certified letter previously mailed to you and dated 7/13/06, we have discovered an error in the first sentence there in where we erroneously state the owner of 1.6667 net mineral acres to be the "Braille Institute of America." We apologize for this error and re submit our previous offer herewith.

The records in Lea County, New Mexico, indicate the ownership of 1.6667 net mineral acres in the above listed area by Rachel Joan Garrett. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

4295		O MA	IL _{TM} RE Insurance	Coverage Provided)	Barbara Spalding as lease
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	P.O. Box	583			
	PS Form 3 Jenks, OK	74037		ions	



> Telephone (505) 625-8807 Fax (505) 625-8827

July 25, 2006

Geodyne Nominee Corp. Samson Plaza Two West Second Street Tulsa, OK 74103

Re: Offer to Lease

<u>Township 20 South, Range 36 East, NMPM</u>
Section 17: NE/4
Lea County, NM

To Whom it May Concern:

In reference to our certified letter previously mailed to you and dated 7/13/06, we have discovered an error in the first sentence there in where we erroneously state the owner of 4.616213 net mineral acres to be the "Braille Institute of America." We apologize for this error and re submit our previous offer herewith.

The records in Lea County, New Mexico, indicate the ownership of 7.6918928 net mineral acres in the above listed area by Geodyne Nominee Corp. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

0.7	U.S. Postal S CERTIFIED	MAIL	REC			Barbara Spalding as lease
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> Telephone (505) 625-8807 Fax (505) 625-8827

July 25, 2006

Hamon Operating Company 5950 Cedar Spring Dallas, Texas 75235-6805

Re: Offer to Lease

<u>Township 20 South, Range 36 East, NMPM</u>
Section 17: NE/4
Lea County, NM

To Whom it May Concern:

In reference to our certified letter previously mailed to you and dated 7/13/06, we have discovered an error in the first sentence there in where we erroneously state the owner of 10.5000 net mineral acres to be the "Braille Institute of America." We apologize for this error and re submit our previous offer herewith.

The records in Lea County, New Mexico, indicate the ownership of 10.5000 net mineral acres in the above listed area by Hamon Operating Company. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

D.L.	U.S. Postal S			F (:FIPT				Sincerely,
67b 43	(Domestic Mail O For delivery informs DA(DAS FX 75	nty; No l	nsuranc	e (overage at www.us	Pro			Barbara Spalding gas lease 3 drilling of the Morrow well please return signed AFE.
8 9000	Postage Certifled Fee Return Receipt Fee (Endorsement Required)	\$	\$0.39 \$2.40 \$1.85		- (900 Postro	ark 3)	Telephone#
5 0390	Restricted Delivery Fee (Endorsement Required) Total Postage & Fees	\$	\$0.00 \$4.64		07/26/	2006 2006	<u> </u>	/	
7007	Street, Apr Hamon O or PO Box 5950 Ced City, State Dallas, T.	ar Sprin	g					tions	

Roswell, NM 88201

July 25, 2006

Telephone (505) 625-8807 Fax (505) 625-8827

HOG Partnership, L.P. 5950 Cedar Spring Dallas, TX 75235-6805

Re: Offer to Lease

<u>Township 20 South, Range 36 East, NMPM</u>
Section 17: NE/4
Lea County, NM

To Whom it May Concern:

In reference to our certified letter previously mailed to you and dated 7/13/06, we have discovered an error in the first sentence there in where we erroneously state the owner of 10.5000 net mineral acres to be the "Braille Institute of America." We apologize for this error and re submit our previous offer herewith.

The records in Lea County, New Mexico, indicate the ownership of 10.5000 net mineral acres in the above listed area by Hamon Operating Company. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

1	U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)	Sincerely,
5827	DALLAS ITX 75235 TO A A S S S S S S	Barbara Spalding pas lease
и	Postage \$ \$0.32 0008 0	drilling of the Morrow well – please return signed AFE.
5.00	Certified Fee \$2.88 DE Potendark	Telephone#
4001	Return Receipt Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required)	<u></u>
2.0	Restricted Delivery Fee (Endorsement Required) \$0.00 \$1 \$1 \$0.00 \$	
03	Sont 1906 Partnerships LP	
עטטי	Street, Apt. No.; or PO Box No. 5950 Cerlan Spranger City, State, ZiP+4	
}	PS Form 3800, January 2001	ons :



Telephone (505) 625-8807 Fax (505) 625-8827

July 25, 2006

Arvis K. Miller Trust Bank One Oklahoma City P.O. Box 25848 Oklahoma City, OK 73125

Re: Offer to Lease

<u>Township 20 South, Range 36 East, NMPM</u>
Section 17: NE/4
Lea County, NM

To Whom It May Concern:

In reference to our certified letter previously mailed to you and dated 7/13/06, we have discovered an error in the first sentence there in where we erroneously state the owner of 10.0000 net mineral acres to be the "Braille Institute of America." We apologize for this error and re submit our previous offer herewith.

The records in Lea County, New Mexico, indicate the ownership of 10.0000 net mineral acres in the above listed area by Arvis K. Miller Trust. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

Sincerely,

signed AFE.

757		Service MAIL Inly; No Insurance		ovided)		s lease rilling of the Morro	Barbara Spalding
±	For delivery informa	ation visit our website	at www.usps	сота			
э. / Ь	OK CABONA CA	y DKOUS A L	_ U S	È			
J.	Postage	\$ \$0.39	1 0605				
ипиь	Certified Fee	\$2.40	01		-		
3	Return Receipt Fee (Endorsement Required)	\$1.85	t- (C)	mark ere			
よってと	Restricted Delivery Fee (Endorsement Required)	\$0.00			!		
ä	Total Postage & Fees	\$ \$4.64	07726/200	6			
ruus	Arvis K. M. Street, A. Bank One or PO Bo. P.O. Box 2 City, State Oklahoma	Oklahoma City		•			
	PS Form				lions		

> Telephone (505) 625-8807 Fax (505) 625-8827

July 25, 2006

Claude Morrison 101 Blue Sky Court Georgetown, TX 78682

> Re: Offer to Lease <u>Township 20 South, Range 36 East, NMPM</u> Section 17: NE/4 Lea County, NM

Dear Mr. Morrison;

In reference to our certified letter previously mailed to you and dated 7/13/06, we have discovered an error in the first sentence there in where we erroneously state the owner of 0.1875 net mineral acres to be the "Braille Institute of America." We apologize for this error and re submit our previous offer herewith.

The records in Lea County, New Mexico, indicate the ownership of 0.1875 net mineral acres in the above listed area Claude Morrison. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

325	U.S. Postal Service THE CERTIFIED MAIL THE RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)	Barbara Spalding as lease
3676 H	For delivery information visit our website at www.usps.coms RUND FACK FX 188 I A L USE	drilling of the Morrow well – please return signed AFETelephone#
9000 0680	Postage \$ \$0.39	
7005	Sont To Street, Apt. 1 or PO Box h 101 Blue Sky Court Georgetown, TX 78682 PS Form 3:	



Telephone (505) 625-8807 Fax (505) 625-8827

July 25, 2006

L. Brady Myers 2647 Somerset Drive Prairie Village, KS 66208

Re: Offer to Lease

Township 20 South, Range 36 East, NMPM
Section 17: NE/4
Lea County, NM

Dear Mr. Myers:

In reference to our certified letter previously mailed to you and dated 7/13/06, we have discovered an error in the first sentence there in where we erroneously state the owner of 4.4444 net mineral acres to be the "Braille Institute of America." We apologize for this error and re submit our previous offer herewith.

The records in Lea County, New Mexico, indicate the ownership of 4.4444 net mineral acres in the above listed area by L. Brady Myers. On behalf of our client, we are offering the following:

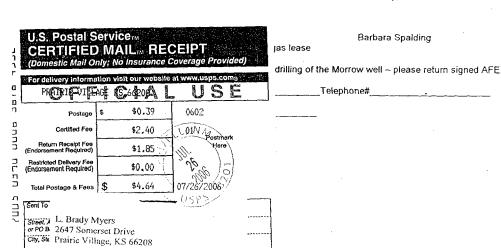
\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.





400 Penn Plaza, Suite 1120 Roswell, NM 88201

> Telephone (505) 625-8807 Fax (505) 625-8827

July 25, 2006

Petro Tiger I, LTD P.O. Box 3166 Tulsa, OK 74101-3166

> Re: Offer to Lease <u>Township 20 South, Range 36 East, NMPM</u> Section 17: NE/4 Lea County, NM

To Whom It May Concern:

I in reference to our certified letter previously mailed to you and dated 7/13/06, we have discovered an error in the first sentence there in where we erroneously state the owner of 4.616213 net mineral acres to be the "Braille Institute of America." We apologize for this error and re submit our previous offer herewith.

The records in Lea County, New Mexico, indicate the ownership of 4.616213 net mineral acres in the above listed area by Petro Tiger I, LTD. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

6484		O IVI Poly; I	AIL R	e	Coverage Provided)	Barbara Spalding gas lease
1929	For delivery inform		Visit our webs		at www.usps.com	drilling of the Morrow well – please return signed AFE.
m	Postage	\$	\$0,39		0602	Telephone#
9000	Certified Fee		\$2.40		NM NM	· · · · · · · · · · · · · · · · · · ·
	Return Receipt Fee (Endorsement Required)		\$1.85		Postmark	
390	Restricted Delivery Fee (Endorsement Required)		\$0.00	_	5000	
	Total Postage & Fees	\$	\$4.64	-	07/26/2006585	
005	Sent To					
~	Street, Petro Tiger I or PO P.O. Box 31	LTI)		***************************************	
٠	City, Si Tulsa, OK 7	00 4101-	-3166			
	PS For				uctions	



> Telephone (505) 625-8807 Fax (505) 625-8827

July 25, 2006

Sally Rogers 152 Arroyo Hondo Rd. Santa, Fe NM 87505

Re: Offer to Lease

<u>Township 20 South, Range 36 East, NMPM</u>
Section 17: NE/4
Lea County, NM

Dear Ms Rogers:

In reference to our certified letter previously mailed to you and dated 7/13/06, we have discovered an error in the first sentence there in where we erroneously state the owner of 0.5000 net mineral acres to be the "Braille Institute of America." We apologize for this error and re submit our previous offer herewith.

The records in Lea County, New Mexico, indicate the ownership of 0.5000 net mineral acres in the above listed area by Sally Rogers. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

370		Service 113 DIMAIL 144 RECEIPT nly; No Insurance Coverage Pro	vided)	Barbara Spalding jas lease drilling of the Morrow well – please return signed AFE.
H 929	For delivery information SANDA FE N	ilion visit our website at www.usps.c	P1:300	Telephone#
35	Postage	s \$0.39 10602		~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~
0.0	Certifled Fee	\$2.40	_]	
	Return Receipt Fee (Endorsement Required)	\$1.85) S & Postin		•
390	Restricted Delivery Fee (Endorsement Required)	\$0.00	?/	
	Total Postage & Fees	\$ \$4.64 07/26/2006		
7005	Sent Stime Sally Rogers or Pt 152 Arroyo H City. Santa, Fe NM		structions	

> Telephone (505) 625-8807 Fax (505) 625-8827

July 25, 2006

Round Hill Royalty, LP P.O. Box 25128 Dallas, TX 75225

Re: Offer to Lease <u>Township 20 South, Range 36 East, NMPM</u> Section 17: NE/4 Lea County, NM

To Whom It May Concern:

!n reference to our certified letter previously mailed to you and dated 7/13/06, we have discovered an error in the first sentence there in where we erroneously state the owner of 3.3333 net mineral acres to be the "Braille Institute of America." We apologize for this error and re submit our previous offer herewith.

The records in Lea County, New Mexico, indicate the ownership of 3.3333 net mineral acres in the above listed area by Round Hill Royalty, LP. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

		_			-			<u>. </u>	Barbara Spaiding
387	U.S. Postal S CERTIFIED (Domestic Mail Or	MAII	L _{TM} R	e Co	verage	Pro	vided)		gas lease a drilling of the Morrow well – please return signed AFE. Telephone#
<i>_</i>	For delivery informa		our web	a 976 87	D G	eser Po	Shares.		- relephoner
7-	DADAS TEX PE	23 C	IA	L.,	U	<u> </u>	E		<u> </u>
36.	Postage	\$	\$0.39	\Box	0602	NN	i		
D.	Certified Fee		\$2,40	_/	(V)1-1	Postr	\ \	\	
0000	Return Receipt Fee (Endorsement Required)		\$1.85	4	Z / 1	Her	·) [
390	Restricted Delivery Fee (Endorsement Required)		\$0.00			S.		//	
Ö	Total Postage & Fees	\$	\$4.64		07/26	(300)	65 /		
,002	Sent To								
ا ~	Street, A Round Hili Royalty, LP or PO B: P.O. Bo x25128 City, Sta Dallas, TX 75225								-
	PS Form							ctions	ns.

> Telephone (505) 625-8807 Fax (505) 625-8827

July 25, 2006

Barbara Sue Schmidt C/O Jacqueline Fay Daugherty P.O. Box 583 Jenks, OK 74037

> Re: Offer to Lease <u>Township 20 South, Range 36 East, NMPM</u> Section 17: NE/4 Lea County, NM

Dear Ms Schmidt:

In reference to our certified letter previously mailed to you and dated 7/13/06, we have discovered an error in the first sentence there in where we erroneously state the owner of 1.6667 net mineral acres to be the "Braille Institute of America." We apologize for this error and re submit our previous offer herewith.

The records in Lea County, New Mexico, indicate the ownership of 1.6667 net mineral acres in the above listed area by Barbara Sue Schmidt. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

4394	U.S. Postal S CERTIFIED (Domestic Mail O	MAI	L™ RI			Barbara Spalding as lease		
P.	For delivery informa		our webs	ite at ww	w.usps	trilling of the Morrow well please return signed AFE.		
3671	JENIS DE 746	37 C	\$0.39	-	602	SE		Telephone#
1016	Certifled Fee	<u> </u>	\$2,40	- '	OI Postmark			
00	Return Receipt Fee (Endorsement Required)		\$1.85	一 變.				
390	Restricted Delivery Fee (Endorsement Required)		\$0.00	<u></u>	- (\$\frac{2}{3}\)			
	Total Postage & Fees	\$	\$4,64	07,	07/26/2006			
7005	Sinest Api Barbara Sinest Api Barbara Sinest Api Barbara Sinest C/O Jacq City, State, P.O. Box Jenks, O	ueline F : 583	ay Daugl	ierty	<u>.</u>		ions	

P.O. Box 2691 88202-2691 400 Penn Plaza, Suite 1120 Roswell, NM 88201

> Telephone (505) 625-8807 Fax (505) 625-8827

July 25, 2006

Alton C. White, Jr. 3112 Above Stratford Place Austin, TX 78746

> Re: Offer to Lease <u>Township 20 South, Range 36 East, NMPM</u> Section 17: NE/4 Lea County, NM

Dear Mr. White:

In reference to our certified letter previously mailed to you and dated 7/13/06, we have discovered an error in the first sentence there in where we erroneously state the owner of 10.0000 net mineral acres to be the "Braille Institute of America." We apologize for this error and re submit our previous offer herewith.

The records in Lea County, New Mexico, indicate the ownership of 10.0000 net mineral acres in the above listed area by the Alton C. White, Jr. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

Sincerely,

0044	U.S. Postal S CERTIFIED (Domestic Mail O	O MAIL™ RE	CEIPT Coverage Provided)	Barbara Spalding as lease drilling of the Morrow well – please return signed AFE.
1929	For delivery inform AUSTIN FX 18	748 C 1 A 1	e at www.usps.como	Telephone#
Ħ	Postage	s \$0.39	0602	
006	Certified Fee	\$2,40	01	
	Return Receipt Fae (Endorsement Required)	\$1.85	Postmark 00	
390	Restricted Delivery Fee (Endorsement Required)		3	
	Total Postage & Feea	ls \$4.64	07/26/2006	
0.5	Sent To			
70	LOTRAL ADI	White Jr. ove Stratford Place		
	City, State, Austin, T			
	PS Form 3		lion	

October 10, 2006

Working Interest Owner (Address List Attached)

Monument 17 #1 N/2 Section 17, T20S-R36E, Lea County, New Mexico

Gentlemen:

Unit proposes that you participate in the drilling of a 11,600 foot Morrow test located 1310' FNL & FEL Section 17, T20S-R36E, N.M.P.M., Lea County, New Mexico with a Dry Hole Cost of \$1,585,800 and a Completed Well Cost of \$2,448,900. Enclosed is an AFE for the drilling of the well and a draft of a Joint Operating Agreement for your review. Unit plans to drill this well very soon and requests your immediate response to our proposal.

The county records indicate that you own a contractual interest in an undivided 1/32 mineral interest in NE/4 Section 17, T20S-R36E, Lea County, New Mexico under a Joint Operating Agreement dated January 27, 1965, recorded in Lea County at Miscellaneous Book 273, Page 97. It appears that the operating agreement is still in effect. However, should you elect to participate in the drilling of the proposed well, you may elect to either participate under the force pooling order or under a new JOA.

Please sign a copy of the AFE in the appropriate area and return the same to me at your earliest convenience.

Should you have any questions regarding this matter, please give me a call.

Sincerely yours,

Fred Schantz District Landman

MONUMENT "17" #1 WELL WORKING INTEREST OWNERS

Working Interest Owners	% -1/32 interest in NE/4*	% INTEREST- N/2 SECTION 17
Richard K. Barr 500 West Texas Midland, Texas 79701	1.869221%	0.029207%
Scott Wilson 500 West Texas Midland, Texas 79701	1.869221%	0.029207%
Occidental Permian Ltd. P.O. Box 50250 Midland, Texas 79710	42.142528%	0.658476%
Lea County New Mexico Exploration and Production LLC Suite 100 2000 Post Oak Boulevard Houston, Texas 77056	12.770528%	0.199540%
Perry R. Bass, Inc. Suite 1100 201 Main Street Fort Worth, Texas 76102	18.692211%	0.292066%
SAP Acquisition Corp. 6100 North Western Avenue Oklahoma City, Oklahoma 73118	12.856821% 8	0.200887%
Chevron U.S.A. Inc. 11111 S. Wilcrest Houston, Texas 77099	4.618030%	0.072157%
Dingus Investments Inc. 110 North Marienfeld Midland, Texas 79701	5.000000%	0.078125%
Ella M. Tietz P.O. Box T Burnett, Texas 78611	0.000000%	0.000000%
Coll Family	0.181440%	0.002835%

^{*}Surface to 12,000 feet. SAP Acquisition Corp. owns 9.953769% (0.155528%) and Ella M. Tietz owns 2.903052% (0.045360%) <u>below 12,000 feet</u>.

Telephone (505) 625-8807 Fax (505) 625-8827

July 25, 2006

Geodyne Nominee Corp. Samson Plaza Two West Second Street Tulsa, OK 74103

Re: Offer to Lease

Township 20 South, Range 36 East, NMPM
Section 17: NE/4
Lea County, NM

To Whom it May Concern:

In reference to our certified letter previously mailed to you and dated 7/13/06, we have discovered an error in the where we erroneously state that Geodyne Nominee Corp. owned 5.3838 net mineral acres in the above listed area. We apologize for this error and re submit our previous offer herewith.

The records in Lea County, New Mexico, indicate the ownership of 7.6918928 net mineral acres in the above listed area by Geodyne Nominee Corp. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

Sincerely,

Γ	U.S. Postal Service CERTIFIED MAIL RE (Domestic Mail Only; No Insurance	CEIPT e Coverage Provided)	Barbara Spalding gas lease drilling of the Morrow well – please return signed AFE.
.5843	TULSA DK 74103	A CONTRACTOR AND CONT	Telephone#
5882 YC	Postage \$ \$0.39 Certified Fee \$2.40 Return Receipt Fee (Endorsement Required) \$1.85	0602 08 SdSn Postmark	:
0320 0560	Restricted Delivery Fee (Endorsement Required) \$0.00 Total Postage & Fees \$4,64	OF THE PROPERTY OF THE PROPERT	
7.001	Server, Apr. No.; or PO Box No. Samson Pleze City, State, 217-4 TULSE, OK 741	Two W. Seconds	
l	PS Form 3800, January 2001	See Reverse for Instruction	S.

P.O. Box 2691 88202-2691 400 Penn Plaza, Suite 1120 Roswell, NM 88201

> Telephone (505) 625-8807 Fax (505) 625-8827

July 25, 2006

Petro Tiger I, LTD P.O. Box 3166 Tulsa, OK 74101-3166

Re: Offer to Lease

Township 20 South, Range 36 East, NMPM
Section 17: NE/4
Lea County, NM

To Whom It May Concern:

In reference to our certified letter previously mailed to you and dated 7/13/06, we have discovered an error in the where we erroneously state that Petro Tiger I, Ltd. owned 4.616213 net mineral acres in the above listed area. We apologize for this error and re submit our previous offer herewith.

The records in Lea County, New Mexico, indicate the ownership of 2.308107 net mineral acres in the above listed area by Petro Tiger I, LTD. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

Sincerely,

_	U.S. Postal Service CERTIFIED MAIL RECEIPT	Barbara Spalding
1. 0320 0004 5882 5834	(Domestic Mail Only; No Insurance Coverage Provided) TULSA 0K 74101 Postage \$ \$0.39 0508 Contilled Fee \$2.48 08 Contilled Fee \$2.48 08 Contilled Fee (Endorsement Required) \$1.35 Hele \$1.35 Contilled Delivery Fee (Endorsement Required) \$0.00 MSON Total Postage & Fees \$4.64 0872972006	trilling of the Morrow well – please return signed AFETelephone#
700	City, State, ZIP+ 1 Dec 1/6 k PS Form 3800, January 2001 See Reverse for Instruction	15.



Telephone (505) 625-8807 Fax (505) 625-8827

Coll Mineral Interest Holders C/O Charles H. Coll 701 W. Country Club Road Roswell, NM 88201

Re: Offer to Lease
Township 20 South, Range 36 East,
NMPM
Section 17: NE/4
Lea County, NM

Dear Mr. Coll:

We have previously contacted you regarding leasing your minerals in the above captioned area. We would now like to inform you that the offer to lease and well proposal that I mailed you is on behalf of Unit Petroleum Company.

We appreciate your cooperation in this matter.

Sincerely,

6244	U.S. Postal S CERTIFIED (Domestic Mail O	MAI	L _m RE			ided)
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390	Restricted Delivery Fee (Endorsement Required)		\$0.00	18/		
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7005	Sent To	linera		Ner	est-l	tolders
	Or PO Box No.	Sire		74	890) 5 KO:
	PS Form 3800, June 201	05		See	Reverse to	r Instructions



Telephone (505) 625-8807 Fax (505) 625-8827

August 28, 2006

Debra Groves Brady C/O Karen Jech Taylor & Associates Real Estate 3418 W. Sunset Ave. Springdale, AR 72762

Re: Offer to Lease

Township 20 South, Range 36 East, NMPM

Section 17: NE/4 Lea County, NM

Dear Ms. Brady:

We have previously contacted you regarding leasing your minerals in the above captioned area. We would now like to inform you that the offer to lease and well proposal that I mailed you is on behalf of Unit Petroleum Company.

We appreciate your cooperation in this matter.

Sincerely,

4635	U.S. Postal S CERTIFIED (Domestic Mail O	MAII nly; No In	RE surance	Coverage	Provide	
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	City, State, 252+4	nado	ilo,	AR'	727	62



August 28, 2006

Telephone (505) 625-8807 Fax (505) 625-8827

Mary Debra Brady 1804 Lake Crest Lane Plano, TX 75023-7442

> Re: Offer to Lease Township 20 South, Range 36 East, **NMPM** Section 17: NE/4 Lea County, NM

Dear Ms. Brady:

We have previously contacted you regarding leasing your minerals in the above captioned area. We would now like to inform you that the offer to lease and well proposal that I mailed you is on behalf of Unit Petroleum Company.

We appreciate your cooperation in this matter.

Sincerely,





August 28, 2006

Telephone (505) 625-8807 Fax (505) 625-8827

Michael John Carswell 12401 Split Rail Cove Austin, TX 78750

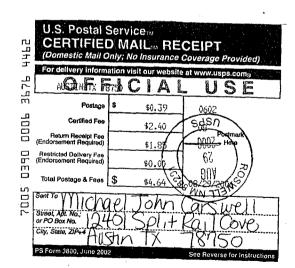
Re: Offer to Lease
Township 20 South, Range 36 East,
NMPM
Section 17: NE/4
Lea County, NM

Dear Mr. Carswell:

We have previously contacted you regarding leasing your minerals in the above captioned area. We would now like to inform you that the offer to lease and well proposal that I mailed you is on behalf of Unit Petroleum Company.

We appreciate your cooperation in this matter.

Sincerely,





Telephone (505) 625-8807 Fax (505) 625-8827

Robert E. Carswell, III 12401 Split Rail Cove Austin, TX 78750

Re: Offer to Lease
Township 20 South, Range 36 East,
NMPM
Section 17: NE/4
Lea County, NM

Dear Mr. Carswell:

We have previously contacted you regarding leasing your minerals in the above captioned area. We would now like to inform you that the offer to lease and well proposal that I mailed you is on behalf of Unit Petroleum Company.

We appreciate your cooperation in this matter.

Sincerely,





Telephone (505) 625-8807 Fax (505) 625-8827

Jacqueline Fay Daugherty P.O. Box 583 Jenks, OK 74037

Re: Offer to Lease

Township 20 South, Range 36 East,

NMPM
Section 17: NE/4
Lea County, NM

Dear Ms. Daugherty:

We have previously contacted you regarding leasing your minerals in the above captioned area. We would now like to inform you that the offer to lease and well proposal that I mailed you is on behalf of Unit Petroleum Company.

We appreciate your cooperation in this matter.

Sincerely,





P.O. Box 2691 88202-2691 400 Penn Plaza, Suite 1120 Roswell, NM 88201

> Telephone (505) 625-8807 Fax (505) 625-8827

August 28, 2006

Mary Louise Galbreath . C/O Jacqueline Fay Daugherty P.O. Box 583 Jenks, OK 74037

Re: Offer to Lease

Township 20 South, Range 36 East,

NMPM

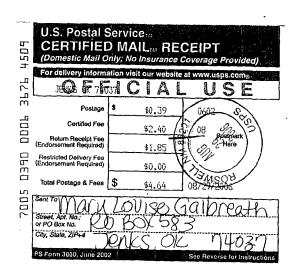
Section 17: NE/4 Lea County, NM

Dear Ms. Daugherty:

We have previously contacted you regarding leasing your minerals in the above captioned area. We would now like to inform you that the offer to lease and well proposal that I mailed you is on behalf of Unit Petroleum Company.

We appreciate your co

Sincerely,





August 28, 2006

Telephone (505) 625-8807 Fax (505) 625-8827

Rachel Joan Garrett C/O. Jacqueline Fay Daugherty P.O. Box 583 Jenks, OK 74037

> Re: Offer to Lease Township 20 South, Range 36 East, NMPM Section 17: NE/4 Lea County, NM

To Whom It May Concern:

We have previously contacted you regarding leasing your minerals in the above captioned area. We would now like to inform you that the offer to lease and well proposal that I mailed you is on behalf of Unit Petroleum Company.

We appreciate your cooperation in this matter.

Sincerely,





Telephone (505) 625-8807 Fax (505) 625-8827

Geodyne Nominee Corp. Samson Plaza Two West Second Street Tulsa, OK 74103

Re: Offer to Lease

Township 20 South, Range 36 East,

NMPM
Section 17: NE/4
Lea County, NM

To Whom It May Concern:

We have previously contacted you regarding leasing your minerals in the above captioned area. We would now like to inform you that the offer to lease and well proposal that I mailed you is on behalf of Unit Petroleum Company.

We appreciate your cooperation in this matter.

Sincerely,





August 28, 2006

Telephone (505) 625-8807 Fax (505) 625-8827

HOG Partnership L.P. 5950 Cedar Spring Dallas, Texas 75235-6805

Re: Offer to Lease

Township 20 South, Range 36 East,

NMPM

Section 17: NE/4 Lea County, NM

To Whom It May Concern::

We have previously contacted you regarding leasing your minerals in the above captioned area. We would now like to inform you that the offer to lease and well proposal that I mailed you is on behalf of Unit Petroleum Company.

We appreciate your cooperation in this matter.

Sincerely,





August 28, 2006

Telephone (505) 625-8807 Fax (505) 625-8827

Arvis K. Miller Trust Bank One Oklahoma City P.O. Box 25848 Oklahoma City, OK 73125

> Re: Offer to Lease Township 20 South, Range 36 East, **NMPM** Section 17: NE/4 Lea County, NM

To Whom It May Concern:

We have previously contacted you regarding leasing your minerals in the above captioned area. We would now like to inform you that the offer to lease and well proposal that I mailed you is on behalf of Unit Petroleum Company.

We appreciate your cooperation in this matter.

Sincerely,





P.O. Bax 2691 88202-2691 400 Penn Plaza, Suite 1120 Roswell, NM 88201

> Telephone (505) 625-8807 Fax (505) 625-8827

August 28, 2006

Claude Morrison 101 Blue Sky Court Georgetown, TX 78682

Re: Offer to Lease

Township 20 South, Range 36 East,

NMPM
Section 17: NE/4
Lea County, NM

Dear Mr. Morrison:

We have previously contacted you regarding leasing your minerals in the above captioned area. We would now like to inform you that the offer to lease and well proposal that I mailed you is on behalf of Unit Petroleum Company.

We appreciate your cooperation in this matter.

Sincerely,





Telephone (505) 625-8807 Fax (505) 625-8827

L. Brady Myers 2647 Somerset Drive Prairie Village, KS 66208

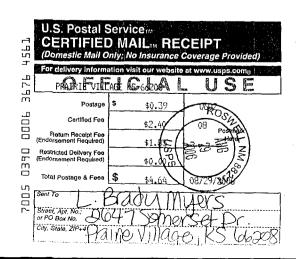
Re: Offer to Lease
Township 20 South, Range 36 East,
NMPM
Section 17: NE/4
Lea County, NM

Dear Mr. Myers:

We have previously contacted you regarding leasing your minerals in the above captioned area. We would now like to inform you that the offer to lease and well proposal that I mailed you is on behalf of Unit Petroleum Company.

We appreciate your cooperation in this matter.

Sincerely,





Telephone (505) 625-8807 Fax (505) 625-8827

Petro Tiger I, LTD P.O. Box 3166 Tulsa, OK 74101-3166

Re: Offer to Lease

Township 20 South, Range 36 East,

NMPM
Section 17: NE/4
Lea County, NM

To Whom It May Concern:

We have previously contacted you regarding leasing your minerals in the above captioned area. We would now like to inform you that the offer to lease and well proposal that I mailed you is on behalf of Unit Petroleum Company.

We appreciate your cooperation in this matter.

Sincerely,





Telephone (505) 625-8807 Fax (505) 625-8827

Sally Rogers 152 Arroyo Hondo Rd. Santa, Fe NM 87505

Re: Offer to Lease

Township 20 South, Range 36 East,

NMPM

Section 17: NE/4
Lea County, NM

Dear Ms. Rogers:

We have previously contacted you regarding leasing your minerals in the above captioned area. We would now like to inform you that the offer to lease and well proposal that I mailed you is on behalf of Unit Petroleum Company.

We appreciate your cooperation in this matter.

Sincerely,





Telephone (505) 625-8807 Fax (505) 625-8827

Round Hill Royalty, LP P.O. Box 25128 Dallas, TX 75225

Re: Offer to Lease
Township 20 South, Range 36 East,
NMPM
Section 17: NE/4
Lea County, NM

To Whom It May Concern:

We have previously contacted you regarding leasing your minerals in the above captioned area. We would now like to inform you that the offer to lease and well proposal that I mailed you is on behalf of Unit Petroleum Company.

We appreciate your cooperation in this matter.

Sincerely,





P.O. Box 2691 88202-2691 400 Penn Plaza, Suite 1120 Roswell, NM 88201

> Telephone (505) 625-8807 Fax (505) 625-8827

August 28, 2006

Barbara Sue Schmidt C/O Jacqueline Fay Daugherty P.O. Box 583 Jenks, OK 74037

Re: Offer to Lease

Township 20 South, Range 36 East,

NMPM

Section 17: NE/4 Lea County, NM

Dear Ms. Daugherty:

We have previously contacted you regarding leasing your minerals in the above captioned area. We would now like to inform you that the offer to lease and well proposal that I mailed you is on behalf of Unit Petroleum Company.

We appreciate your cooperation in this matter.

Sincerely,



Alton C. White, Jr. 3112 Above Stratford Place Austin, TX 78746

Re: Offer to Lease
Township 20 South, Range 36 East,
NMPM
Section 17: NE/4
Lea County, NM

Dear Mr. White:

We have previously contacted you regarding leasing your minerals in the above captioned area. We would now like to inform you that the offer to lease and well proposal that I mailed you is on behalf of Unit Petroleum Company.

We appreciate your cooperation in this matter.

Sincerely,



Muirfield

Resources Company

August 9, 2006

Barbara Spalding Continental Land Resources, LLC P.O. Box 2691 Roswell, NM 88202

Re: NE/4 Sec. 17-20S-36E Lea County, NM

Dear Ms. Spalding:

Enclosed please find an AFE and election to participate in the above referenced unit, which has been executed on behalf of PetroTiger I, Ltd.

A copy of the unrecorded Oil & Gas Lease from PetroTiger I, Ltd. to Muirfield Resources Company is enclosed. We will furnish a copy of the recorded assignment when received from the Courthouse.

Well Requirement sheet enclosed

Sincerely,

Diane Bixler

Enclosures

POST OFFICE BOX 3166
TULSA, OKLAHOMA 74101-3166
2627 EAST 21ST STREET, SUITE 100
TULSA, OKLAHOMA 74114
OFFICE (918) 744-5604
FAX (918) 744-8715

http://www.muirfield.com



JUL 1 9 2006

Thosh July 13, 2006

Petro Tiger I, LTD-P.O. Box 3166 Tulsa, OK 74101-3166 Telephone (505) 625-8807 Fax (505) 625-8827

Re: Offer to Lease Township 20 South, Range 36 East, NMPM

Section 17: NE/4 Lea County, NM

To Whom It May Concern:

The records in Lea County, New Mexico, indicate the ownership of 4.6162 net mineral acres in the above listed area by the Braille Institute of America. On behalf of our client, we are offering the following:

\$175.00 per acre for a 3 year paid up oil and gas lease providing for a 1/5th royalty covering your net mineral interest (lease form is attached)

This offer is subject to approval of title and please be advised this offer to lease may be withdrawn at any time without notice subsequent to the expiration of thirty (30) days from the date of this letter.

Alternatively, you may prefer to participate in the drilling of a 11,600' Morrow test with a Drilling Cost of \$1,585,800 and a Completion Cost of \$863,100 (AFE attached).

Please return a copy of our letter informing us of your decision to either 1) grant an oil and gas lease under the terms described above on the attached lease form or 2) participate in the drilling of an 11,600' Morrow test and sign the attached AFE. A joint operating agreement will be prepared in the near future for those who elect to participate in the drilling of this well.

We are grateful for your consideration. Please call us at the phone numbers listed if we may help in any way.

Barbara Spalding

I prefer to grant an oil and gas lease

I prefer to participate in the drilling of the Morrow well – please return signed AFE.

Signature: Telephone#

Printed Name: John W. Pilkington, Jr., President
PETROTICER BESOURCES
BY MUIRFIELD RESOURCES
BY MUIRFIELD RESOURCES

ATTORNEY-IN-FACT

APPROVED B	γ πιε γ	8-4-0 6	COMPANDETROTICER I. ETD. BY MUIRFIELD RESOURCE ATTORNEY IN EACT	10	
	PARTNER APPROVALS		TO LETO		
APPROVED B	TITLE	DATE	COMPANY		
		TOTAL WELL COSTS	\$1,585,800	\$863,100	\$2,448,90
		TOTAL INTANGIBLES	\$1,377,800	\$480,500	\$1,858,30
		TOTAL TANGIBLES	\$208,000	\$382,600	\$590,60
132	METERING EQUIPMENT			5,000	5,00
131	LINE PIPE			5,000	5,00
129	INSTALLATION COSTS			16,000	16,00
128	NON-CONTROLLABLE LEASE MATERIAL	,	3.35	10,000	10,00
127 127	OTHER EQUIPMENT			3,000	3,00
126	CONTROLLABLE VALVES & FITTING			10,000	10,000
125	LEASE LINES		20 mg (200 mg) (200 mg)	0	
124	ELECTRICAL SYSTEMS & LINES		and the second s	01	

John W. Pilkington, Jr., President

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 its 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 the lessor on execution hereof as to its interest and shall be binding of those signing. The word "Lessor" as used in this lease means the party or parties who execute this lease as Lessor.

Lessee may at any time and from time to time surrender this lease as to any part or parts of the leased premises 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 mortgages, taxes or other liens on the above described lands, in the event of default of payments by lessor, and be subrogated to the rights of the holder thereof.

OTHER: 1) This lease shall be limited to only cover rights from the surface to 100 feet below the base of the deepest formation penetrated by any well commenced prior to the expiration of the primary term hereof and located on the lease premises or lands pooled or unitized therewith.

2) This lease shall automatically terminate one (1) year after the expiration of the primary term hereof as to 1) all formations 50 feet below the deepest producing formation and 2) all lands not included in a drilling and spacing unit as same is or would be established under the laws of the State of New Mexico.

IN TESTIMONY WHEREOF, we sign this the 4th day of August, 2006.

ATTEST:

PETROTIGER I, LTD.

By Muirfield Resources Company, A-I-F

Luanne P. Hale, Asst. Secretary

Tax I.D.73-1311659

ohn W. Pilkington, Jr., President

STATE OF OKLAHOMA

COUNTY OF TULSA

(Corporate Acknowledgment)

Before me, the undersigned, a Notary Public, in and for said County and State on this 4th day of August, 2006, personally appeared John W. Pilkington, Jr. to me known to be the identical person who subscribed the name of the maker thereof to the foregoing as President of MUIRFIELD RESOURCES COMPANY as A-I-F for PETROTIGER I, LTD. and acknowledged to me that he executed the same as his free and voluntary act and deed and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

Given under my hand and seal the day and year last above written.

(SEAL)

My commission expires 6/3/2010

Notary Public State of Oklahoma

Commission # 02008398 Expires 06/03/10

Donna J. Davis, Notary Public

MUIRFIELD RESOURCES COMPANY MUIRFIELD PRODUCTION COMPANY

WELL INFORMATION AND REPORTS

- (a) DAILY DRILLING AND COMPLETION REPORTS on the progress of the well which shall include drilling depth, information on all tests including character, thickness, name of any formation penetrated, shows of oil, gas or water, and detailed reports on all drillstem tests and completion information.
- (b) One (1) copy of all mud logs, if available.
- (c) One (1) copy of all electrical logging surveys.
- (d) One (1) copy of all forms furnished to any governmental authority.
- (e) One (1) copy of the plugging record, if any.
- (f) Samples of all cores and cuttings, if so requested.

NOTIFICATION SHALL BE GIVEN TO:

John FitzSimons Muirfield Resources Company P. O. Box 3166 Tulsa, Oklahoma 74101-3166

Telephone No.:

(918) 744-5604

Fax Number:

(918) 744-8715

Night Number

(918) 724-4846

email:

jfitzsimons@muirfield.com

OIL AND GAS LEASE

AGREEMENT, Made and entered into this 4th day of August, 2006, by and between PetroTiger I, Ltd., P. O. Box 3166, Tulsa, OK 74101-3166, Party of the first part, hereinafter called lessor (whether one or more), and MUIRFIELD RESOURCES COMPANY, P. O. Box 3166, Tulsa, OK 74101-3166, Party of the second part, hereinafter called lessee.

WITNESSETH, That the said lessor, for and in consideration of Ten and Other Valuable Consideration (\$10.00), cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of the 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 pipelines 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 <u>County of Lea, State of New Mexico</u>, described as follows, to-wit:

Section 17: NE/4

all in Township 20 South, Range 36 East, and containing 160.00 acres, more or less.

It is agreed that this lease shall remain in force for a term of <u>three (3) years</u> from the date_hereof (herein called 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:

- 1. To deliver to the credit of lessor free of cost, in the pipe line to which it may connect its wells, the <u>1/5th</u> part of all oil (including but not limited to condensate and distillate, produced and saved from the leased premises).
- 2. 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, 1/5th of the gross proceeds received fro the gas sold, used off the premises, or in the manufacture of products therefrom, but in no event more than 1/5th 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 acre retained hereunder, such payment or tender to be made, on or before the anniversary date of this lease next ensuring 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. The above shut in provision is limited to a period not to exceed two (2) consecutive years without actual production of gas and /or condensate in paying quantities for a minimum of 90 days between any successive two (2) year period, unless the Lessee is prevented by forces beyond Lessee's control from marketing said gas and/or condensate.
- 3. 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, 1/5th 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 any stratum 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 patten 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 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 any acreage basis bears to the total acreage in the unit.

AFE-OST ESTIMATE

JRICT		workov	JENT DEVELO	OPMENT	
iidiand			DABANDON		Ī
PROSPEC Monumen		WELL NAME FIELD WI BCP ACP Monument '17' #1 Osudo North		PREPARED BY DATE	6/27/2006
SECTION	17 F	olage from Section Lines RANGE BLOCK SURVEY 1310' FNL & EL T20S-R36E		COUNTY	TATE ew Mexico
OBJECTIV	E	PROPOSED TO WELL TYPE			ew Mexico
Middle M		11,600 FT X SWO INJ OTHER	EXPLOR	AFE#	
ESTIMAT DAYS:		RILLING 10 COMPLETION 45 TOTAL			}
PURPOS	E OF E	PENDITURE & WORK PROCEDURE: Drill, complete and equip a flowing Morrow gas well (Inc	ludes Frac Treat Co	sl)	
COL		CLASSIFICATION		ESTIMATE	
1628 (DRLG)	1827 (CMPL)	INTANGIBLES	DRILLING	COMPLETED	TOTAL
1		ERMITS \$1,000 SURVEYS \$1,200 ROW DAMAGES \$10,000	12,200	4.000	16,200
2		OADS & LOCATION: BUILD \$0 CLEAN-UP \$0	55,000	5,000	60,000
3		OOTAGE DEPTH 0 FT @ \$0.00 /FT	0	0	0
4	4	W DAYS 35 DAYS @ \$18,500 (DAY COMP	647,500	65,000	712,500
5	5	KOBILIZE - RU - RD - DEMOBILIZE	70,000	8,000	78,000
6	6	UEL/POWER	90,000	50,000	140,000
7	7	RLG WATER WELL COMP FLUID	30,000	15,000	45,000
8		CONTRACT LABOR/WELDING . `	12,000	5,000	17,000
9		NTS .	55,000	2,000	57,000
10		DRLG FLUID AIR CHEMICALS	50,000	5,000 5,000	55,000 10,000
11		ORMATION TESTING CORING FLOW TESTS	5,000 42,000	3,000	
12		PPENHOLE LOGGING & SURVEYS JEMENT & SERVICES	50,000	27,000	42,000 77,000
13	13		50,000	30,000	80.000
14	14	RENTALS & SERVICES: SURFACE SUBSURFACE CASED HOLE LOGGING PERFORATING WIRELINE	30,000	15,000	15.000
16	16	STIMULATION : ACID 10000 FRAC 170000 OTHER 10000) 	190,000	190,000
17	17	SUPPLIES, MATERIALS, & MISCELLANEOUS RENTALS	20.000	15,000	35,000
18	18	GEOLOGICAL MUD LOGGING OTHER PROF	27,000	0	27,000
19	19	WELL SUPERVISION : DRILLING COMPLETION	50,000	15,000	65,000
20	20	OVERHEAD OR COMBINED RATE	10,000	5,000	15,000
21	21	INSURANCE	C	0	0
22	22	ABANDONMENT EXPENSE (INCL LOCATION RECOVERY)	40,000	(15,000)	25,000
23	23	INSTALLATIONS & SERVICES THRU WELLHEAC	10,000		20,000
24	24	TRUCKING & OTHER SERVICES	25,000		40,000
32	32	CLOSED MUD SYSTEM		ES-200-200-120-120-200-200-200-200-	<u> </u>
30	30	SALVAGE EQUIPMENT	27,100		36,600
30	30	CONTINGENCIES 2% TOTAL INTANGIBLE COSTS	\$1,377,800		\$1,858,300
cc	DE	TANGIBLES	DRILLING	COMPLETED	TOTAL
101	T	CONDUCTOR CSG 40 FT OF 20,000 INCH @\$ 120,00 PER FT	4,800		4,800
102		SURFACE CSG 400 FT OF 13.375 INCH @\$ 38.95 PER FT		D Sign of the Co	15,600
103		INTERMEDIATE CSG 5,500 FT OF 9.625 INCH @\$ 32.28 PER FT	177,600		177,600
104	104	PRODUCTION CSG 11,600 FT OF 5.500 INCH @\$ 15.12 PER FT		175,400	175,400
	105	LINER CSG FT OF INCH @\$ PER FT	Propagation (2)		
	106	TUBING 11,600 FT OF 2.375 INCH @\$ 4.93 PER FT		57,200	
-	107	SUCKER RODS FT OF 0.000 INCH @ \$ 0.00 PER FT			
100	108	BH PUMP GAS LIFT TBG ANC OTHER	10.00	***	·
109	109	WELLHEAD : CASING HEAD TREE ARTIFICIAL LIFT PRIME MOVER	10,00		
-	111	PACKERS & SUBSURFACE TOOLS		884	<u> </u>
-	112	INSTALLATION COSTS		TON .	
-	121	TANKS & ACCESSORIE:	The state of the s	***	
-	122	PRODUCTION UNIT DEHYDRATOR COMPRESSOR			
	123	HEATER TREATER SEPARATOR		5,000	
	124	ELECTRICAL SYSTEMS & LINES			ol
	125		a mark the transfer and		5
	126	CONTROLLABLE VALVES & FITTING	Large Brown		10,00
127				3,000	
	128		The Talking Transfer		
-	125				
<u> </u>	13		Programme School		
	13	the transfer of the second	***************************************	33950	
		TOTAL TANGIBLES	\$208,00		
		TOTAL INTANGIBLES TOTAL WELL COSTS	\$1,377,80		
L		TOTAL WILL GOOTS	\$1,585,80	00] \$863,10	0 \$2,448,90
APP	ROVED 8	TITLE DATE COMPANY			
APP	ROVED 8		2000		
	ROVED B	PARTNER APPROVALS	ETROTICER I.	ETD.	

John W. Pilkington, Jr., President