



Devon Energy Corporation  
20 North Broadway  
Oklahoma City, Oklahoma 73102-8260  
Fax 405-552-8113

July 10, 2003

Wainoco Oil & Gas Co.  
10000 Memorial Drive, Suite 600  
Houston, Texas 77024-3411

Certified Mail #7001-0320-0004-3102-4537

Re: Joell #2  
1320' FNL & 1320' FEL  
E/2 Section 6-T23S-R27E  
Eddy County, New Mexico

Gentlemen:

Devon Energy Production Company, L.P. (Devon) proposes the drilling of the referenced well as a Morrow test well expected to require drilling to a depth of approximately 12,000'. Enclosed for your review, you will find two (2) copies of Devon's Authority for Expenditure (AFE) reflecting estimated dry hole costs of \$863,000 with estimated completed well costs of \$1,457,490. The E/2 of Section 6 will be dedicated as the spacing unit.

Devon's records reflect that you own a leasehold interest only in those depths below 11,766' in the NE/4 of Section 6 and such ownership is not subject to an existing Joint Operating Agreement. This well is also being proposed to the owners of leasehold rights above 11,766' which are subject to an existing Joint Operating Agreement and elections from such owners will be due within thirty (30) days of receipt of the proposal. Although, not required Devon requests that you also make your election with regard to this well proposal within thirty (30) days of receipt of this proposal so that operations may commence in a timely manner.

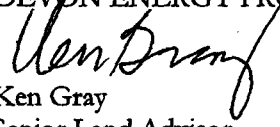
An election to participate in this well proposal should be accompanied by an executed copy of the AFE. In the event you elect not to participate and given the split ownership within the Morrow interval, Devon would be agreeable to acquire your interest either through farmout or term assignment under mutually acceptable terms.

Your prompt response will be greatly appreciated.

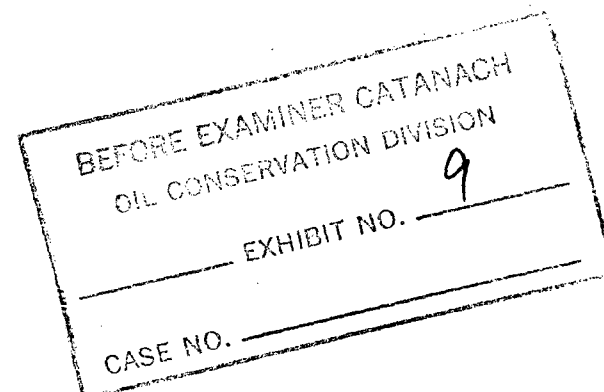
If there are any questions or if additional information is required feel free to call me at 405-552- 4633.

Yours very truly,

DEVON ENERGY PRODUCTION COMPANY, L.P.

  
Ken Gray  
Senior Land Advisor

Kg/  
Enclosure





Devon Energy Corporation  
20 North Broadway  
Oklahoma City, Oklahoma 73102-8260  
Fax 405-552-8113

October 21, 2003

Wainoco Oil & Gas Co.  
10000 Memorial Drive, Suite 600  
Houston, Texas 77024-3411

Re: Joell #2  
1320' FNL & 1320' FEL  
Section 6-T23S-R27E  
Eddy County, New Mexico

Gentlemen:

By letter dated July 10, 2003 Devon Energy Production Company, L.P. ("Devon") proposed the drilling of the referenced well as a 12,000' Morrow test well with the E/2 of said Section 6 being dedicated as the drilling and spacing unit. To date Devon has not received an official response to such well proposal. Enclosed you will find our Drilling and Division Order Opinion covering the E/2 Section 6, indicating that Wainoco Oil & Gas Co. ("Wainoco") is the record title owner of certain rights in the NE/4 of said Section 6. As reflected in the opinion, the leasehold and overriding royalty ownership within the Morrow formation is not uniform. Devon still intends to drill the referenced well as a 12,000' Morrow test, however, given the fact that the ownership within the Morrow formation is not uniform and given the fact that a Morrow completion may produce from zones of different ownership within the Morrow formation, Devon is requesting that all interest owners agree to share production from any zone in the Morrow formation on an equitable basis. The enclosed Agreement will accomplish such sharing of production and Devon respectfully requests your execution of same in order that the well can be drilled. Upon review and execution, please return one (1) executed original to the undersigned.

In the event that Devon is unsuccessful in obtaining a voluntary agreement with regard to participation in the proposed well or the sharing of production as contemplated by the enclosed agreement, Devon will, after notice and hearing, seek an order from the New Mexico Oil Conservation Division which will effectively pool the working interests and establish the necessary production sharing. You should receive a notice of such hearing in the near future.

If there are any questions or if additional information is required feel free to call me at 1-800-583-3866, extension 4633.

Yours very truly,

DEVON ENERGY PRODUCTION COMPANY, L.P.

Ken Gray  
Senior Land Advisor

Kg/  
Enclosure