

devon
ENERGY CORPORATION

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September 3, 1997

Mewbourne Oil Company
500 W. Texas, Suite 1020
Midland, Texas 79701

Attention: Steve Cobb
District Landman

Re: Carlsbad "15" Federal Com No. 1
S/2 Section 15-T21S-R26E
Eddy County, New Mexico

Gentlemen:

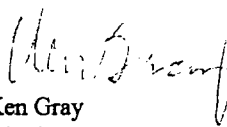
Pursuant to our telephone conversation of August 27, and in conjunction with the efforts of Mewbourne and Devon to resolve the current operational issues covering the referenced well, Devon proposes the following:

1. Devon agrees to execute a mutually acceptable contract covering the S/2 of Section 15 naming Mewbourne as operator of the referenced well.
2. Mewbourne agrees to sell to Devon and Devon agrees to buy from Mewbourne at cost, a 45% interest in the leases covering the E/2 of Section 20-T21S-R26E.
3. Mewbourne and Devon agree to enter into a mutually acceptable Joint Operating Agreement, naming Mewbourne as operator, covering the W/2 of Section 21-T21S-R26E. Such Operating Agreement shall provide that Mewbourne as operator, shall on or before November 1, 1997, re-complete the Ocotillo Hills #1 to test the Strawn formation.

If the above proposal meets with your approval, please so indicate by signing and returning one copy of this letter at your earliest convenience.

Yours very truly,

DEVON ENERGY CORPORATION (NEVADA)


Ken Gray
District Landman

Agreed to and accepted this _____ day of _____, 1997.

Mewbourne Oil Company

KG:cj/mewbour5.lt
Enclosure