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FACSIMILE: 915/686-6734

Mr. Randy Arnold  
Santa Fe Energy  
Midland, TX

Re: Gaucho Unit Well No's. 2 and 4  
Lea County, New Mexico

Dear Mr. Arnold:

For some time I have been interested in making a trade with Enron involving leases in Pitchfork Ranch Field. The thought occurred to me that I might offer Enron a farmout of my interest in one or both of the captioned wells, on essentially the same terms previously discussed with Santa Fe, in exchange for certain Enron interests.

I would like to know if Santa Fe would have a problem with my pursuing such an arrangement. Obviously timing is important, with the Gaucho No. 2 already drilling, and it would certainly take until the end of next week to work out a trade with Enron. I would need Santa Fe's permission to extend my election deadline to accomplish that.

I have not discussed this matter with Enron. If I were to do so, obviously some discussion of the status of my interest and participation in these wells would be necessary, but it would not be my intent to discuss in any way the more private negotiations or conversations we have had.

I would appreciate it if you will give me your thoughts in this regard at your earliest convenience.

Sincerely,



Robert E. Landreth

REL/sp

