



Cross Timbers Oil Company

December 9, 1998

CERTIFIED MAIL

Richard P. Shooshan, Trustee of
the Shooshan Family Trust
686 E. Union St.
Pasadena, CA 91101-1820


RE: New Drill
Kutz Federal #12E Well
W/2 Unit
NW/4 Section 21-28N-10W
San Juan County, New Mexico

Dear Working Interest Owner:

Cross Timbers Oil Company (CTOC), as successor operator to Amoco Production Company, hereby proposes to drill the above captioned well to a depth of 6,800' to the Dakota Formation. Our proposed location is 970' FNL and 1000' FWL of the Section. Our records indicate that the Shooshan Family Trust has a working interest of .35840%. Enclosed please find a copy of our AFE which provides for a dry hole cost of \$196,100 and a completed well cost of \$364,100.

Enclosed also please find a Joint Operating Agreement for this W/2 Unit that covers from the base of the Pictured Cliffs formation to the base of the Dakota Formation. Please review the Agreement and should you elect to participate, forward a signed signature page along with an executed AFE to the undersigned. CTOC is prepared to drill this well as soon as possible, so your immediate response would be greatly appreciated. Should you have any questions, please feel free to contact me at (817) 870-8454.

Sincerely,
CROSS TIMBERS OIL COMPANY


George A. Cox, CPL
Landman

Enclosures

cc: Jerry Stadulis Gary Markstead
Larry McDonald Bobby Smith
Gary Burch

7B



Cross Timbers Oil Company

December 9, 1998

CERTIFIED MAIL

Hugoton Energy Corporation
P.O. Box 970240
Dallas, TX 75397-0240


RE: New Drill
Kutz Federal #12E Well
W/2 Unit
NW/4 Section 21-28N-10W
San Juan County, New Mexico

Dear Working Interest Owner:

Cross Timbers Oil Company (CTOC), as successor operator to Amoco Production Company, hereby proposes to drill the above captioned well to a depth of 6,800' to the Dakota Formation. Our proposed location is 970' FNL and 1000' FWL of the Section. Our records indicate that Hugoton Energy Corporation has a working interest of 2.5000%. Enclosed please find a copy of our AFE which provides for a dry hole cost of \$196,100 and a completed well cost of \$364,100.

Enclosed also please find a Joint Operating Agreement for this W/2 Unit that covers from the base of the Pictured Cliffs formation to the base of the Dakota Formation. Please review the Agreement and should you elect to participate, forward a signed signature page along with an executed AFE to the undersigned. CTOC is prepared to drill this well as soon as possible, so your immediate response would be greatly appreciated. Should you have any questions, please feel free to contact me at (817) 870-8454.

Sincerely,
CROSS TIMBERS OIL COMPANY


George A. Cox, CPL
Landman

Enclosures

cc: Jerry Stadulis Gary Markstead
Larry McDonald Bobby Smith
Gary Burch



Cross Timbers Oil Company

December 9, 1998

CERTIFIED MAIL

Mathias Family Trust Dated 9-9-81
Eugene P. Mathias and Barbara J.
Mathias, Trustees
452 Maidstone Lane
Thousand Oaks, CA 91320


RE: New Drill
Kutz Federal #12E Well
W/2 Unit
NW/4 Section 21-28N-10W
San Juan County, New Mexico

Dear Working Interest Owner:

Cross Timbers Oil Company (CTOC), as successor operator to Amoco Production Company, hereby proposes to drill the above captioned well to a depth of 6,800' to the Dakota Formation. Our proposed location is 970' FNL and 1000' FWL of the Section. Our records indicate that Mathias Family Trust dated 9-9-81 has a working interest of .6892%. Enclosed please find a copy of our AFE which provides for a dry hole cost of \$196,100 and a completed well cost of \$364,100.

Enclosed also please find a Joint Operating Agreement for this W/2 Unit that covers from the base of the Pictured Cliffs formation to the base of the Dakota Formation. Please review the Agreement and should you elect to participate, forward a signed signature page along with an executed AFE to the undersigned. CTOC is prepared to drill this well as soon as possible, so your immediate response would be greatly appreciated. Should you have any questions, please feel free to contact me at (817) 870-8454.

Sincerely,
CROSS TIMBERS OIL COMPANY


George A. Cox, CPL
Landman

Enclosures

cc: Jerry Stadulis Gary Markstead
Larry McDonald Bobby Smith
Gary Burch



Cross Timbers Operating Company

AUTHORITY FOR EXPENDITURE

AFE No. _____ Lease Name Kutz Federal Well No. 12E
Description 970' FNL & 1000' FWL of Sec 21, T28N, R10W County San Juan
State New Mexico Area Farmington Operator CTOC
Project Drill & Complete Dakota Gas Well Prepared by MAG/BLS
Exploration _____ Development X Recompletion _____ T.D. 6800' Date 10/27/98

24x_xx		INTANGIBLE	TANGIBLE	TOTAL
8-01	CONDUCTOR HOLE / RATHOLE			\$0
8-01	DAYWORK DRILLING \$6000/day x 10 days	\$60,000		\$60,000
8-01	FOOTAGE DRILLING			\$0
8-01	MOVING RIG	\$12,000		\$12,000
8-01	TURNKEY DRILLING			\$0
8-03	CONTRACT LABOR	\$4,000		\$4,000
8-04	TRUCKING	\$5,000		\$5,000
8-05	LOCATION / ROADS / PITS	\$14,000		\$14,000
8-06	MUD / CHEMICALS	\$12,000		\$12,000
8-06	WATER & WATERLINES	\$9,000		\$9,000
8-07	DST / WL FORMATION TESTING			\$0
8-08	OPEN HOLE LOGS	\$11,000		\$11,000
8-09	CEMENT & CEMENTING SERVICES	\$3,500		\$3,500
8-10	DRILL BITS one - 12 1/4", three - 7-7/8"	\$20,000		\$20,000
8-10	POWER & FUEL	\$2,000		\$2,000
8-11	CASING CREWS, TOOLS & TONGS			\$0
8-12	RENTAL TOOLS & EQUIPMENT	\$4,000		\$4,000
8-15	CORING & CORE ANALYSIS			\$0
8-16	PUMP TRUCKS & SERVICES			\$0
8-17	GEOLOGY / ENGINEERING / SUPERVISION 10 days @ \$500/day	\$5,000		\$5,000
8-18	MUD LOGGING UNIT	\$5,000		\$5,000
8-18	DIRECTIONAL TOOLS & SERVICE			\$0
8-18	FISHING TOOLS & SERVICE			\$0
8-21	LAND DAMAGES / LEGAL WORK	\$10,000		\$10,000
9-01	OVERHEAD 10 days @ \$250/day	\$2,500		\$2,500
9-01	CONDUCTOR PIPE			\$0
9-01	INTERMEDIATE CASING			\$0
9-01	SURFACE CASING 8 5/8" @ 350'		\$2,500	\$2,500
9-03	BRADENHEAD		\$600	\$600
9-10	NON-CONT. TANG. EQUIP. DRLG.			\$0
CONTINGENCIES 5% of INTANGIBLE / TANGIBLE COSTS		\$9,000		\$9,000
TOTAL COST TO CASING POINT		\$188,000	\$3,100	\$191,100
PLUG & ABANDONMENT		\$5,000		\$5,000
TOTAL COST IF DRY HOLE		\$193,000	\$3,100	\$196,100
8-02	COMPLETION UNIT 5 days @ \$2100/day	\$10,500		\$10,500
8-03	CONTRACT LABOR	\$5,000		\$5,000
8-03	INSTALLATION OF SERVICE EQUIPMENT			\$0
8-04	TRUCKING	\$4,000		\$4,000
8-05	FILL PITS & DRESS LOCATION	\$2,500		\$2,500
8-06	CHEMICAL PRODUCTS			\$0
8-06	WATER TRANSPORTS	\$5,000		\$5,000
8-07	CASED HOLE WIRELINE SERVICES	\$3,000		\$3,000
8-09	CEMENT & CEMENTING SERVICES	\$22,500		\$22,500
8-11	CASING CREWS, TOOLS & TONGS	\$2,800		\$2,800
8-11	RENTAL TOOLS & EQUIPMENT			\$0
8-15	FRAC PIT / LINER			\$0
8-15	FRAC TANK RENTALS	\$3,000		\$3,000
8-15	PUMP TRUCKS & SERVICES			\$0
8-15	STIMULATION SERVICES 1 Acid BD, 1 Sand Frac	\$40,000		\$40,000
8-16	ENGINEERING / SUPERVISION 5 days @ \$500/day	\$2,500		\$2,500
8-18	FISHING TOOLS & SERVICES			\$0
8-18	LEGAL WORK			\$0
8-18	PLUG & ABANDONMENT			\$0
8-21	OVERHEAD 5 days @ \$250/day	\$1,300		\$1,300
9-01	PRODUCTION CASING / LINER 4 1/2" @ 6800'		\$28,000	\$28,000
9-02	TUBING 2 3/8" @ 6700'		\$14,800	\$14,800
9-03	TUBINGHEAD / X-MAS TREE		\$8,000	\$8,000
9-04	ARTIFICIAL LIFT EQUIPMENT			\$0
9-04	SUBSURFACE EQUIPMENT / SALVABLE			\$0
9-05	SEPARATION EQUIPMENT / GAUGES		\$10,000	\$10,000
9-05	TANKS / WALKS / STAIRWAYS 1 each 20, 100, 300 Bbl		\$3,000	\$3,000
9-09	FLOWLINES & FITTINGS		\$2,000	\$2,000
9-10	NON-CONT. TANG. EQUIP. COMPL.			\$0
CONTINGENCIES 5% of INTANGIBLE / TANGIBLE COSTS		\$5,100		\$5,100
TOTAL COST TO COMPLETE & EQUIP		\$107,200	\$65,800	\$173,000
TOTAL WELL COST		\$295,200	\$68,900	\$364,100

OPERATOR
COMPANY
COMPANY
COMPANY
COMPANY
COMPANY

BY SP WI %
BY SP WI %
BY SP WI %
BY SP WI %
BY SP WI %
BY SP WI %

DATE 11/24/98
DATE
DATE
DATE
DATE
DATE



Cross Timbers Oil Company

December 15, 1998


Working Interest Owners
(See Attached List)

RE: Kutz Federal #12E Well
Section 21-28N-10W
San Juan County, New Mexico

Gentlemen:

Enclosed please find a corrected Exhibit "A" to the Joint Operating Agreement that I sent to you on December 9, 1998. Please insert this into the Joint Operating Agreement and discard the original one. Should you have any questions, please feel free to contact me at (817) 870-8454.

Sincerely,
CROSS TIMBERS OIL COMPANY


George A. Cox, CPL
Landman

Enclosure

WORKING INTEREST OWNERS
KUTZ FEDERAL #12E
SECTION 21-28N-10W
SAN JUAN COUNTY, NEW MEXICO

Cross Timbers Operating Company
810 Houston Street, Suite 2000
Fort Worth, Texas 76102-6298

Mathias Family Trust dtd 9-9-81
452 Maidstone Lane
Thousand Oaks, CA 91320

Virginia L. Mullin
1 Churchill Drive
Englewood, CO 80110

William L. Floyd
P.O. Box 1249
Alexandria, VA 22313-1249

Leon M. DuCharme Marital Trust
2617 South Wadsworth Circle
Lakewood, CO 80277-3220

Rita Mae DuCharme
2617 South Wadsworth Circle
Lakewood, CO 80277-3220

B.B.L., Ltd.
P.O. Box 911
Breckenridge, TX 76424-0911

States Inc.
P.O. Box 911
Breckenridge, TX 76424-0911

Hugoton Energy Corporation
P.O. Box 970240
Dallas, Texas 75397-0240

Richard P. Shooshan, Trustee
of the Shooshan Family Trust
686 E. Union St.
Pasadena, CA 91101-1820

Bernard Hyde Trust,
Bernard Hyde Trustee
28242 Yanez
Mission Viejo, CA 92692-1836



Cross Timbers Oil Company

January 7, 1999

Working Interest Owners
(See Attached List)


RE: Kutz Federal #12E Well
W/2 Section 21-28N-10W
San Juan County, New Mexico

Dear Working Interest Owners:

Enclosed please find a revised Exhibit "A" to the JOA for the above captioned well updating several parties interest and addresses. Also enclosed please find a new page 2 to the JOA correcting an error in the blank on line 15. Please insert both of these into the agreement for your files. If you have not returned your executed AFE and JOA please attempt to do so as soon as possible.

Should you have any questions, please feel free to contact me at (817) 870-8454.

Sincerely,
CROSS TIMBERS OIL COMPANY


George A. Cox, CPL
Landman

Enclosures

WORKING INTEREST OWNERS
KUTZ FEDERAL #12E

Cross Timbers Operating Company
810 Houston Street, Suite 2000
Fort Worth, Texas 76102-6298

Mathias Family Trust dtd 9-9-81
452 Maidstone Lane
Thousand Oaks, CA 91320

Virginia L. Mullin
1 Churchill Drive
Englewood, CO 80110

William L. Floyd, Jr.
16E 77th Street #5A
New York, New York 10021-1723

Rita Treasa Floyd
4901 Saratoga Blvd., Apt 828
Corpus Christi, TX 78413

Leon M. DuCharme Marital Trust
2617 South Wadsworth Circle
Lakewood, CO 80277-3220

Rita Mae DuCharme
2617 South Wadsworth Circle
Lakewood, CO 80277-3220

B.B.L., Ltd.
P.O. Box 911
Breckenridge, TX 76424-0911

States Inc.
P.O. Box 911
Breckenridge, TX 76424-0911

Chesapeake Mid-Continent Corp.
P.O. Box 18496
Oklahoma City, OK 73154

Richard P. Shooshan, Trustee
of the Shooshan Family Trust
686 E. Union St.
Pasadena, CA 91101-1820

Bernard Hyde Trust,
Bernard Hyde Trustee
28242 Yanez
Mission Viejo, CA 92692-1836



Cross Timbers Oil Company

January 15, 1999

Working Interest Owners
(See Attached List)


RE: Kutz Federal #12E Well
W/2 Section 21-28N-10W
San Juan County, New Mexico

Dear Working Interest Owners:

Enclosed please find a new page 4 to the Exhibit "C" COPAS, attached to the Joint Operating Agreement dated December 9, 1998. Cross Timbers has lowered the producing rate for this well from \$500.00 per month to \$350.00. Please insert this page into the agreement and delete the original page in your files. If you have not returned your executed AFE and JOA please attempt to do so as soon as possible.

Should you have any questions, please feel free to contact me at (817) 870-8454.

Sincerely,
CROSS TIMBERS OIL COMPANY


George A. Cox, CPL
Landman

Enclosure

WORKING INTEREST OWNERS
KUTZ FEDERAL #12E

Cross Timbers Operating Company
810 Houston Street, Suite 2000
Fort Worth, Texas 76102-6298

Mathias Family Trust dtd 9-9-81
452 Maidstone Lane
Thousand Oaks, CA 91320

Virginia L. Mullin
1 Churchill Drive
Englewood, CO 80110

William L. Floyd, Jr.
16E 77th Street #5A
New York, New York 10021-1723

Rita Treasa Floyd
4901 Saratoga Blvd., Apt 828
Corpus Christi, TX 78413

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2617 South Wadsworth Circle
Lakewood, CO 80277-3220

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P.O. Box 911
Breckenridge, TX 76424-0911

Chesapeake Mid-Continent Corp.
P.O. Box 18496
Oklahoma City, OK 73154

Richard P. Shooshan, Trustee
of the Shooshan Family Trust
686 E. Union St.
Pasadena, CA 91101-1820

Bernard Hyde Trust,
Bernard Hyde Trustee
28242 Yanez
Mission Viejo, CA 92692-1836

III. OVERHEAD

1. Overhead - Drilling and Producing Operations

- i. As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge drilling and producing operations on either:

(X) Fixed Rate Basis, Paragraph 1A, or SEE SCHEDULE I ATTACHED HERETO AND MADE A PART HEREOF
 () Percentage Basis, Paragraph 1B

Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Paragraph 3A, Section II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.

- ii. The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property:

() shall be covered by the overhead rates, or
 (X) shall not be covered by the overhead rates.

- iii. The salaries, wages and Personal Expenses of Technical Employees and/or costs of professional consultant services and contract services of technical personnel either temporarily or permanently assigned to and directly employed in the operation of the Joint Property:

() shall be covered by the overhead rates, or
 (X) shall not be covered by the overhead rates.

A. Overhead - Fixed Rate Basis

- (1) Operator shall charge the Joint Account at the following rates per well per month:

Drilling Well Rate \$ 5,000.00
 (Prorated for less than a full month)

Producing Well Rate \$ 350.00 **Escalation of producing well rate will not exceed a total of \$750.00.

- (2) Application of Overhead - Fixed Rate Basis shall be as follows:

(a) Drilling Well Rate

- (1) Charges for drilling wells shall begin on the date the well is spudded and terminate on the date the drilling rig, completion rig, or other units used in completion of the well is released, whichever is later, except that no charge shall be made during suspension of drilling or completion operations for fifteen (15) or more consecutive calendar days.
- (2) Charges for wells undergoing any type of workover or recompletion for a period of five (5) consecutive work days or more shall be made at the drilling well rate. Such charges shall be applied for the period from date workover operations, with rig or other units used in workover, commence through date of rig or other unit release, except that no charge shall be made during suspension of operations for fifteen (15) or more consecutive calendar days.

(b) Producing Well Rates

- (1) An active well either produced or injected into for any portion of the month shall be considered as a one-well charge for the entire month.
 - (2) Each active completion in a multi-completed well in which production is not commingled down hole shall be considered as a one-well charge providing each completion is considered a separate well by the governing regulatory authority.
 - (3) An inactive gas well shut in because of overproduction or failure of purchaser to take the production shall be considered as a one-well charge providing the gas well is directly connected to a permanent sales outlet.
 - (4) A one-well charge shall be made for the month in which plugging and abandonment operations are completed on any well. This one-well charge shall be made whether or not the well has produced except when drilling well rate applies.
 - (5) All other inactive wells (including but not limited to inactive wells covered by unit allowable, lease allowable, transferred allowable, etc.) shall not qualify for an overhead charge.
- (3) The well rates shall be adjusted as of the first day of April each year following the effective date of the agreement to which this Accounting Procedure is attached. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in the average weekly earnings of Crude Petroleum and Gas Production Workers for the last calendar year compared to the calendar year preceding as shown by the index of average weekly earnings of Crude Petroleum and Gas Production Workers as published by the United States Department of Labor, Bureau of Labor Statistics, or the equivalent Canadian index as published by Statistics Canada, as applicable. The adjusted rates shall be the rates currently in use, plus or minus the computed adjustment.

B. Overhead - Percentage Basis

- (1) Operator shall charge the Joint Account at the following rates:



Cross Timbers Oil Company

January 21, 1999

Working Interest Owners
(See attached list)


RE: Kutz Federal A #12E Well
W/2 Section 21-28N-10W
San Juan County, New Mexico

Dear Working Interest Owners:

On December 9, 1998, I sent you a well proposal along with an AFE and Joint Operating Agreement for the above captioned well. As of the date of this letter I have not received a reply concerning your election. Cross Timbers Oil Company is making plans to drill this well in the near future and we need to know your election pertaining to your interest in this well.

Please let me know if you have any questions concerning our proposal as soon as possible. I will need to make application with the NMOCD for a force pooling hearing and I will need to list any party who has not responded to our proposal. Please contact me as soon as possible.

Sincerely,
CROSS TIMBERS OIL COMPANY


George A. Cox, CPL
Landman

WORKING INTEREST OWNERS
KUTZ FEDERAL A #12E

Mathias Family Trust dtd 9-9-81
452 Maidstone Lane
Thousand Oaks, CA 91320

Virginia L. Mullin
1 Churchill Drive
Englewood, CO 80110

Cheasapeake Mid-Continent Corp.
P.O. Box 18496
Oklahoma City, OK 73154

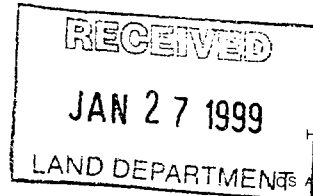
Richard P. Shooshan, Trustee
of the Shooshan Family Trust
686 E. Union St.
Pasadena, CA 91101-1820

Jenkins & Gilchrist

A PROFESSIONAL CORPORATION

FOUNTAIN PLACE
1445 ROSS AVENUE, SUITE 3200
DALLAS, TEXAS 75202-2799

(214) 855-4500
TELECOPIER (214) 855-4300



AUSTIN, TEXAS
(512) 499-3800
HOUSTON, TEXAS
(713) 951-3300
ANGELES, CALIFORNIA
(310) 820-8800
SAN ANTONIO, TEXAS
(210) 246-5000
WASHINGTON, D.C.
(202) 326-1500

WRITER'S DIRECT DIAL NUMBER
(214) 855-4392

January 25, 1999

Mr. George A. Cox, CPL
Landman
Cross Timbers Oil Company
810 Houston Street, Suite 2000
Fort Worth, Texas 76102

VIA TELECOPY and
CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Re: Kutz Federal #12E Well, W/2 Unit; NW/4, Sec. 21-28N-10W, San Juan County,
New Mexico

Dear Mr. Cox:

In accordance with our December 28, 1998 telephone conversation, enclosed please find an Assignment conveying all oil and gas interests located in San Juan County, New Mexico from the Estate of William L. Floyd to William L. Floyd, Jr. and Rita Treasa Floyd, which Assignment was recorded at Book 1245, Page 610, San Juan County, New Mexico. Please revise your records to reflect the foregoing Assignment. Current addresses for the grantees of said Assignment are as follows:

William L. Floyd, Jr.
16 East 77th Street, #5A
New York, New York 10021
Telephone: 212/988-0082

Rita Treasa Floyd
4901 Saratoga Blvd., #828
Corpus Christi, Texas 78413
512-542-5428

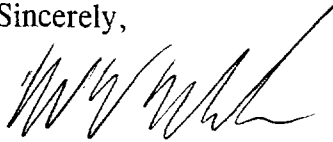
In addition, please revise the AFE and JOA which you forwarded to Mr. Floyd under cover of December 9, 1998 and relating to the referenced new drill. It is my understanding that Mr. Floyd is prepared to execute said AFE and JOA, provided you first revise Article III.B to read "1/8th of 8/8ths". Mr. Floyd will contact you directly in that regard.

Jenkins & Gilchrist
A PROFESSIONAL CORPORATION

January 25, 1999
Page 2

Thank you for your kind assistance in this matter. Please contact me, at the number shown above, if you have any questions whatsoever in this regard.

Sincerely,

A handwritten signature in black ink, appearing to read 'Wm. Vincent Murchison', with a long, sweeping horizontal stroke at the end.

Wm. Vincent Murchison

WVM/cg

cc: William L. Floyd, Jr.
Rita Treasa Floyd



Cross Timbers Oil Company

February 3, 1999

CERTIFIED MAIL

Rita Floyd
4901 Saratoga Blvd., #828
Corpus Christi, Texas 78413

RE: New Drill
Kutz Federal #12E Well
W/2 Unit
NW/4 Section 21-28N-10W
San Juan County, New Mexico

Dear Working Interest Owner:

Cross Timbers Oil Company (CTOC), as successor operator to Amoco Production Company, hereby proposes to drill the above captioned well to a depth of 6,800' to the Dakota Formation. Our proposed location is 970' FNL and 1000' FWL of the Section. Our records indicate that Bernard Hyde Trust has a working interest of .13780%. Enclosed please find a copy of our AFE which provides for a dry hole cost of \$196,100 and a completed well cost of \$364,100.

Enclosed also please find a Joint Operating Agreement for this W/2 Unit that covers from the base of the Pictured Cliffs formation to the base of the Dakota Formation. Please review the Agreement and should you elect to participate, forward a signed signature page along with an executed AFE to the undersigned. CTOC is prepared to drill this well as soon as possible, so your immediate response would be greatly appreciated. Should you have any questions, please feel free to contact me at (817) 870-8454.

Sincerely,
CROSS TIMBERS OIL CO

George A. Cox
George A. Cox, CPL
Landman

Enclosures

cc: Jerry Stadulis
Larry McDonald
Gary Burch

Is your RETURN ADDRESS completed on the reverse side?	SENDER:		I also wish to receive the following services (for an extra fee):	
	<input type="checkbox"/> Complete items 1 and/or 2 for additional services. <input type="checkbox"/> Complete items 3, 4a, and 4b. <input type="checkbox"/> Print your name and address on the reverse of this form so that we can return this card to you. <input type="checkbox"/> Attach this form to the front of the mailpiece, or on the back if space does not permit. <input type="checkbox"/> Write "Return Receipt Requested" on the mailpiece below the article number. <input type="checkbox"/> The Return Receipt will show to whom the article was delivered and the date delivered.		<input type="checkbox"/> Addressee's Address <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
	3. Article Addressed to:		4a. Article Number	
	Rita Treasa Floyd 4901 Saratoga Blvd., #828 Corpus Christi, TX 78413		2 181 361 043	
	4b. Service Type		<input type="checkbox"/> Registered <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Insured <input checked="" type="checkbox"/> COD	
5. Received By: (Print Name)		7. Date of Delivery		
JAMES T. ZUNNO		6 FEB 1999		
6. Signature: (Addressee of Agent)		8. Addressee's Address (Only if requested and fee is paid)		Thank you for using Return Receipt Service.
X		4901 SARATOGA BLVD #828 CORPUS CHRISTI, TX 78413		

PS Form 3811, December 1994

102595-98-B-0229

Domestic Return Receipt



Cross Timbers Oil Company

February 9, 1999

Working Interest Owners
(See attached list)

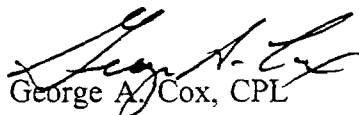
RE: Kutz Federal A #12E Well	Federal A #1E Well
W/2 Section 21-28N-10W	W/2 Section 32-28N-10W
San Juan County, New Mexico	San Juan County, New Mexico

Dear Working Interest Owners:

I have previously sent you a well proposal along with an AFE and Joint Operating Agreement for the drilling of the above captioned wells. As of the date of this letter I have not received a reply concerning your election. Cross Timbers Oil Company will be filing an application with the New Mexico Oil Conservation Division (NMOCD) for a force pooling on these wells in the near future. If I have not received an election from you concerning your interest then you will be listed as a respondent with the NMOCD.

Please let me know if you have any questions concerning our proposals as soon as possible. Feel free to contact me at (817) 870-8454.

Sincerely,
CROSS TIMBERS OIL COMPANY


George A. Cox, CPL
Landman

WORKING INTEREST OWNERS
KUTZ FEDERAL A #12E and FEDERAL A #1E WELLS

Mathias Family Trust dtd 9-9-81
452 Maidstone Lane
Thousand Oaks, CA 91320

Virginia L. Mullin
1 Churchill Drive
Englewood, CO 80110

Cheasapeake Mid-Continent Corp.
P.O. Box 18496
Oklahoma City, OK 73154

Rita Treasa Floyd
4901 Saratoga Blvd., Apt 828
Corpus Christi, TX 78413



Cross Timbers Oil Company

March 4, 1999

Working Interest Owners
(See Attached List)

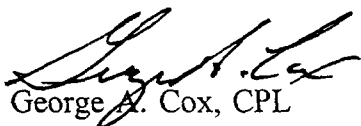
RE: Kutz Federal #12E Well
W/2 Section 21-28N-10W
San Juan County, New Mexico

Dear Working Interest Owners:

Enclosed please find a revised page 4 to the JOA for the above captioned well. It does not appear that Cross Timbers will be drilling this well until the 3rd or 4th quarter of this year. Please insert this page into your agreement. Please contact me prior to March 29, 1999 if you do not agree with this revision.

Should you have any questions, please feel free to contact me at (817) 870-8454.

Sincerely,
CROSS TIMBERS OIL COMPANY


George A. Cox, CPL
Landman

Enclosures

WORKING INTEREST OWNERS
KUTZ FEDERAL #12E

Virginia L. Mullin
1 Churchill Drive
Englewood, CO 80110

William L. Floyd, Jr.
16 East 77th Street #5A
New York, New York 10021-1723

Leon M. DuCharme Marital Trust
2617 South Wadsworth Circle
Lakewood, CO 80277-3220

Rita Mae DuCharme
2617 South Wadsworth Circle
Lakewood, CO 80277-3220

B.B.L., Ltd.
P.O. Box 911
Breckenridge, TX 76424-0911

States Inc.
P.O. Box 911
Breckenridge, TX 76424-0911

Bernard Hyde Trust,
Bernard Hyde Trustee
28242 Yanez
Mission Viejo, CA 92692-1836



Cross Timbers Oil Company

March 11, 1999

FAX (512) 814-4406

Mr. David Carlton Hughes
3765 South Alameda, Suite 318
Corpus Christi, Texas 78411

RE: Kutz Federal #12E Well
W/2 Unit Section 21-28N-10W
San Juan County, New Mexico


Dear Mr. Carlton:

I am writing you in regards to your letter dated March 5, 1999, concerning your client Rita Treasa Floyd. I have not been able to reach you by phone so I will try to answer your question in this letter. Ms. Floyd owns a working interest in the above captioned well equal to .07395%. The cost of drilling the well as indicated on the AFE is \$295,200.00 for a dry hole and a total of \$364,100.00 for a completed well. Ms Floyd's share of the cost would be \$218.30 if the well is a dry hole ($\$295,200 \times .07395\%$) and a total of \$269.26 for a completed producing well ($\$364,100. \times .07395\%$). These cost are only estimates and she will be billed for the actual cost involved in drilling and completing the well.

Ms Floyd also has the same interest in the Federal A 1E Well, located in the W/2 of Section 32-28N-10W, San Juan County, New Mexico. This well has also been proposed to her, but was not addressed in your letter.

If you have any other questions, please feel free to contact me at (817) 870-8454 and I will be glad to try to answer your questions.

Sincerely,
CROSS TIMBERS OIL COMPANY


George A. Cox, CPL
Landman

LAW OFFICES OF
DAVID CARLTON HUGHES

DAVID CARLTON HUGHES
BOARD CERTIFIED
PERSONAL INJURY TRIAL LAW
TEXAS BOARD OF
LEGAL SPECIALIZATION

HENRY P. KOSLING
OF COUNSEL

March 05, 1999

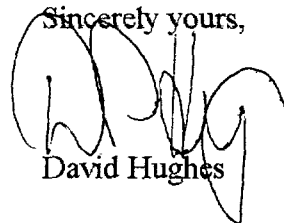
Mr. George A. Cox, CPL Landman
Cross Timbers Oil Company
810 Houston St., Suite 2000
Fort Worth, Texas 76102-6298

Re: New Drill
Kutz Federal #12E Well
W/2 Unit
NW/4 Section 21-28N-10W
San Juan County, New Mexico
My Client: Rita Treasa Floyd
My File No.: 99-5002

Dear Mr. Cox

Please be advised that I represent Ms. Rita Treasa Floyd. In reviewing over the documents I received, I am not clear about her portion. Could you point to me on the documents on how much she might be having to pay. Please let me hear back from you regarding this as soon as possible.

Sincerely yours,



David Hughes

DH/lm

3765 South Alameda, Suite 318
Corpus Christi, Texas 78411
(512) 814-4404 • 1-800-687-8460
Fax (512) 814-4406
MAIN OFFICE

812 San Antonio Street, Suite G20
Austin, Texas 78701
(512) 457-8254 • 1-800-687-8460
Fax (512) 478-0086
BRANCH OFFICE