Santa Fe Snyder Corporation

VIA FAX AND CERTIFIED MAIL (915) 683-0311

February 25, 2000

BTA Oil Producers 104 South Pecos Midland, Texas 79701

ATTN.: Mr. C. Robert Crawford

Re: Revised Well Proposal Paloma Blanco "18" Fed COM #1 1,980' FNL & 660' FEL Section 18, T-23-S, R-34-E Lea County, New Mexico PALOMA BLANCO PROSPECT Contract # NM-0415

Gentlemen:

Reference is made to Santa Fe Snyder Corporation's letter dated November 15, 1999 proposing the Paloma Blanco "18" Fed COM #1 well as a 13,700 foot Morrow test at a location 660' FSL & 660' FEL of Section 18, T-23-S, R-34-E, Lea County, New Mexico.

This letter is to advise that Santa Fe Snyder Corporation ("Santa Fe") has decided to move the location of the proposed well. Accordingly, Santa Fe hereby re-proposes said well at a location 1,980' FNL & 660' FEL of Section 18, T-23-S, R-34-E, Lea County, New Mexico. Attached are duplicate AFE Well Cost Estimates for the proposed well.

We anticipate establishing a proration unit covering the E/2 of said Section 18 if the well is successfully completed in the Morrow formation. BTA Oil Producers ("BTA") appears to own 100.0% of the working interest in the SE/4 of said Section 18 subject to the terms of that certain Farmout Agreement dated October 11, 1979 between Conoco Inc., as Farmor, and BTA, as Farmee. Please advise if this is incorrect.

You will be provided with an Operating Agreement covering the E/2 of said Section 18 within the next few days. Should you choose to participate in the proposed well, please execute and return one copy of this letter, one AFE Well Cost Estimate and one original Operating Agreement. Please also provide your geological information requirements and the names of personnel to receive reports. In the alternative, should you choose not to participate, Santa Fe will consider a Term Assignment covering all of BTA's interest in the SE/4 of Section 18 based upon mutually acceptable terms. The EXAMPLER CATANACH

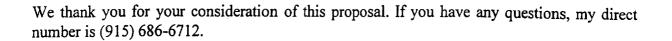
SF SANder Louis 100_6

CASE NO. 12449

AN CONCEPTION DIVISION

Central Division 550 W. Texas, Suite 1330 Midland, Texas 79701 915/687-3551 Weil Re-Proposal Paloma Blanco "18" Fed COM No. 1 Weil February 25, 2000 Page 2

7



Sincerely,

SANTA FE SNYDER CORPORATION

Steven J. Smith

Senior Staff Landman

BTA Oil Producers hereby elects to **PARTICIPATE** in the Paloma Blanco "18" Fed COM #1 Well as hereinabove re-proposed.

BTA OIL PRODUCERS

By: ______ Title: ______ Date: _____

PALOMABLANCO18-la.doc

CONFIRMATION REPORT - MEMORY SEND



Time : FEB-25-00 16:55 Fax number: 9156866714 Name : SANTA FE SNYDER CORPORATION

Job	:	264
Date	:	FEB-25 16:53
To	:	96830311
Doc. pages	:	04
Start time	:	FEB-25 16:53
End time	:	FEB-25 16:55
Pages sent	:	04
Job:264		*** SEND SUCCESSFUL ***

Santa Fe Snyder Corporation 550 West Texas Avenue, Suite 1330 Midland, Texas 79701 915-687-3551 FAX 915-686-6714

Fax Cover Sheet Dates To: Fax: . From 20 # RE

THIS MESSAGE IS INTENDED ONLY FOR THE USE OF THE INDIVIDUAL OR ENTITY TO WHICH IT IS ADDRESSED, AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, CONFIDENTIAL, AND EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAW. If the reader of this message is not the intended recipient, or the employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone, and return the original message to us at the above address via U.S. Postal Service. Thank you.

Number of Pages S (NEP including cover sheet) Please call Edith (6.56 E if all pages not received

Fax Cover Sheet

SENDER: © Complete items 1 and/or 2 for additional services. © Complete items 3, 4a, and 4b. © Print your name and address on the reverse of this form so the card to you. ■ Attach this form to the front of the malipiace, or on the back if to permit. Write "Return Receipt Requested" on the malipiace below the ■ The Return Receipt Will show to whom the article was delivered	anticle number. and the date	l also wish to recei following services extra fee): 1.	(for an e's Address i Delivery
delivered. 3. Article Addressed to:	4a. Article 1 Z 558 0		
ATTN: MR. BOB CRAWFORD BTA OIL PRODUCERS 104 SOUTH PECOS MIDLAND TX 79701	4b. Service Type Begistered Image: Cert Express Mail Insu		Certified
		Delive FEB 2 3.	
5. Received By: (Print Name)	8. Address and fee	see's Address (Only is paid)	if requested
X K Handler 1994	102595-98-B-022	Domestic Re	turn Receip

Z 558 008 504

Receipt for Certified Mail

		Drovided						
	No Insurance Coverage Provided. Do not use for International Mail (See reverse)							
ľ	Sent to	iai iviali (See levelse)						
	BTA Oil Producers							
	Street & Number							
	104 South Pecos							
Ì	Post Office, State, & ZIP Code							
	Midland, Texas 79701							
	Postage	\$						
	Certified Fee	· · · · · · · · · · · · · · · · · · ·						
	Special Delivery Fee							
	Restricted Delivery Fee							
366	Return Receipt Showing to							
11	Whom & Date Delivered							
5	m Receipt Showing to Whom,							
$\overline{\mathbf{a}}$	& Addressee's Address							
PS Form 3800 , April 1995	TOTAL Postage & Fees	\$						
3	Postmark or Date							
E								
ŭ								
g.								