



Santa Fe Snyder Corporation

VIA FAX AND CERTIFIED MAIL
(915) 683-0311

Bary Beal
c/o BTA Oil Producers
104 South Pecos
Midland, Texas 79701

April 7, 2000

Re: Proposed 13,700' Morrow Test
Paloma Blanco "18" Fed COM #1 Well
1,980' FNL & 660' FEL
Section 18, T-23-S, R-34-E
Lea County, New Mexico
PALOMA BLANCO PROSPECT #NM-0415

Dear Mr. Beal:

By letter dated February 25, 2000, Santa Fe Snyder Corporation (Santa Fe) proposed drilling the referenced well to BTA Oil Producers (BTA). Subsequent to the February 25th proposal letter, title to the E/2 of said Section 18 was examined for the purpose of obtaining a Drilling Title Opinion. As a result, it has come to Santa Fe's attention that, by assignment (the "Assignment") dated February 1, 1985, recorded in Book 380, Page 490 of the Lea County Official Public Records, BTA conveyed all of its interest in the SE/4 of said Section 18, along with other lands, to you and approximately 85 other interest owners. In the Assignment, your address was c/o BTA Oil Producers.

In order to supplement Santa Fe's February 25th proposal of the referenced well and to insure proper notification, Santa Fe hereby extends to you the opportunity to participate in the proposed Paloma Blanco "18" Fed COM #1 well as a 13,700 foot Morrow test to be located 1,980' FNL & 660' FEL of Section 18, T-23-S, R-34-E, Lea County, New Mexico. A proration unit consisting of the E/2 of said Section 18 will be formed if the well is successfully completed in the Morrow formation.

Enclosed are duplicate AFE Well Cost Estimates for this well. You will be provided with an Operating Agreement covering the E/2 of said Section 18 the near future. Should you choose to participate in the proposed well, please execute and return one of the enclosed AFE Well Cost Estimates and the Operating Agreement. Please also provide your well information requirements.

We thank you for your consideration of this proposal. If you have any questions, my direct number is (915) 686-6712.

Sincerely,

SANTA FE SNYDER CORPORATION

Steven J. Smith
Senior Staff Landman

PALOMABLANCO18-2a-1

CONFIRMATION REPORT - MEMORY SEND

Time : APR-07-00 14:40
Fax number: 9156866714
Name : SANTA FE SNYDER CORPORATION

Job : 692
Date : APR-07 13:56
To : 96830311
Doc. pages : 98
Start time : APR-07 13:56
End time : APR-07 14:39
Pages sent : 98
Job:692 *** 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

Date: 4-7-00
To: BTA Oil Producers
Fax: (915) 683-0311
From: STEVE SMITH
RE: Paloma Blanco "18" Fed Cam #1 Well

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Number of Pages Sent 97 (Not including cover sheet)

Please call (915) 686-6712 if all pages not received

Fax Cover Sheet