

Santa Fe Snyder Corporation

SF S NVDERENGER NO.

CASE NO. VIA FAX AND CERTIFIED MAIL

April 7, 2000

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

(915) 683-0311

Re: Proposed 13,700' Morrow Test

Paloma Blanco "18" Fed COM #1 Well

1.980' FNL & 660' FÉL 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 conveved 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

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PS Form 38	3800, April	1995			
Postmark or Date	Return Receipt Showing to Whom, Date, & Addressee's Address TOTAL Postage & Fees	Restricted Delivery Fee Return Receipt Showing to Whom & Date Delivered	Certified Fee Special Delivery Fee	US Postal Service Receipt for Cert No Insurance Coverage F Do not use for Internation Sensor Street Number Post Office, State, & ZIP Cod Postage	P 101 783
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Name : SANTA FE SNYDER CORPORATION

Job

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 ***

692



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

Fax Cover Sheet

BTA	Dil Produce	25
	73 - <i>0311</i>	
STEVE		
Paloma B	Blanco "18"	Fed Com # WEI
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Number of Pages Sent 97 (Not including cover sheet)

Please call (915) 486-67/2 if all pages not received

Fax Cover Sheet