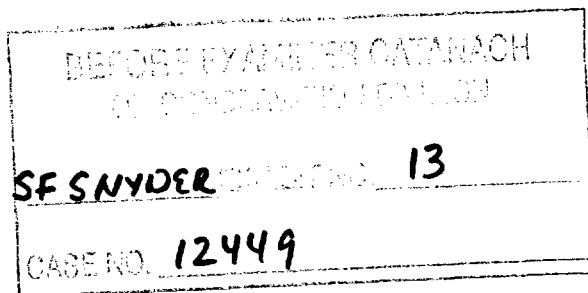


**Santa Fe Snyder Corporation**

HAND DELIVERED

BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701  
ATTN.: Mr. C. Robert Crawford

May 1, 2000



Re: Operating Agreement for  
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

Gentlemen:

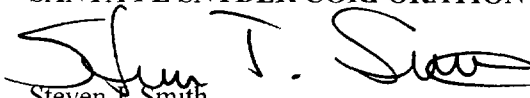
By letters dated April 7, 2000, Santa Fe Snyder Corporation (Santa Fe) proposed drilling the referenced well to the many assignees of BTA Oil Producers (BTA) as shown in that certain Assignment dated February 1, 1985 and recorded in Book 380, Page 490 of the Oil and Gas Records of Lea County, New Mexico. The proposal letters referred to an Operating Agreement to be provided at a later date.

The return addresses for all of BTA's assignees were given as c/o BTA at its Midland, Texas address. Accordingly, enclosed for your further handling are copies of the proposed Operating Agreement referenced in the April 7<sup>th</sup> well proposal letter along with a Recording Memorandum thereof for each of BTA's assignees for which current addresses were not found of record. Please forward the enclosed Operating Agreements to each of the parties shown on the attached Exhibit "A" at your earliest convenience.

To acknowledge receipt of the enclosed Operating Agreements, please execute one copy of this letter in the space provided below.

Sincerely,

**SANTA FE SNYDER CORPORATION**

  
Steven J. Smith  
Senior Staff Landman

**Receipt of the above referenced Operating Agreements and Recording Memorandums is hereby acknowledged.**

**BTA OIL PRODUCERS**

By: Harry J. Smith

Date: 5-1-00

PALOMABLANCO18-2a.doc

Central Division  
550 West Texas Avenue, Suite 1330  
Midland, Texas 79701-4257  
915/687-3551

Exhibit "A"

Berry Beal.  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Carlton Beal, Jr.  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Spencer Beal  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Kelly Beal  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Berry Beal Jr.  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Stuart E. Beal  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Robert M. Davenport, Jr.  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Keleen Beal  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Carlton Beal Family Trust  
fbo Carlton Beal, Jr.  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Carlton Beal Family Trust  
fbo Barry Beal  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Carlton Beal Family Trust  
fbo Spencer Beal  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Carlton Beal Family Trust  
fbo Kelly Beal  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Carlton Beal Family Trust  
fbo Karlene Garber  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Karlene Beal Garber Living  
Trust UTA 6/8/93  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Bernard E. Alpern Trust  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Loyd J. Alpern Trust  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

George F. Baker, III, Agent  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Alan S. Weinberg & Irene  
F. Weinberg, Trustees of the  
Weinberg Revocable Trust  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Blank Living Investment  
Trust UTA dated 7/24/89,  
Trust # MOG #2  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Norma Braman  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Hubert L. Cline  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Dan Clyman Associates  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Carol R. Cohen  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Arthur Collins  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Eleanor Couri, George G.  
Couri and Harold Bobroff,  
Trustees UWO George J. Couri  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Thomas F. Curnin  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

James Currie  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Joseph DiMieri  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Rex Sturm and Charles  
R. Player Jr., Trustees UWO  
Thomas Dowd  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Ecoff & Gisler  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Arthur Emil-1979  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Morgan Guaranty Trust Co.  
of NYC, Trustee UWO  
Gerald Frank, fbo  
Lynne Bettman & descendants  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

GD Company  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Joseph H. Gardner  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Barbara Gilbert  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Salvatore Giordano, Sr.  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Charles Goldschmidt  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Edward Goldschmidt  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Elena J. Atlas  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Donald E. Jahncke Trust  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Henry & Lillian Kibel  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Martin B. Kremer  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Kremer Family Joint Venture  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Joseph N. Leff  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Nadal Family Trust  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Roger P. Palma  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Lawrence Phillips  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

William Spiegelman  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Bank of America, N.A., Trustee  
of Trust No. 1430-01  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Bank of America, N.A., Trustee  
of Trust No. 1430-02  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Bank of America, N.A., Trustee  
of Trust No. 1430-03  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Bank of America, N.A., Trustee  
Of Trust No. 1430-04  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Bank of America, N.A., Trustee  
Of Trust No. 1430-05  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Bank of America, N.A., Trustee  
of Trust No. 1431-00  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Bank of America, N.A., Trustee  
of Trust No. 1432-00  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Raymond Kent Rice and Susan  
Rice Kaufman, Co-Trustees of the  
Raymond H. Rice, Deceased's  
Trust under Declaration of the  
Rice Family Trust dated 8/14/91  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Francis Scott Shea, Trustee  
UWO Mary Nora Shea fbo  
William A. Shea, Jr.  
C/o William Andrew Shea  
24 Brook Hills Circle  
White Plains, New York 10605

Sheltess Associates  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Robert J. Strausburgh, II and  
Thomas C. Strausburgh, Trustees  
of the Robert J. Strausburgh, II Living Trust  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Henry F. Trione  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Mark H. Trione  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Victor S. Trione  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Trobaugh Properties  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Elizabeth Wolff  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Morris Radmin and Babette S.  
Goldman, Co-Trustees UWO  
Ilsa B. Wolff fbo Eva Trent  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Patricia Ann Wolff  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

Patricia Ann Wolff Trust  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701

C. R. Pearson  
C/o BTA Oil Producers  
104 South Pecos  
Midland, Texas 79701