



Santa Fe Snyder Corporation

VIA CERTIFIED RETURN RECEIPT MAIL

May 15, 2000

DEFERRED	
SF SNYDER	14
CASE NO.	12449

John J. Fleet
P. O. Box 25028
Dallas, TX 75225-1028

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 - NM0964

Dear Mr. Fleet:

Santa Fe Snyder Corporation (Santa Fe) hereby proposes to drill a 13,700 foot Morrow test at a location 1,980' FNL & 660' FEL of Section 18, T-23-S, R-34-E, Lea County, New Mexico. If the well is successfully completed in the Morrow Formation, a 320-acre proration unit consisting of the E/2 of said Section 18 will be established. Enclosed for your review and execution are two (2) copies of the AFE Well Cost Estimate for this well.

Based upon our most current title information, you appear to own an undivided unleased 1/96 mineral interest in the Lots 1, 2, E/2 NW/4 and NE/4 (N/2) of said Section 18 containing 315.34 gross acres. Please advise if this is incorrect.

Santa Fe respectfully requests that you either agree to participate for your proportionate interest in the proposed well, or, in the alternative, agree to grant Santa Fe an Oil & Gas Lease covering all of your undivided mineral interest in the N/2 of Section 18, T-23-S, R-34-E, Lea County, New Mexico, based upon the following general terms:

1. \$100.00 per net mineral acre;
2. One (1) Year Primary Term;
3. One-Quarter (1/4) Royalty;

By letter dated April 28, 2000, you were provided an Operating Agreement intended to govern operations within the E/2 of said Section 18. Should you elect to participate in the proposed well, please execute and return one copy of this letter, one AFE Well Cost Estimate and one copy of the Operating Agreement. Please also provide your well information requirements and the names of personnel to receive reports. Should you elect to grant Santa Fe a lease, please make the appropriate election in the space provided below and return one fully executed copy of this letter to the undersigned. Upon receipt of your election, a New Mexico Producer's 88 form 342P lease will be

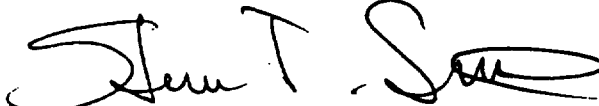
John J. Fleet
Paloma Blanco "18" Fed COM No. 1 Well
Lea County, New Mexico
May 15, 2000
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prepared and forwarded to you for your execution along with a draft for the appropriate bonus amount.

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

_____ I hereby elect to **PARTICIPATE** in the Paloma Blanco "18" Fed COM No. 1 Well.

_____ I hereby elect to **LEASE ALL MY UNDIVIDED MINERAL INTEREST** in the N/2 of Section 18, T-23-S, R-34-E, Lea County, New Mexico, to Santa Fe based upon the above described terms.

John J. Fleet

Date: _____

SJS/
Enclosure

Is your RETURN ADDRESS completed on the reverse side?

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 that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. ☐ Addressee's Address
- 2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Mr. John J. Fleet
P. O. Box 25028
Dallas, TX 75225-1028

4a. Article Number

7099 3220 0006 1576 0302

4b. Service Type

- ☐ Registered ☒ Certified
- ☐ Express Mail ☐ Insured
- ☐ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

5-19-00

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

[Signature]

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

102595-98-B-0229

Domestic Return Receipt

Thank you for using Return Receipt Service.

U.S. Postal Service

CERTIFIED MAIL RECEIPT

(Domestic Mail Only; No Insurance Coverage Provided)

Article Sent To:

Mr. John J. Fleet, P. O. Box 25028,
Dallas, TX 75225-1028

Postage \$

Certified Fee

Return Receipt Fee
(Endorsement Required)

Restricted Delivery Fee
(Endorsement Required)

Total Postage & Fees \$

Postmark
Here

Name (Please Print Clearly) (To be completed by mailer)

Steve Smith, SFSC

Street, Apt. No., or PO Box No.

City, State, ZIP+ 4

PS Form 3800, July 1999

See Reverse for Instructions

7099 3220 0006 1576 0302