



Cross Timbers Oil Company

August 24, 2000

Working Interest Owners
(See attached list)


RE: Federal F #2E Well
E/2 Section 4-27N-10W
San Juan County, New Mexico

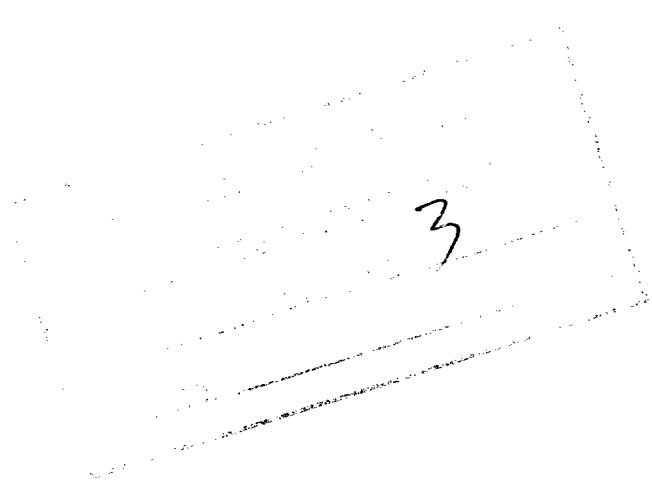
Dear Working Interest Owners:

On August 11, 2000 I sent you a well proposal along with an AFE and Joint Operating Agreement for the above captioned well. As of the date of this letter I have not received a signed Joint Operating Agreement and your election to join or go non-consent under the Joint Operating Agreement. Cross Timbers Oil Company is making plans to drill this well in the near future and we need to know your election pertaining to your interest in this well.

Please let me know if you have any questions concerning our proposal as soon as possible. I will need to make application with the NMOCD for a force pooling hearing and I will need to list any party who has not signed the Joint Operating Agreement and responded to our proposal. Please contact me as soon as possible.

Sincerely,
CROSS TIMBERS OIL COMPANY


George A. Cox, CPL
Landman



WORKING INTEREST OWNERS
FEDERAL F #2E

Mathias Family Trust dtd 9-9-81
452 Maidstone Lane
Thousand Oaks, CA 91320

Virginia L. Mullin
1 Churchill Drive
Englewood, CO 80110

William L. Floyd, Jr.
16 East 77th Street, #5A
New York, New York 10021-1723

Richard P. Shooshan, Trustee
of the Shooshan Family Trust
686 E. Union St.
Pasadena, CA 91101-1820

Leon M. DuCharme Marital Trust
2617 South Wadsworth Circle
Lakewood, CO 80277-3220

Rita Mae DuCharme
2617 South Wadsworth Circle
Lakewood, CO 80277-3220

Rita Treasa Floyd, Jr.
8 Admiral Drive #236
Emeryville, CA 94608

Chateau Energy, Inc.
5950 Berkshire Ln #275
Dallas, TX 75225-5846