

**devon**  
**SFS OPERATING, INC.**

20 North Broadway, Suite 1500  
Oklahoma City, Oklahoma 73102-8260

Telephone: (405) 552-4633  
Fax: (405) 552-8113

November 2, 2000

Matador Petroleum Corporation  
Suite 158, Pecan Creek  
8340 Meadow Road  
Dallas, TX 75231-3751

Attn: Mark A. Virant

**Re: Laura State "13" Com No. 2  
E/2 Section 13-T21S-R34E  
Lea County, New Mexico**

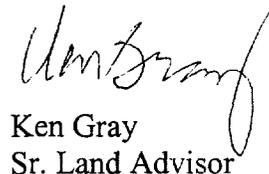
Dear Mark:

Devon SFS Operating, Inc. ("Devon") is in receipt of your letter dated October 20, 2000 proposing the referenced well, along with your proposed form of Joint Operating Agreement ("JOA"). Exhibit "A" attached to the JOA appears to credit a portion of Devon's leasehold interest within the spacing unit to Nearburg Exploration Company, L.L.C.

Please be advised that Devon should be credited with a 25% WI under your proposed well as a previously existing Area of Mutual Interest with Nearburg Exploration Company, L.L.C. has terminated.

Feel free to contact me if there are any questions.

Yours very truly,

  
Ken Gray  
Sr. Land Advisor

KG:mb\matador.3

cc: Nearburg Exploration Company, L.L.C.  
3300 North "A" Street, Suite 120  
Building 2  
Midland, TX 79705  
Attn: Duke Roush

BEFORE THE  
OIL CONSERVATION DIVISION  
Case No. 12573 Exhibit No. 7  
Submitted By:  
*Matador Petroleum Corp.*  
Hearing Date: January 11, 2001