

CL#1517

PERMIAN RESOURCES, INC.

May 9, 2001

Mary Van Wyk 303-774-7433
7562 S. University Blvd.
Littleton, Colorado 80122

not interest -
6-4-01 she said she thought offer
was real cute.

Re: **CHAMBERS PROSPECT**
T-16-S, R-36-E NMPM
Section 7: S/2 SE/4
Lea County, New Mexico
Containing 80 acres more or less

PERMIAN RESOURCES
NMOCD CASE # 12715
September 6, 2001

EXHIBIT 4

Dear Mary:

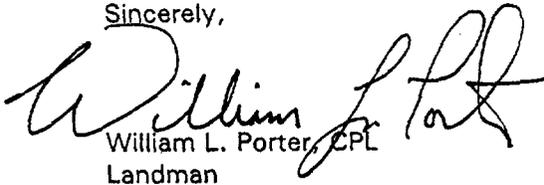
Permian Resources Holdings, Inc. would like to lease your interest in the referenced. County records indicate that you own .4523857% Mineral Interest in the referenced tract which equates to .36190856 net acres. I am willing to offer \$100 per net acre bonus consideration, a 3/16th royalty in a 3 year term paid up oil and gas lease for your interest. At that rate you would receive a check in the amount of \$36.19.

I have taken the liberty to prepare oil and glass lease and check in the amount of \$50.00 representing the bonus consideration. Please be advised that I am leasing you minerals only and not buying them.

Please execute the lease in the presence of a notary public and mail it back to the undersigned in the self addressed stamped envelope provided.

If you should have any questions regarding this matter please do not hesitate to call.

Sincerely,


William L. Porter, CPL
Landman

OIL & GAS LEASE

THIS AGREEMENT made this 9th day of May, 2001 between Mary Van Wyk, dealing in her sole and separate property, 7562 S. University Blvd., Littleton, Colorado 80122, herein called Lessor (whether one or more) and PERMIAN RESOURCES HOLDINGS, INC., P.O. Box 590, Midland, TX 79702, Lessee:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to wit:

S/2SE/4 Section 7, T-16-S, R-36-E, NMPM

Said land is estimated to comprise 80.0 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **Three-sixteenths** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casing head gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **Three-sixteenths** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **Three-sixteenths** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provision or Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the County in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's duty shall be suspended, and Lessee duly shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the County in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Mary Van Wyk

STATE OF COLORADO

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COUNTY OF

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This instrument was acknowledged before me on the day of , 2001 by
Mary Van Wyk.

My Commission Expires

Notary Public, State of Colorado

Printed Name: _____

June 21, 2001

PERMIAN RESOURCES, INC.

June 8, 2001

Ms. Mary Van Wyk
7562 S. University
Littleton, Colorado 80122

VIA CERTIFIED-RETURN RECEIPT REQUESTED
#7099 3400 0016 0162 6836

RE: **CHAMBERS PROSPECT**
T-16-S, R-36-E, NMPM
Section 7: S/2, SE/4
Lea County, New Mexico
Containing 80 acres more or less

Dear Mary:

As per our conversation of June 5, 2001 I am writing you to explain to you your options in the referenced tract of land. Reference is made to my letter and lease dated May 9, 2001.

County records indicate that you own a .4523857% Mineral Interest in the referenced tract which equates to .36190856 net acres. I am willing to offer \$100.00 per net acre bonus consideration, a 3/16th royalty and a 3 year term paid up oil and gas lease for your interest. At that rate you would receive a check in the amount of \$36.19. However, in order to get the lease expedited I am willing to give you a check in the amount of \$50.00 which would equate to approximately \$175.00 per net acre which is more than I've paid the other owners in this tract.

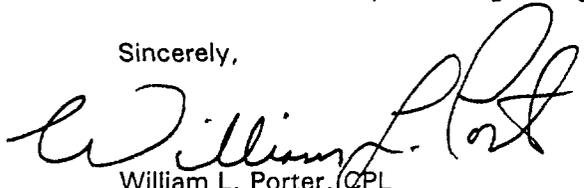
In the alternative if you would like to participate in the drilling of our Chambers Horizontal Well I've enclosed an Authority for Expenditure which sets out the cost associated with drilling the well. Your proportionate share of dry hole cost is calculated by multiplying your mineral interest by the dollar figure listed under the drilling test column of \$866,381.00 for a total cost to you of \$3,919.38.

Further, if you elect not to participate in the well Permian Resources Holdings, Inc. will set a hearing before the Oil Conservation Commission in the State of New Mexico to force pool your interest into our drilling unit. At which time you would not loose your interest, however we would be able to drill our well with your interest contributed to our unit until we earned our investment back plus a penalty assessed by the Commission.

If I do not hear from you within 10 days from the receipt of this letter I will assume you will participate.

Please let me know your thoughts regarding this matter.

Sincerely,



William L. Porter, CPL
Landman

OIL & GAS LEASE

THIS AGREEMENT made this 8th day of June, 2001 between **Mary Van Wyk, dealing in her sole and separate property, 7562 S. University Blvd., Littleton, Colorado 80122** herein called Lessor (whether one or more) and **PERMIAN RESOURCES HOLDINGS, INC., P.O. Box 590, Midland, TX 79702,** Lessee:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to wit:

S/2SE/4 Section 7, T-16-S, R-36-E, NMPM

Said land is estimated to comprise 80.0 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three years** from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **Three-sixteenths** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casing head gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **Three-sixteenths** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **Three-sixteenths** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provision or Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the County in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's duty shall be suspended, and Lessee duly shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the County in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Mary Van Wyk

STATE OF COLORADO

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COUNTY OF

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This instrument was acknowledged before me on the day of , 2001 by
Mary Van Wyk.

My Commission Expires

Notary Public, State of Colorado

Printed Name: _____

PERMIAN RESOURCES, INC.
DRILL & COMPLETION DETAILED COST ESTIMATE

Lease Name: CHAMBERS HORIZONTAL INFILL Well No.: 2 Field: SHOE BAR, NORTH (WOLFCAMP)
 Well Location: 1650' FSL & 660' FEL; BHL 1650' FSL & 1650' FEL Legal: SECTION 7, T16S, R36E
 County: LEA State: NM Prop Depth: 11,500 feet AFE No.: _____
 Obj./ Form: DRILL VERTICAL, KO HORIZONTAL, COMPLETE AND EQUIP 11,500' STRAWN PUMPING OIL WELL, MD 13,200'

CATEGORY	DRILL & TEST	COMPLETION	TOTAL
INTANGIBLES:			
Build roads, location, pits & survey	\$25,000	Damages \$5,000	\$30,000
Contract Drig - Mobilization	\$30,000		\$30,000
Contract Drig - Day work	35.0 days @ \$12,000 /day		\$420,000
Contract Drig - Day work	13.0 days @ \$12,000 /day		\$156,000
Contract Drig - Footage	feet @ _____ /foot		\$0
Bits	\$51,000	\$26,500	\$77,500
Fuel & Power \$42,300	Water \$15,000		\$57,300
Completion Rig	6 days @ \$2,100 /day		\$12,600
Cement Surface \$5,500	Cement Intermediate	\$20,000	\$25,500
Cement Production	\$20,000		\$20,000
Casing Tools and Crews	\$5,500	\$7,000	\$12,500
P & A	\$8,000		\$8,000
Open Hole Logging	\$18,000		\$18,000
Mud Logging \$15,000	Coring		\$15,000
Cased Hole Logging		\$8,000	\$8,000
Perforating	open-hole completion	\$0	\$0
DST/Testing	\$16,000		\$16,000
Stimulation - Acid	\$15,000	Stimulation - Fracture \$0	\$15,000
Special Services	Directional Services, Motors, MWD	\$75,500	\$75,500
Rentals - Surface	Rotating Head, Gas Sep., Housing	\$7,500	\$10,000
Rentals - BHA Equipment	Whipstock, Plcrs., X-overs, Valves	\$2,500	\$21,000
Rentals - Drill Pipe	\$21,000	Tubing	\$24,500
Miscellaneous Rentals	Frac Tanks	\$1,500	\$6,500
Mud & Chemicals	\$20,000		\$20,000
Rig Supervision \$500.00 /day	34 Drill	19 Complete	\$26,500
Trucking	\$2,000	\$2,500	\$4,500
Insurance	\$9,500		\$9,500
Overhead \$250.00 /day	34 Drill	19 Complete	\$4,750
Well Equipment - Intangible Installation	\$2,500	\$4,500	\$7,000
Lease Equipment - Intangible Installation	\$7,500		\$7,500
Contingencies @ 10.0% of Total	\$73,200	\$43,000	\$116,200
TOTAL INTANGIBLES	\$804,981	\$473,369	\$1,278,350
TANGIBLES:			
Well Equipment - Non Controllable			
Surface Casing -			
450 ft of 13-5/8 LS OD,	48 #/ft. @ \$18.00 /foot		\$8,100
Intermediate Casing -			
4,200 ft of 8-5/8" OD,	24 & 32 #/ft. @ \$11.50 /foot		\$48,300
Producing Casing -			
11,300 ft of 5-1/2" OD,	17 & 20 #/ft. @ \$9.00 /foot		\$101,700
Liner -			
300 ft of 4" FJ OD,	12.9 #/ft. @ \$6.50 /foot		\$1,950
Tubing -			
11,600 ft of 2-7/8" OD,	N-80 6.5 #/ft. @ \$3.85 /foot		\$44,660
Rods -			
6,600 ft of 1.2" FG OD,	\$3.00 /foot		\$19,800
4,400 ft of 7/8" & 1.5" OD,	\$2.00 /foot		\$8,800
Pumping Unit / Motor	API Size 640 Used	Motor HP 50	\$45,000
Subsurface Pumps			\$5,000
Other Control Subsurface			\$2,500
Wellhead Equipment	\$5,000	Tbg Head \$10,000	\$14,500
Lease Equipment - Non Controllable		Valves \$4,500	\$19,500
Separators	\$2,500		\$1,500
Flowlines	\$1,500	Treaters \$3,000	\$5,500
Tanks	3" Steel OD, @ \$3.50 /foot		\$5,250
Sales Equipment/Meter Runs, etc.	2 - 300 Bbl Oil Tanks Used		\$6,000
Compressors			\$3,000
Pumps			\$0
Electrical Systems	3 Poles, slack span, meter loop		\$3,500
Fittings			\$4,500
Other Control Lease Equipment	POC		\$3,500
TOTAL TANGIBLES	\$61,400	\$278,660	\$340,060
TOTAL WELL COST COMPLETED	\$866,381	\$752,029	\$1,618,410

REMARKS: See Attached Drilling Prognosis For Details
 Drill 17-1/2" surface hole to 450' and set 13-3/8" casing. Drill 12-1/4" intermediate hole to 4,200' and set 8-5/8" casing.
 Drill 7-7/8" production hole to 11,400' log and evaluate Wolfcamp & Strawn (D&T costs). PB & set 5-1/2" casing at 11,200'. DO &
 & KO Horizl. Drill to TVD 11,360', MD 12,350' to approx BHL 1650' FSL & 1650' FWL. Run 4" FJ liner, acidize and equip w/ BPU.

Prepared By: M. Stewart Initials: _____ Title: Engineer Date: 05/31/01
 Approval Company: _____ By: _____ Title: _____ Date: _____
 Share %: 100.0000% Net \$ Amount: \$1,618,410

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Ms. Mary Van Wyk
 7562 S. University Blvd.
 Littleton, CO.
 80122

2. Article Number (Copy from service label)

7099 3400 0016 0162 6835

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) CARMELO PILLAY Date of Delivery JUN 17 2001

C. Signature [Signature]

D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below

3. Service Type

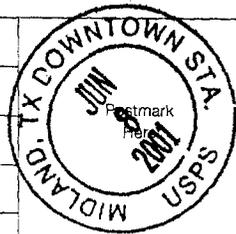
- Certified Mail Express Mail
- Registered Return Receipt for Merchandise
- Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

**U.S. Postal Service
 CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)**

7099 3400 0016 0162 6835

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$



Recipient's Name (Please Print Clearly) (to be completed by mailer)

Ms. Mary Van Wyk
 Street, Apt. No.; or PO Box No.
7562 S. University Blvd.
 City, State, ZIP+4
Littleton, CO. 80122

PS Form 3800, February 2000

See Reverse for Instructions

PERMIAN RESOURCES, INC.

June 22, 2001

Ms. Mary Van Wyk
7562 South University
Littleton, Colorado 80122

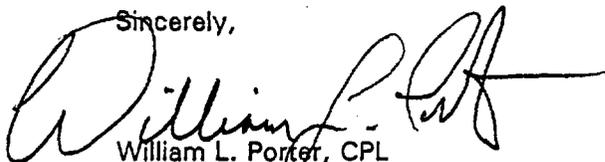
RE: CHAMBERS PROSPECT
T-16-S, R-36-E, NMPM
Section 7: S/2 of SE/4
Lea County, New Mexico
Containing 80 Acres more or less

Dear Ms. Van Wyk:

As per our phone conversation today and because the lack of response to my letter dated June 8, 2001 this letter is to notify you that I will be in contact soon with the Oil Conservation Commission in the State of New Mexico to set a Compulsory Pooling hearing.

The lease opportunity is still available and if you would like to discuss it please let me know. Further, I would like to stress I do not want to buy your interest but simply lease it.

Sincerely,



William L. Porter, CPL
Land Manager

CK#1516

PERMIAN RESOURCES, INC.

May 9, 2001

James I. Holden, Jr. (719) 598-8278
2250 Havensridge Drive
Colorado Springs, Colorado 80920

wife said he doesn't want to.

Re: **CHAMBERS PROSPECT**
T-16-S, R-36-E NMPM
Section 7: S/2 SE/4
Lea County, New Mexico
Containing 80 acres more or less

Dear James:

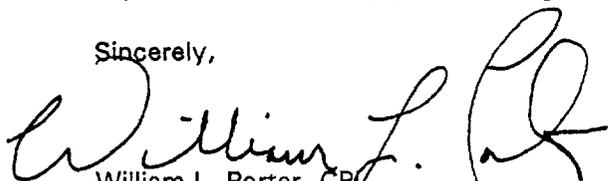
Permian Resources Holdings, Inc. would like to lease your interest in the referenced. County records indicate that you own .4523857% Mineral Interest in the referenced tract which equates to .36190856 net acres. I am willing to offer \$100 per net acre bonus consideration, a 3/16th royalty in a 3 year term paid up oil and gas lease for your interest. At that rate you would receive a check in the amount of \$36.19.

I have taken the liberty to prepare oil and gas lease and check in the amount of \$50.00 representing the bonus consideration. Please be advised that I am leasing you minerals only and not buying them.

Please execute the lease in the presence of a notary public and mail it back to the undersigned in the self addressed stamped envelope provided.

If you should have any questions regarding this matter please do not hesitate to call.

Sincerely,



William L. Porter, CPL
Landman

OIL & GAS LEASE

THIS AGREEMENT made this 9th day of May, 2001 between James I. Holden, Jr., dealing in his sole and separate property, 2250 Havensridge Drive, Colorado Springs, Colorado 80920, herein called Lessor (whether one or more) and PERMIAN RESOURCES HOLDINGS, INC., P.O. Box 590, Midland, TX 79702, Lessee:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to wit:

S/2SE/4 Section 7, T-16-S, R-36-E, NMPM

Said land is estimated to comprise 80.0 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three** years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **Three-sixteenths** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casing head gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **Three-sixteenths** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **Three-sixteenths** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provision or Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the County in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the County in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

James I. Holden, Jr.

STATE OF COLORADO

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COUNTY OF

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This instrument was acknowledged before me on the day of , 2001 by
James I. Holden, Jr. .

My Commission Expires

Notary Public, State of Colorado

Printed Name: _____

June 21, 2001

PERMIAN RESOURCES, INC.

June 8, 2001

Mr. James I. Holden, Jr.
2250 Havensridge Drive
Colorado Springs, Colorado 80122

VIA CERTIFIED-RETURN RECEIPT REQUESTED
#7099 3400 0016 0162 6842

RE: **CHAMBERS PROSPECT**
T-16-S, R-36-E, NMPM
Section 7: S/2, SE/4
Lea County, New Mexico
Containing 80 acres more or less

Dear James:

As per our conversation of June 5, 2001 I am writing you to explain to you your options in the referenced tract of land. Reference is made to my letter and lease dated May 9, 2001.

County records indicate that you own a .4523857% Mineral Interest in the referenced tract which equates to .36190856 net acres. I am willing to offer \$100.00 per net acre bonus consideration, a 3/16th royalty and a 3 year term paid up oil and gas lease for your interest. At that rate you would receive a check in the amount of \$36.19. However, in order to get the lease expedited I am willing to give you a check in the amount of \$50.00 which would equate to approximately \$175.00 per net acre which is more than I've paid the other owners in this tract.

In the alternative if you would like to participate in the drilling of our Chambers Horizontal Well I've enclosed an Authority for Expenditure which sets out the cost associated with drilling the well. Your proportionate share of dry hole cost is calculated by multiplying your mineral interest by the dollar figure listed under the drilling test column of \$866,381.00 for a total cost to you of \$3,919.38.

Further, if you elect not to participate in the well Permian Resources Holdings, Inc. will set a hearing before the Oil Conservation Commission in the State of New Mexico to force pool your interest into our drilling unit. At which time you would not loose your interest, however we would be able to drill our well with your interest contributed to our unit until we earned our investment back plus a penalty assessed by the Commission.

If I do not hear from you within 10 days from the receipt of this letter I will assume you will participate.

Please let me know your thoughts regarding this matter.

Sincerely,



William L. Porter, CPL
Landman

OIL & GAS LEASE

THIS AGREEMENT made this 8th day of June, 2001 between **James I. Holden, Jr., dealing in his sole and separate property, 2250 Havensridge Drive, Colorado Springs, Colorado 80920** herein called Lessor (whether one or more) and **PERMIAN RESOURCES HOLDINGS, INC., P.O. Box 590, Midland, TX 79702**, Lessee:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to wit:

S/2SE/4 Section 7, T-16-S, R-36-E, NMPM

Said land is estimated to comprise 80.0 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three years** from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **Three-sixteenths** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casing head gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **Three-sixteenths** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **Three-sixteenths** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provision or Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the County in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the County in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

James I. Holden, Jr.

STATE OF COLORADO

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COUNTY OF

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This instrument was acknowledged before me on the day of , 2001 by
James I. Holden, Jr.

My Commission Expires

Notary Public, State of Colorado

Printed Name: _____

PERMIAN RESOURCES, INC.
DRILL & COMPLETION DETAILED COST ESTIMATE

Lease Name: CHAMBERS HORIZONTAL INFILL Well No.: 2 Field: SHOE BAR, NORTH (WOLFCAMP)
 Well Location: 1650' FSL & 660' FEL; BHL 1650' FSL & 1650' FEL Legal: SECTION 7, T16S, R36E
 County: LEA State: NM Prop Depth: 11,500 feet AFE No.: _____
 Obj./ Form: DRILL VERTICAL, KO HORIZONTAL, COMPLETE AND EQUIP 11,500' STRAWN PUMPING OIL WELL, MD 13,200'

CATEGORY	DRILL & TEST	COMPLETION	TOTAL
INTANGIBLES:			
Build roads, location, pits & survey	\$25,000	Damages \$5,000	\$30,000
Contract Drig - Mobilization			\$30,000
Contract Drig - Day work	35.0 days @ \$12,000 /day		\$420,000
Contract Drig - Day work	13.0 days @ \$12,000 /day		\$156,000
Contract Drig - Footage	_____ feet @ _____ /foot		\$0
Bits			\$31,000
Fuel & Power	\$42,300	Water \$15,000	\$41,781
Completion Rig	6 days @ \$2,100 /day		\$12,600
Cement Surface	\$5,500	Cement Intermediate \$20,000	\$25,500
Cement Production	\$20,000		\$20,000
Casing Tools and Crews			\$5,500
P & A			\$8,000
Open Hole Logging			\$18,000
Mud Logging	\$15,000	Coring _____	\$15,000
Cased Hole Logging			\$8,000
Perforating	open-hole completion		\$0
DST/Tasting			\$16,000
Stimulation - Acid	\$15,000	Stimulation - Fracture \$0	\$15,000
Special Services	Directional Services, Motors, MWD		\$75,500
Rentals - Surface	Rotating Head, Gas Sep., Housing		\$2,500
Rentals - BHA Equipment	Whipstock, Plkrs., X-overs, Valves		\$18,500
Rentals - Drill Pipe	\$21,000	Tubing _____ BOP/CK \$3,500	\$24,500
Miscellaneous Rentals	Frac Tanks		\$1,500
Mud & Chemicals			\$5,000
Rig Supervision	\$500.00 /day	34 Drill	\$17,000
Trucking		19 Complete	\$9,500
Insurance			\$2,000
Overhead	\$250.00 /day	34 Drill	\$9,500
Well Equipment - Intangible Installation		19 Complete	\$3,500
Lease Equipment - Intangible Installation			\$4,500
Contingencies @	10.0% of Total		\$7,500
TOTAL INTANGIBLES	\$804,981	\$473,369	\$1,278,350
TANGIBLES:			
Well Equipment - Non Controllable			
Surface Casing -			
450 ft of 13-5/8 LS OD,	48 #/ft, @	\$18.00 / foot	\$8,100
Intermediate Casing -			
4,200 ft of 8-5/8" OD,	24 & 32 #/ft, @	\$11.50 / foot	\$48,300
Producing Casing -			
11,300 ft of 5-1/2" OD,	17 & 20 #/ft, @	\$9.00 / foot	\$101,700
Liner -			
300 ft of 4" FJ OD,	12.9 #/ft, @	\$6.50 / foot	\$1,950
Tubing -			
11,600 ft of 2-7/8" OD,	N-80 6.5 #/ft, @	\$3.85 / foot	\$44,660
Rods -			
6,600 ft of 1.2" FG OD,		\$3.00 / foot	\$19,800
4,400 ft of 7/8" & 1.3" OD,		\$2.00 / foot	\$8,800
Pumping Unit / Motor	API Size 640 Used	Motor HP 50	\$43,000
Subsurface Pumps			\$3,000
Other Control Subsurface			\$2,500
Wellhead Equipment	\$5,000	Tbg Head \$10,000	\$14,500
Lease Equipment - Non Controllable			\$1,500
Separators	\$2,500	Treaters \$3,000	\$5,500
Flowlines	1,500	ft of 3" Steel OD, @ \$3.50 / foot	\$5,250
Tanks		2 - 300 Bbl Oil Tanks Used	\$6,000
Sales Equipment/Meter Runs, etc.			\$3,000
Compressors			\$0
Pumps			\$0
Electrical Systems	3 Poles, slack span, meter loop		\$3,500
Fittings			\$4,500
Other Control Lease Equipment	POC		\$3,500
TOTAL TANGIBLES	\$61,400	\$278,660	\$340,060
TOTAL WELL COST COMPLETED	\$866,381	\$752,029	\$1,618,410

REMARKS: See Attached Drilling Prognosis For Details
 Drill 17-1/2" surface hole to 450' and set 13-5/8" casing. Drill 12-1/4" intermediate hole to 4,200' and set 8-5/8" casing.
 Drill 7-7/8" production hole to 11,400' log and evaluate Wolfcamp & Strawn (D&T costs). PB & set 5-1/2" casing at 11,200'. DO &
 & KO Horiz. Drill to TVD 11,360', MD 12,350' to approx BHL 1650' FSL & 1650' FWL. Run 4" FJ liner, acidize and equip w/ BPU.

Prepared By: M. Stewart Initials: _____ Title: Engineer Date: 05/31/01
 Approval Company: _____ By: _____ Title: _____ Date: _____
 Share %: 100.0000% Net \$ Amount: \$1,618,410

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

James I. Holden, Jr.
 2250 Havenridge Dr.
 Colorado Springs, CO.
 80920

2. Article Number (Copy from service label)

7099 3400 0016 0162 6842

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly)

B. Date of Delivery

6-17-01

C. Signature

X *Margaret E. Holden* Agent
 Addressee

D. Is delivery address different from item 1? Yes

If YES, enter delivery address below: No

3. Service Type

- Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee)

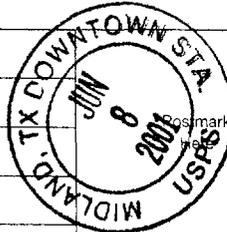
Yes

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**

(Domestic Mail Only; No Insurance Coverage Provided)

7099 3400 0016 0162 6842

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$



Recipient's Name (Please Print Clearly) (to be completed by mailer)
James I. Holden, Jr.
 Street, Apt. No., or PO Box No.
2250 Havenridge Dr.
 City, State, ZIP+4
Colorado Springs, CO. 80920

PS Form 3800, February 2000

See Reverse for Instructions

PERMIAN RESOURCES, INC.

June 26, 2001

Mr. James I Holden, Jr.
2250 Havenridge Drive
Colorado Springs, CO 80122

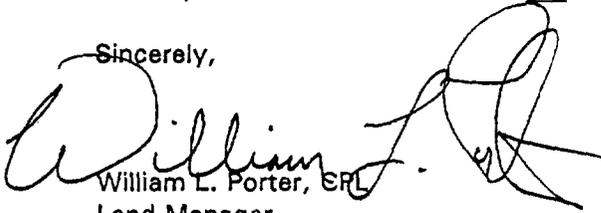
RE: **CHAMBERS PROSPECT**
T-16-S, R-36-E, NMPM
Section 7: S/2 of SE/4
Lea County, New Mexico
Containing 80 Acres more or less

Dear Mr. Holden:

Due to the lack of response to my letter dated June 8, 2001 this letter is to notify you that I will be in contact soon with the Oil Conservation Commission in the State of New Mexico to set a Compulsory Pooling hearing.

The lease opportunity is still available and if you would like to discuss it please let me know. Further, I would like to stress I do **not** want to buy your interest but simply lease it.

Sincerely,



William L. Porter, CRL
Land Manager

PERMIAN RESOURCES, INC.

CM#1514

Cancelled 4-01 left message

May 9, 2001

Nancy Fox ~~603-800-1600~~
16 Aurielle Drive
Colchester, Vermont 05446

Re: **CHAMBERS PROSPECT**
T-16-S, R-36-E NMPM
Section 7: S/2 SE/4
Lea County, New Mexico
Containing 80 acres more or less

Dear Nancy:

Permian Resources Holdings, Inc. would like to lease your interest in the referenced. County records indicate that you own .4523857% Mineral Interest in the referenced tract which equates to .36190856 net acres. I am willing to offer \$100 per net acre bonus consideration, a 3/16th royalty in a 3 year term paid up oil and gas lease for your interest. At that rate you would receive a check in the amount of \$36.19.

I have taken the liberty to prepare oil and gas lease and check in the amount of \$50.00 representing the bonus consideration. Please be advised that I am leasing you minerals only and not buying them.

Please execute the lease in the presence of a notary public and mail it back to the undersigned in the self addressed stamped envelope provided.

If you should have any questions regarding this matter please do not hesitate to call.

Sincerely,



William L. Porter, CPA
Landman

OIL & GAS LEASE

THIS AGREEMENT made this 9th day of May, 2001 between Nancy Fox, dealing in her sole and separate property, 16 Aurielle Drive, Colchester, Vermont 05446, herein called Lessor (whether one or more) and PERMIAN RESOURCES HOLDINGS, INC., P.O. Box 590, Midland, TX 79702, Lessee:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to wit:

S/2SE/4 Section 7, T-16-S, R-36-E, NMPM

Said land is estimated to comprise 80.0 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **Three-sixteenths** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casing head gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **Three-sixteenths** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **Three-sixteenths** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provision or Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the County in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the County in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Nancy Fox

STATE OF VERMONT

§

§

§

COUNTY OF

This instrument was acknowledged before me on the day of , 2001 by
Nancy Fox.

My Commission Expires

Notary Public, State of Vermont

Printed Name: _____

PERMIAN RESOURCES, INC.

June 22, 2001

Nancy Fox
16 Aurielle Drive
Colchester, VT 05446

VIA CERTIFIED-RETURN RECEIPT REQUESTED
#7099 3400 0016 0192 6804

RE: CHAMBERS PROSPECT
T-16-S, R-36-E, NMPM
Section 7: S/2, SE/4
Lea County, New Mexico
Containing 80 acres more or less

Dear Nancy:

After repeated times trying to contact you I am writing you to explain to you your options in the referenced tract of land. Reference is made to my letter and lease dated May 9, 2001. Also, please make note that I'm not trying to buy your interest.

County records indicate that you own a .4523857% Mineral Interest in the referenced tract which equates to .36190856 net acres. I am willing to offer \$100.00 per net acre bonus consideration, a 3/16th royalty and a 3 year term paid up oil and gas lease for your interest. At that rate you would receive a check in the amount of \$36.19. However, in order to get the lease expedited I am willing to give you a check in the amount of \$50.00 which would equate to approximately \$175.00 per net acre which is more than I've paid the other owners in this tract.

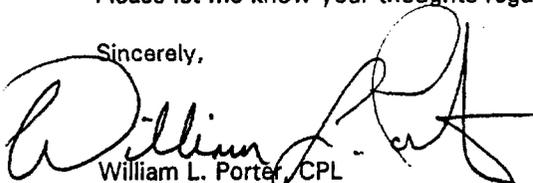
In the alternative if you would like to participate in the drilling of our Chambers Horizontal Well I've enclosed an Authority for Expenditure which sets out the cost associated with drilling the well. Your proportionate share of dry hole cost is calculated by multiplying your mineral interest by the dollar figure listed under the drilling test column of \$866,381.00 for a total cost to you of \$3,919.38.

Further, if you elect not to participate in the well Permian Resources Holdings, Inc. will set a hearing before the Oil Conservation Commission in the State of New Mexico to force pool your interest into our drilling unit. At which time you would not loose your interest, however we would be able to drill our well with your interest contributed to our unit until we earned our investment back plus a penalty assessed by the Commission.

If I do not hear from you within 10 days from the receipt of this letter I will assume you do not wish to participate and therefore we will set a hearing before the Oil Conservation Commission in the very near future.

Please let me know your thoughts regarding this matter.

Sincerely,


William L. Porter, CPL
Land Manager

OIL & GAS LEASE

THIS AGREEMENT made this 22nd day of June, 2001 between Nancy Fox, dealing in her sole and separate property, 16 Aurielle Drive, Colchester, VT 05446, herein called Lessor (whether one or more) and PERMIAN RESOURCES HOLDINGS, INC., P.O. Box 590, Midland, TX 79702, Lessee:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to wit:

S/2SE/4 Section 7, T-16-S, R-36-E, NMPM

Said land is estimated to comprise 80.0 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, Three-sixteenths of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casing head gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of Three-sixteenths of the gas used, provided that on gas sold on or off the premises, the royalties shall be Three-sixteenths of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provision or Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the County in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the County in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Nancy Fox

STATE OF VERMONT

§

§

COUNTY OF

§

This instrument was acknowledged before me on the day of , 2001 by
Nancy Fox.

My Commission Expires

Notary Public, State of Vermont

Printed Name: _____

PERMIAN RESOURCES, INC.
DRILL & COMPLETION DETAILED COST ESTIMATE

Lease Name: CHAMBERS HORIZONTAL INFILL Well No.: 2 Field: SHOE BAR, NORTH (WOLFCAMP)
SHOE BAR, NORTH (STRAWN)
 Well Location: 1650' FSL & 660' FEL; BHL 1650' FSL & 1650' FEL Legal: SECTION 7, T16S, R36E
 County: LEA State: NM Prop Depth: 11,500 feet AFE No.: _____
 Obj./Form: DRILL VERTICAL, KO HORIZONTAL, COMPLETE AND EQUIP 11,500' STRAWN PUMPING OIL WELL, MD 13,200'

CATEGORY	DRILL & TEST	COMPLETION	TOTAL
INTANGIBLES:			
Build roads, locaton, pits & survey	\$25,000	Damages \$5,000	\$30,000
Contract Drig - Mobilization	\$30,000		\$30,000
Contract Drig - Day work	35.0 days @ \$12,000 /day		\$420,000
Contract Drig - Day work	13.0 days @ \$12,000 /day		\$156,000
Contract Drig - Footage	_____ feet @ _____ /foot		\$0
Bits	\$51,000	\$26,500	\$77,500
Fuel & Power	\$42,300	\$15,000	\$57,300
Completion Rlg	6 days @ \$2,100 /day	\$13,319	\$57,300
Cement Surface	\$5,300	\$12,600	\$12,600
Cement Production	\$20,000		\$20,000
Casing Tools and Crews	\$5,500	\$7,000	\$12,500
P & A	\$8,000		\$8,000
Open Hole Logging	\$18,000		\$18,000
Mud Logging	\$15,000		\$15,000
Cased Hole Logging			\$8,000
Perforating	open-hole completion	\$0	\$0
DST/Testing	\$16,000		\$16,000
Stimulation - Acid	\$15,000	Stimulation - Fracture \$0	\$15,000
Special Services	Directional Services, Motors, MWD	\$75,300	\$75,300
Rentals - Surface	Rotating Head, Gas Sep., Housing	\$7,500	\$7,500
Rentals - BHA Equipment	Whipstock, Pkrs., X-overs, Valves	\$18,300	\$18,300
Rentals - Drill Pipe	\$21,000	Tubing	\$24,300
Miscellaneous Rentals	Frac Tanks	\$1,500	\$6,300
Mud & Chemicals	\$20,000		\$20,000
Rig Supervision	\$500.00 /day	34 Drill	\$17,000
Trucking		19 Complete	\$9,500
Insurance			\$2,000
Overhead	\$250.00 /day	34 Drill	\$9,500
Well Equipment - Intangible Installation		19 Complete	\$8,500
Lease Equipment - Intangible Installation			\$2,500
Contingencies @	10.0% of Total		\$7,500
TOTAL INTANGIBLES	\$804,981	\$473,369	\$1,278,350
TANGIBLES:			
Well Equipment - Non Controllable			
Surface Casing -			
450 ft of 13-5/8 LS OD,	48 #/ft. @ \$18.00 /foot		\$8,100
Intermediate Casing -			
4,200 ft of 8-5/8" OD,	24 & 32 #/ft. @ \$11.50 /foot		\$48,300
Producing Casing -			
11,300 ft of 5-1/2" OD,	17 & 20 #/ft. @ \$9.00 /foot		\$101,700
Liner -			
300 ft of 4" FJ OD,	12.9 #/ft. @ \$6.50 /foot		\$1,950
Tubing -			
11,600 ft of 2-7/8" OD,	N-80 6.5 #/ft. @ \$3.85 /foot		\$44,660
Rods -			
6,600 ft of 1.2" FG OD,	\$3.00 /foot		\$19,800
4,400 ft of 7/8" & 1.3" OD,	\$2.00 /foot		\$8,800
Pumping Unit / Motor	API Size 640 Used	Motor HP 50	\$45,000
Subsurface Pumps			\$5,000
Other Control Subsurface			\$2,500
Wellhead Equipment	\$5,000	Tbg Head \$10,000	\$19,500
Lease Equipment - Non Controllable		Valves \$4,500	\$1,500
Separators	\$2,500	Treaters \$3,000	\$5,500
Flowlines	1,500	Dehyd _____	\$5,250
Tanks	ft of 3" Steel OD, @ \$3.50 /foot		\$6,000
Sales Equipment/Meter Runs, etc.		2 - 500 Bbl Oil Tanks Used	\$5,000
Compressors			\$0
Pumps			\$0
Electrical Systems	3 Poles, slack span, meter loop		\$3,500
Fittings			\$4,500
Other Control Lease Equipment	POC		\$5,500
TOTAL TANGIBLES	\$61,400	\$278,660	\$340,060
TOTAL WELL COST COMPLETED	\$866,381	\$752,029	\$1,618,410

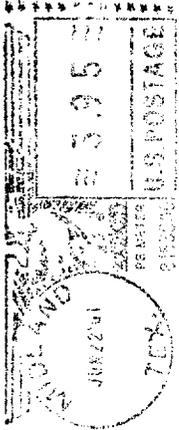
REMARKS: See Attached Drilling Prognosis For Details
 Drill 17-1/2" surface hole to 450' and set 13-3/8" casing. Drill 12-1/4" intermediate hole to 4,200' and set 8-5/8" casing.
 Drill 7-7/8" production hole to 11,400' log and evaluate Wolfcamp & Strawn (D&T costs). PB & set 5-1/2" casing at 11,200'. DO &
 & KO Horizl. Drill to TVD 11,360', MD 12,350' to approx BHL 1650' FSL & 1650' FWL. Run 4" FJ liner, acidize and equip w/ BPU.

Prepared By: M. Stewart Initials: _____ Title: Engineer Date: 05/31/01
 Approval Company: _____ By: _____ Title: _____ Date: _____
 Share %: 100.0000% Net \$ Amount: \$1,618,410

CERTIFIED MAIL



7099 3400 0016 0162 6804



7-13

Handwritten: May 29 10-30 7-7

Nancy Fox
16 Aurielle Drive
Colchester, VT 05446



REASON CHECKED
Unclaimed Returned to Sender
Attempted-Not Deliverable
Box Closed-Not Deliverable
Forwarding Order Expired

Permian Resources, P.O. Box 590, Midland, Texas 79702-0590

PERMIAN RESOURCES

002

CM# 1515

PERMIAN RESOURCES, INC.

May 9, 2001

David R. Marshall *no writing*
c/o Nancy Fox
16 Aurielle Drive
Colchester, Vermont 05446

Re: **CHAMBERS PROSPECT**
T-16-S, R-36-E NMPM
Section 7: S/2 SE/4
Lea County, New Mexico
Containing 80 acres more or less

Dear David:

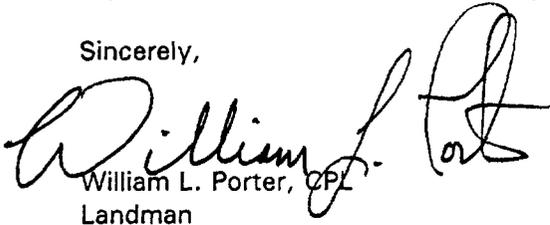
Permian Resources Holdings, Inc. would like to lease your interest in the referenced. County records indicate that you own .4523857% Mineral Interest in the referenced tract which equates to .36190856 net acres. I am willing to offer \$100 per net acre bonus consideration, a 3/16th royalty in a 3 year term paid up oil and gas lease for your interest. At that rate you would receive a check in the amount of \$36.19.

I have taken the liberty to prepare oil and gas lease and check in the amount of \$50.00 representing the bonus consideration. Please be advised that I am leasing you minerals only and not buying them.

Please execute the lease in the presence of a notary public and mail it back to the undersigned in the self addressed stamped envelope provided.

If you should have any questions regarding this matter please do not hesitate to call.

Sincerely,


William L. Porter, CPL
Landman

OIL & GAS LEASE

THIS AGREEMENT made this 9th day of May, 2001 between David R. Marshall., dealing in his sole and separate property, c/o Nancy Fox, 16 Aurielle Drive, Colchester, Vermont 05446, herein called Lessor (whether one or more) and PERMIAN RESOURCES HOLDINGS, INC., P.O. Box 590, Midland, TX 79702, Lessee:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to wit:

S/2SE/4 Section 7, T-16-S, R-36-E, NMPM

Said land is estimated to comprise 80.0 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **Three-sixteenths** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casing head gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **Three-sixteenths** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **Three-sixteenths** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provision or Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the County in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's duty shall be suspended, and Lessee duly shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the County in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

David R. Marshall

STATE OF VERMONT

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COUNTY OF

This instrument was acknowledged before me on the day of , 2001 by
David R. Marshall.

My Commission Expires

Notary Public, State of Vermont

Printed Name: _____

PERMIAN RESOURCES, INC.

June 22, 2001

David R. Marshall
c/o Nancy Fox
16 Aurielle Drive
Colchester, VT 05446

VIA CERTIFIED-RETURN RECEIPT REQUESTED
#7099 3400 0016 0162 6811

RE: CHAMBERS PROSPECT
T-16-S, R-36-E, NMPM
Section 7: S/2, SE/4
Lea County, New Mexico
Containing 80 acres more or less

Dear David:

After repeated times trying to contact you I am writing you to explain to you your options in the referenced tract of land. Reference is made to my letter and lease dated May 9, 2001. Also, please make note that I'm not trying to buy your interest.

County records indicate that you own a .4523857% Mineral Interest in the referenced tract which equates to .36190856 net acres. I am willing to offer \$100.00 per net acre bonus consideration, a 3/16th royalty and a 3 year term paid up oil and gas lease for your interest. At that rate you would receive a check in the amount of \$36.19. However, in order to get the lease expedited I am willing to give you a check in the amount of \$50.00 which would equate to approximately \$175.00 per net acre which is more than I've paid the other owners in this tract.

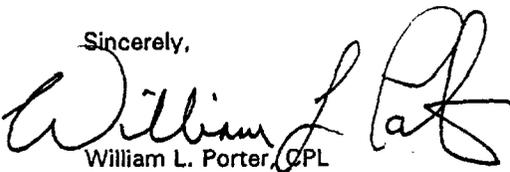
In the alternative if you would like to participate in the drilling of our Chambers Horizontal Well I've enclosed an Authority for Expenditure which sets out the cost associated with drilling the well. Your proportionate share of dry hole cost is calculated by multiplying your mineral interest by the dollar figure listed under the drilling test column of \$866,381.00 for a total cost to you of \$3,919.38.

Further, if you elect not to participate in the well Permian Resources Holdings, Inc. will set a hearing before the Oil Conservation Commission in the State of New Mexico to force pool your interest into our drilling unit. At which time you would not loose your interest, however we would be able to drill our well with your interest contributed to our unit until we earned our investment back plus a penalty assessed by the Commission.

If I do not hear from you within 10 days from the receipt of this letter I will assume you do not wish to participate and therefore we will set a hearing before the Oil Conservation Commission in the very near future.

Please let me know your thoughts regarding this matter.

Sincerely,


William L. Porter, CPL
Land Manager

P.O. BOX 590 • MIDLAND, TEXAS 79702-0590
608 NORTH MAIN • MIDLAND, TEXAS 79701
PHONE (915) 685-0113 • FAX (915) 685-3621

OIL & GAS LEASE

THIS AGREEMENT made this 22nd day of June, 2001 between David R. Marshall, dealing in his sole and separate property, c/o Nancy Fox, 16 Aurielle Drive, Colchester, VT 05446, herein called Lessor (whether one or more) and PERMIAN RESOURCES HOLDINGS, INC., P.O. Box 590, Midland, TX 79702, Lessee:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to wit:

S/2SE/4 Section 7, T-16-S, R-36-E, NMPM

Said land is estimated to comprise 80.0 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, ~~Three-sixteenths~~ of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casing head gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of ~~Three-sixteenths~~ of the gas used, provided that on gas sold on or off the premises, the royalties shall be ~~Three-sixteenths~~ of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provision or Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the County in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's duty shall be suspended, and Lessee duly shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the County in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

David R. Marshall

STATE OF VERMONT

§
§
§

COUNTY OF

This instrument was acknowledged before me on the day of , 2001 by
David R. Marshall.

My Commission Expires

Notary Public, State of Vermont

Printed Name: _____

PERMIAN RESOURCES, INC.
DRILL & COMPLETION DETAILED COST ESTIMATE

Lease Name: CHAMBERS HORIZONTAL INFILL Well No.: 2 Field: SHOE BAR, NORTH (WOLFCAMP)
SHOE BAR, NORTH (STRAWN)
 Well Location: 1650' FSL & 660' FEL; BHL 1650' FSL & 1650' FEL Legal: SECTION 7, T16S, R36E
 County: LEA State: NM Prop Depth: 11,500 feet AFE No.: _____
 Obj./ Form: DRILL VERTICAL, KO HORIZONTAL, COMPLETE AND EQUIP 11,500' STRAWN PUMPING OIL WELL, MD 13,200'

CATEGORY	DRILL & TEST	COMPLETION	TOTAL
INTANGIBLES:			
Build roads, locaton, pits & survey	\$25,000	Damages	\$5,000
Contract Drig - Mobilization	\$30,000		\$30,000
Contract Drig - Day work	35.0 days @ \$12,000 /day		\$420,000
Contract Drig - Day work	13.0 days @ \$12,000 /day		\$156,000
Contract Drig - Footage	_____ feet @ _____ /foot		\$0
Bits	\$51,000		\$51,000
Fuel & Power	\$42,300	Water	\$15,000
Completion Rig	6 days @ \$2,100 /day		\$12,600
Cement Surface	\$5,500	Cement Intermediate	\$20,000
Cement Production	\$20,000		\$20,000
Casing Tools and Crews	\$5,500		\$5,500
P & A	\$8,000		\$8,000
Open Hole Logging	\$18,000		\$18,000
Mud Logging	\$15,000	Coring	_____
Cased Hole Logging	\$15,000		\$15,000
Perforating	open-hole completion		\$8,000
DST/Tasting	\$16,000		\$16,000
Stimulation - Acid	\$15,000	Stimulation - Fracture	\$0
Special Services	Directional Services, Motors, MWD		\$75,500
Rentals - Surface	Rotating Head, Gas Sep., Housing		\$2,500
Rentals - BHA Equipment	Whipstock, Plcrs., X-overs, Valves		\$2,500
Rentals - Drill Pipe	\$21,000	Tubing	\$24,500
Rentals - Miscellaneous Rentals	Frac Tanks	BOP/CK	\$3,500
Mud & Chemicals	\$20,000		\$20,000
Rig Supervision	\$500.00 /day	34 Drill	19 Complete
Trucking	\$2,000		\$2,000
Insurance	\$9,500		\$9,500
Overhead	\$250.00 /day	34 Drill	19 Complete
Well Equipment - Intangible Installation	\$2,500		\$2,500
Lease Equipment - Intangible Installation	\$7,300		\$7,300
Contingencies @ 10.0% of Total	\$73,200		\$73,200
TOTAL INTANGIBLES	\$804,981	\$473,369	\$1,278,350
TANGIBLES:			
Well Equipment - Non Controllable			
Surface Casing -			
450 ft of 13-5/8 LS OD,	48 #/ft @ \$18.00 /foot		\$8,100
Intermediate Casing -			
4,200 ft of 8-5/8" OD,	24 & 32 #/ft @ \$11.50 /foot		\$48,300
Producing Casing -			
11,300 ft of 5-1/2" OD,	17 & 20 #/ft @ \$9.00 /foot		\$101,700
Liner -			
300 ft of 4" FJ OD,	12.9 #/ft @ \$6.50 /foot		\$1,950
Tubing -			
11,600 ft of 2-7/8" OD,	N-80 6.5 #/ft @ \$3.85 /foot		\$44,660
Rods -			
6,600 ft of 1.2" FG OD,	\$3.00 /foot		\$19,800
4,400 ft of 7/8" & 1.3" OD,	\$2.00 /foot		\$8,800
Pumping Unit / Motor	API Size 640 Used	Motor HP	50
Subsurface Pumps			\$5,000
Other Control Subsurfaces			\$2,500
Wellhead Equipment	\$5,000	Tbg Head	\$10,000
Lease Equipment - Non Controllable		Valves	\$4,500
Separators	\$2,500	Treaters	\$3,000
Flowlines	\$1,500	Dehyd	\$3,300
Tanks		3" Steel OD, @	\$3.30 /foot
Sales Equipment/Meter Runs, etc.		2 - 300 Bbl Oil Tanks Used	\$6,000
Compressors			\$5,000
Pumps			\$0
Electrical Systems	3 Poles, slack span, meter loop		\$3,500
Fittings			\$4,500
Other Control Lease Equipment	POC		\$3,500
TOTAL TANGIBLES	\$61,400	\$278,660	\$340,060
TOTAL WELL COST COMPLETED	\$866,381	\$752,029	\$1,618,410

REMARKS: See Attached Drilling Prognosis For Details
 Drill 17-1/2" surface hole to 450' and set 13-3/8" casing. Drill 12-1/4" intermediate hole to 4,200' and set 8-5/8" casing.
 Drill 7-7/8" production hole to 11,400' log and evaluate Wolfcamp & Strawn (D&T costs). PB & set 5-1/2" casing at 11,200'. DO &
 & KO Horizil. Drill to TVD 11,360', MD 12,330' to approx BHL 1650' FSL & 1650' FWL. Run 4" FJ liner, acidize and equip w/ BPU.

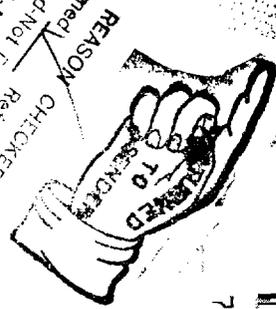
Prepared By: M. Stewart Initials: _____ Title: Engineer Date: 05/31/01
 Approval Company: _____ By: _____ Title: _____ Date: _____
 Share %: 100.0000% Net \$ Amount: \$1,618,410

PERMIAN RESOURCES

P.O. Box 590

Midland, Texas 79702-0590

Unclaimed
Attempted
Box Closed - No Grant
Forwarding Order Expired



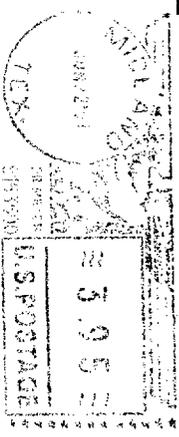
REASON CHECKED
Refused
Not Deliverable

7099 3400 0016 0186 0611



CERTIFIED MAIL

Mr. David Marshall
c/o Nancy Fox
16 Auricle Drive
Colchester, VT 05446



*NOT
6-25
6-30
2-7*

7-13

PERMIAN RESOURCES, INC.

July 23, 2001

Miriam P. Christopher Trust
c/o Cynthia Young
566 Willow Road
Winnetka, IL 60093-4138

847-441-7593
Called 8-2-01 left message
Called 8-8-01 left msg.

RE: CHAMBERS PROSPECT
T-16-S, R-36-E, NMPM
Section 7: S/2SE/4
Lea County, New Mexico

Dear Ms. Young:

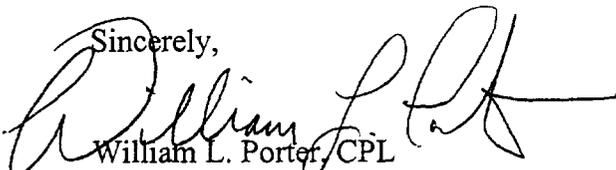
Please find enclosed an oil and gas lease covering your interest in the above referenced tract of land for your execution. I have also included a check in the amount of \$50.00 for your leased interest in the Chambers Prospect, Lea County, New Mexico.

Once you have looked the lease over please do the following:

1. Execute in the space provided in the presence of a notary public.
2. Mail back to the undersigned in the self addressed stamped envelope.

Let me know if you should have any questions regarding this matter.

Sincerely,


William L. Porter, CPL
Land Manager

7/26/01
Cynthia -
Tried to call a couple of
times. Hope the lease looks
ok. We are trying to spud a well
by end of August.
Thanks,
Will

OIL & GAS LEASE

THIS AGREEMENT made this 26th day of July, 2001 between the Miriam P. Christopher Trust, 566 Willow Road, Winnetka, IL 60093-4138, herein called Lessor (whether one or more) and PERMIAN RESOURCES HOLDINGS, INC., P.O. Box 590, Midland, TX 79702, Lessee:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to wit:

S/2SE/4 Section 7, T-16-S, R-36-E, NMPM

Said land is estimated to comprise 80.0 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three years** from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **Three-sixteenths** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casing head gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **Three-sixteenths** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **Three-sixteenths** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provision or Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the County in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the County in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

THE MIRIAM P. CHRISTOPHER TRUST

Cynthia Young, Trustee

STATE OF ILLINOIS

§

§

COUNTY OF

§

This instrument was acknowledged before me on the day of _____, 2001 by
Cynthia Young as Trustee of the Miriam P. Christopher Trust.

My Commission Expires

Notary Public, State of Illinois

Printed Name: _____

PERMIAN RESOURCES, INC.

TO:

Cynthia Young

COMPANY:

FAX#:

807-441-7593

NO. COPIES (INCLUDING COVER):

(3)

DATE:

1-12-2001

FROM:

William L. Porter

TELEPHONE:

915-685-0113

FAX:

915-685-3621

ADDRESS:

**P. O. BOX 590
MIDLAND, TEXAS 79702**

MESSAGES:

*** TX REPORT ***

TRANSMISSION OK

TX/RX NO	1991	
CONNECTION TEL		18474417593
SUBADDRESS		
CONNECTION ID		
ST. TIME	07/16 13:23	
USAGE T	02'11	
PGS. SENT	3	
RESULT	OK	

OIL & GAS LEASE

THIS AGREEMENT made this 16th day of July, 2001 between the Miriam P. Christopher Trust, 566 Willow Road, Winnetka, IL 60093-4138, herein called Lessor (whether one or more) and PERMIAN RESOURCES HOLDINGS, INC., P.O. Box 590, Midland, TX 79702, Lessee:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to wit:

S/2SE/4 Section 7, T-16-S, R-36-E, NMPM

Said land is estimated to comprise 80.0 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three** years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **Three-sixteenths** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casing head gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **Three-sixteenths** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **Three-sixteenths** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provision or Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the County in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the County in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

THE MIRIAM P. CHRISTOPHER TRUST

Cynthia Young, Trustee

STATE OF ILLINOIS

§

§

COUNTY OF

§

This instrument was acknowledged before me on the day of _____, 2001 by
Cynthia Young as Trustee of the Miriam P. Christopher Trust.

My Commission Expires

Notary Public, State of Illinois

Printed Name: _____

PERMIAN RESOURCES, INC.

April 19, 2001

Sotirios Papadopoulos
Lot 4, Whitebread Place
North Rocks 2151
Sidney
Australia

RE: CHAMBERS
T-16-S, R-36-E, NMPM
Section 7: S/2SE/4
Lea County, New Mexico

Dear Mr/Mrs. Papadopoulos:

We would like to acquire an oil and gas lease from you for the following:

1. \$75.00 per net acre bonus consideration,
2. 3/16ths royalty, and
3. 3 year term paid up oil and gas lease.

If these terms are acceptable please fill out the bottom portion of this letter and return it to the undersigned. Please call if you should have any questions.

Thank you for your consideration.

Sincerely,



William L. Porter, CPL
Landman

Agreed to and accepted this ___ day of _____, 2001 by:

PERMIAN RESOURCES, INC.

April 19, 2001

Ericles Papadopoulos
General Delivery
Akrata Aiqialias
Greece

JUN 20 2001

RE: **CHAMBERS**
T-16-S, R-36-E, NMPM
Section 7: S/2SE/4
Lea County, New Mexico

*Please prepare a
lease package.*

Dear Mr/Mrs. Papadopoulos:

Number,

We would like to acquire an oil and gas lease from you:

W.

- 1. \$75.00 per net acre bonus consideration,
- 2. 3/16ths royalty, and
- 3. 3 year term paid up oil and gas lease.

\$50

If these terms are acceptable please fill out the bottom part of the lease and return it to the undersigned. Please call if you should have any questions.

Thank you for your consideration.

Sincerely,

William L. Porter
 William L. Porter, CPL
 Landman

Agreed to and accepted this 6th day of May, 2001 by:

[Signature]

PERMIAN RESOURCES, INC.

June 22, 2001

Ericles Papadopoulos
General Delivery
Akrata Aiqialias
Greece

RE: **CHAMBERS PROSPECT**
T-16-S, R-36-E, NMPM
Section 7: S/2SE/4
Lea County, New Mexico

Dear Ericles:

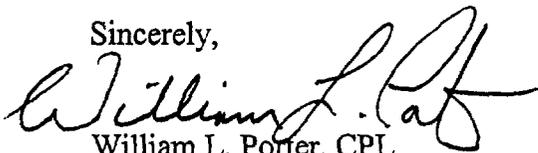
Please find enclosed an oil and gas lease covering your interest in the above referenced tract of land for your execution. I have also included a check in the amount of \$50.00 for your leased interest in the Chambers Prospect, Lea County, New Mexico.

Once you have looked the lease over please do the following:

1. Execute in the space provided in the presence of a notary public.
2. Mail back to the undersigned in the self addressed stamped envelope.

Let me know if you should have any questions regarding this matter.

Sincerely,



William L. Porter, CPL
Land Manager

OIL & GAS LEASE

THIS AGREEMENT made this 21st day of June, 2001 between Ericles Papadopoulos, dealing in his sole and separate property, General Delivery, Akrata Aiqialias, Greece, herein called Lessor (whether one or more) and PERMIAN RESOURCES HOLDINGS, INC., P.O. Box 590, Midland, TX 79702, Lessee:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to wit:

S/2SE/4 Section 7, T-16-S, R-36-E, NMPM

Said land is estimated to comprise 80.0 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, ~~Three-sixteenths~~ of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casing head gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of ~~Three-sixteenths~~ of the gas used, provided that on gas sold on or off the premises, the royalties shall be ~~Three-sixteenths~~ of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provision or Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the County in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the County in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Ericles Papadopoulos

STATE OF

§

§

COUNTY OF

§

This instrument was acknowledged before me on the day of , 2001 by
Ericles Papadopoulos.

My Commission Expires

Notary Public, State of

Printed Name: _____

PERMIAN RESOURCES, INC.

April 19, 2001

Kostas Rallis
General Delivery
Krathion Eqialias
Greece

RE: **CHAMBERS**
T-16-S, R-36-E, NMPM
Section 7: S/2SE/4
Lea County, New Mexico

Dear Mr/Mrs. Rallis:

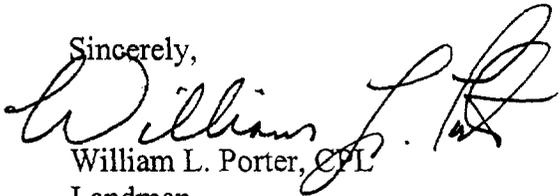
We would like to acquire an oil and gas lease from you for the following:

1. \$75.00 per net acre bonus consideration,
2. 3/16ths royalty, and
3. 3 year term paid up oil and gas lease.

If these terms are acceptable please fill out the bottom portion of this letter and return it to the undersigned. Please call if you should have any questions.

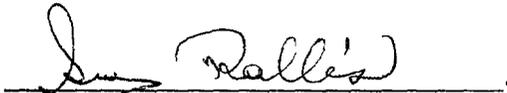
Thank you for your consideration.

Sincerely,


William L. Porter, CPL
Landman

† 25.00

Agreed to and accepted this 16 day of 8 Aug., 2001 by:



Kostas Rallis aka Gus Rallis

Address: 2028 Palomas NE

Albuquerque, NM 87110

(505) 255-0665

* Please update company files. If you have any questions feel free to call.

AUG 20 2004

Gus Rallis
aka Rallis

PERMIAN RESOURCES, INC.

August 21, 2001

Kostas Rallis A.K.A. Gus Rallis
2028 Palomas NE
Albuquerque, NM 87110

RE: CHAMBERS PROSPECT
T-16-S, R-36-E, NMPM
Section 7: S/2SE/4
Lea County, New Mexico

Dear Mr. Rallis:

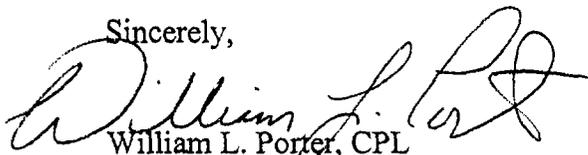
Please find enclosed an oil and gas lease covering your interest in the above referenced tract of land for your execution. I have also included a check in the amount of \$25.00 for your leased interest in the Chambers Prospect, Lea County, New Mexico.

Once you have looked the lease over please do the following:

1. Execute in the space provided in the presence of a notary public.
2. Mail back to the undersigned in the self addressed stamped envelope.

Let me know if you should have any questions regarding this matter.

Sincerely,


William L. Porter, CPL
Landman

OIL & GAS LEASE

THIS AGREEMENT made this 21st day of August, 2001 between **Kostas Rallis A.K.A. Gus Rallis, dealing in his sole and separate property, 2028 Palomas N E, Albuquerque, New Mexico 87110**, herein called Lessor (whether one or more) and **PERMIAN RESOURCES HOLDINGS, INC., P.O. Box 590, Midland, TX 79702**, Lessee:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to wit:

S/2SE/4 Section 7, T-16-S, R-36-E, NMPM

Said land is estimated to comprise 80.0 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three years** from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **Three-sixteenths** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casing head gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **Three-sixteenths** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **Three-sixteenths** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provision or Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the County in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's duty shall be suspended, and Lessee duly shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the County in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Kostas Rallis A.K.A. Gus Rallis

STATE OF NEW MEXICO §
 §
COUNTY OF §

 This instrument was acknowledged before me on the day of , 2001 by
Kostas Rallis A.K.A. Gus Rallis.

My Commission Expires

Notary Public, State of New Mexico
Printed Name: _____

PERMIAN RESOURCES, INC.

April 19, 2001

Lesta Rallislafis
10 Andrea London St.
Egion Egialias
Greece

RE: **CHAMBERS**
T-16-S, R-36-E, NMPM
Section 7: S/2SE/4
Lea County, New Mexico

Dear Mr/Mrs. Rallislafis:

We would like to acquire an oil and gas lease from you for the following:

1. \$75.00 per net acre bonus consideration,
2. 3/16ths royalty, and
3. 3 year term paid up oil and gas lease.

If these terms are acceptable please fill out the bottom portion of this letter and return it to the undersigned. Please call if you should have any questions.

Thank you for your consideration.

Sincerely,


William L. Porter, CPL
Landman

Agreed to and accepted this ___ day of _____, 2001 by:



CK# 1692

PERMIAN RESOURCES, INC.

July 16, 2001

Lesta Rallislafis
10 Andrea London St.
Egion Egialias
Greece

(37)

RE: CHAMBERS PROSPECT
T-16-S, R-36-E, NMPM
Section 7: S/2SE/4
Lea County, New Mexico

Dear Mr. Rallislafis:

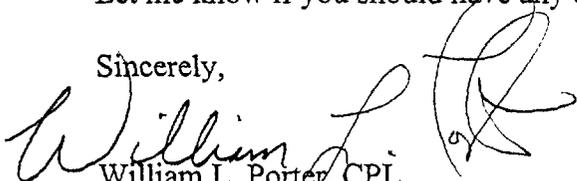
Please find enclosed an oil and gas lease covering your interest in the above referenced tract of land for your execution. I have also included a check in the amount of \$50.00 for your leased interest in the Chambers Prospect, Lea County, New Mexico.

Once you have looked the lease over please do the following:

1. Execute in the space provided in the presence of a notary public.
2. Mail back to the undersigned in the self addressed stamped envelope.

Let me know if you should have any questions regarding this matter.

Sincerely,


William L. Porter, CPL
Land Manager

OIL & GAS LEASE

THIS AGREEMENT made this 16th day of July, 2001 between Lesta Rallislafis, dealing in his sole and separate property, 10 Andrea London St. , Egion Egialias, Greece, herein called Lessor (whether one or more) and PERMIAN RESOURCES HOLDINGS, INC., P.O. Box 590, Midland, TX 79702, Lessee:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to wit:

S/2SE/4 Section 7, T-16-S, R-36-E, NMPM

Said land is estimated to comprise 80.0 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three** years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **Three-sixteenths** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casing head gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **Three-sixteenths** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **Three-sixteenths** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provision or Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the County in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the County in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

STATE OF

§

COUNTY OF

§

§

This instrument was acknowledged before me on the day of , 2001 by
Lesta Rallislafis.

My Commission Expires

Notary Public, State of

Printed Name: _____

PERMIAN RESOURCES, INC.

April 19, 2001

Andrei Rallis
29 Victory St.
Rose Bay
Sidney 2023 NSW
Australia

RE: **CHAMBERS**
T-16-S, R-36-E, NMPM
Section 7: S/2SE/4
Lea County, New Mexico

Dear Mr/Mrs. Rallis:

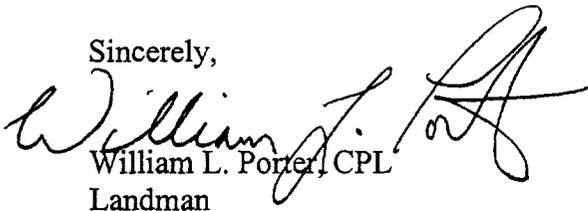
We would like to acquire an oil and gas lease from you for the following:

1. \$75.00 per net acre bonus consideration,
2. 3/16ths royalty, and
3. 3 year term paid up oil and gas lease.

If these terms are acceptable please fill out the bottom portion of this letter and return it to the undersigned. Please call if you should have any questions.

Thank you for your consideration.

Sincerely,


William L. Porter, CPL
Landman

Agreed to and accepted this ___ day of _____, 2001 by:
