

F. Ferrell Davis
P. O. Box 3061
Midland, Texas 79702
(915) 683-8001

February 8, 2002

Re: Lot 3 of Section 4,
T-17-S, R-38-E
Lea County, NM
Case No. 12780
Order No. R-11708

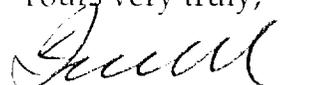
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NEW MEXICO OIL CONSERVATION DIV.

Steven W. Horn
P. O. Box 2755
Midland, TX 79702

Dear Mr. Horn:

In regard to your letter dated February 1, I advised you via a message on your answering machine on December 4, 2001, that I would lease my mineral interest in the subject acreage on the terms outlined in your letter of October 15, 2001, being a bonus of \$250 per net acre, 1/5 royalty and a 3 year paid-up term. Please be advised it is still my desire to lease based on a bonus consideration of \$250 per net acre, 1/5 royalty and a 3 year paid-up term. Since I use my own lease form, please advise the proper name and address of the Lessee and I will prepare the lease.

Yours very truly,


F. Ferrell Davis

Cc: Collins Partners, Ltd.
Paul Davis, Ltd.
William F. Carr
New Mexico Oil Conservation Division