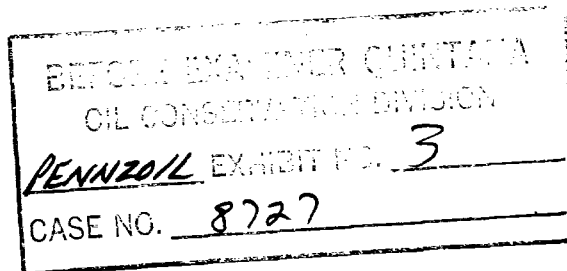


PENNZOIL COMPANY
WESTERN DIVISION

MIDLAND DISTRICT BRIERCROFT SAVINGS BUILDING • (915) 682-7316
MAILING ADDRESS P O DRAWER 1826 MIDLAND, TEXAS 79702-1826

April 9, 1985



Working Interest Owners
(Address List Attached)

Re: NE/4 Section 4-17S-37E
Lea County, New Mexico

Gentlemen:

Pennzoil Company plans to commence an 11,800' Strawn test at a legal location 660' FEL & 2130' FSL of Section 4-17S-37E, by June 1, 1985.

We request that you support said test by granting Pennzoil a Farmout Option covering the referenced lands generally along the following terms:

1. Within one hundred eighty (180) days after completion of the Initial Test Well in Section 4-17S-37E, as a producer or dry hole, Pennzoil will have the option of commencing a similar test well at a legal location on the farmout acreage.
2. Produce to earn 100% of your interest in the proration unit assigned to such well, delivering a 75% NRI lease with a 1/3 B.I. option.
3. One hundred eighty (180) day continuous drilling to earn balance of farmout acreage under same terms for optional well.

Your prompt consideration of our proposal will be appreciated.

Very truly yours,

A handwritten signature in cursive script that reads "Greg Davis".

Greg Davis
Landman

GD/mk

Working Interest Owners

NE/4 Section 4-17S-37E, Lea County, New Mexico

Sohio Petroleum Company
Two Lincoln Centre
5420 LBJ Freeway
Suite #100C/LB 03
Dallas, Texas 75240

Attn: Karl F. Rugaard
District Landman

TXO Production Corp.
900 Wilco Building
Midland, Texas 79701

Shell Western E&P Inc.
200 N. Dairy Ashford, Rm. #4366
Houston, Texas 77079
Attn: Rick Goenner

J. H. Van Zant, II
1730 Commerce Building
307 West 7th
Fort Worth, Texas 76102

W. C. Kimball
P. O. Box 1424
Midland, Texas 79702

Felmont Oil Corp.
P. O. Box 2266
Midland, Texas 79702

Amerind Oil Co.
500 Wilco Building
Midland, Texas 79701

Jeanne Van Zant Sanders
Suite 508, Sinclair Building
106 W. Fifth Street
Fort Worth, Texas 76102

J. R. McGinley, Jr.
Lanroy, Inc.
Cleroy, Inc.
P. O. Box 3405
Tulsa, Oklahoma 74101

John Cleary
9/8/88 587-1342