

CITGO

CITGO Petroleum Corporation

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July 14, 1983

Apollo Energy, Inc.
P. O. Box 5315
Hobbs, NM 88241

Attn: Mr. M. Merchant

RE: Fowler "B" #1
Sec. 6, T19S, R38E
Lea County, NM

Dear Sir:

This letter will confirm arrangements for CITGO Petroleum to purchase the crude oil production from the above captioned lease. For the crude oil purchased, we will pay you based on our posted price for New Mexico Sour Crude. CITGO will hold the Basic Division order, and remit taxes to the State of New Mexico. CITGO will also be responsible for calculating, withholding, and depositing the Windfall Profit Taxes with the Internal Revenue Service.

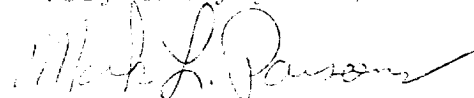
Arrangements have been made for Western Oil Transportation Company to transport the oil for us, and CITGO Petroleum Corporation should be shown as gatherer (Box 272, Odessa, TX 79760-0272), when filing the State of New Mexico C-104 Form.

Enclosed is a "Crude Oil W.P.T. Operator Certification and Agreement" Form, designed to relieve the operator of monthly certification requirements. Also a letter from CITGO Petroleum explaining a portion of the W.P.T. requirements.

In order to expedite payment for your production, please furnish an up-to-date Title Opinion to our Division Order Department at your earliest convenience. The correct mailing address: P. O. Box 3758, Tulsa, OK 74102.

Thank you for the opportunity to do business with your company. Contact me whenever I may be of assistance.

Very truly yours,



Mark L. Parsons
Field Representative
Crude Oil Supply Department

MLP/gjc
cc: Mr. B. T. Windham - Crude Oil Supply - Tulsa, OK
Ms. Marsha Banks - Division Order - Tulsa, OK

Enclosure

Handwritten notes and stamps at the bottom right of the page, including "7/14/83" and "1983".