

Dan A. Hughes Company, L.P.*Petroleum Exploration and Production*208 E. Houston St.
Beeville, TX 78102361)358-3752 Office
(361) 362-2839 FAX**TELECOPY COVER SHEET**

IMPORTANT: This message is intended only for the use of the individual or entity to which it is addressed and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, or the employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you receive this communication in error, please notify us immediately by telephone, and return the original message to me at the address below via the United States Postal Service. Thank You.

DATE: January 8, 2008**TO:** Bryan Arnatt**COMPANY:****FAX:** 505-748-9720**FROM:** Robert Holder**SUBJECT:****NOTE:****Number of pages including this page:**

Any problems in receiving, please call Ava Hurst at (361) 358-3752 ext. 170

CONFIDENTIAL INFORMATION AGREEMENT

PARTIES:

Dan A. Hughes Company, L.P. having an office located at 208 E. Houston Street in Beeville, Texas (hereinafter "CORPORATION") and New Mexico Oil Conservation Division/Artesia (NMOCD/A) having an office located at 1301 W. Grand in Artesia, New Mexico (hereinafter "RECEIVER").

BACKGROUND:

CORPORATION is in possession of:

HUECO SOUTH UNIT 26 STATE WELL NO. 1
Sec 26 T32S R17W
660FSL and 660FWL
Hidalgo County, New Mexico

That is regarded as intellectual property the CORPORATION considers to be proprietary.

CORPORATION intends to maintain the confidential status of its INFORMATION.

RECEIVER desires the opportunity to review the nature of such INFORMATION and agrees to maintain the proprietary status thereof.

THE PARTIES AGREE AS FOLLOWS:

RECEIVER agrees to receive in confidence the INFORMATION disclosed to it by the CORPORATION. Dissemination of CORPORATION'S INFORMATION by RECEIVER shall be limited to those employees whose duties justify their need to know such INFORMATION and then only on the basis of clear understanding by those employees of their obligation to maintain the proprietary status of such INFORMATION and to restrict the use of such INFORMATION solely to the limited use agreed upon between CORPORATION and RECEIVER.

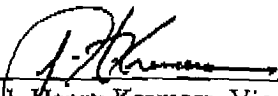
INFORMATION that is supplied to the RECEIVER will be done so in standard formats including mudlog, electric, sonic, or velocity "wireline" logs. This agreement shall cover any other test data which may be furnished, including but not limited to, standard dipmeter, conventional, sidewall and/or rotary coring, and such data shall be identified as being confidential. Such testing information and/or data which is delivered shall be held as confidential for such period of time as is allowable under State of New Mexico prescribed practices, and only that data which is required to become "public information" shall be made so. Any information that is disclosed in oral form shall be presumed to constitute confidential INFORMATION unless otherwise exempted by the terms of this agreement.

This agreement shall be effective as of the date of signature by an authorized representative of RECEIVER.

CORPORATION
(DAN A. HUGHES COMPANY, L.P.)

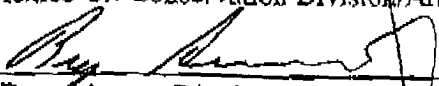
By: Dan A. Hughes Management, L.L.C.
its general partner

Date: 1/3/08


By: J. Henry Kremers, Vice President of Land

RECEIVER
(New Mexico Oil Conservation Division/Artesia)

Date: 1-8-08


By: Bryan Arrant, District II Geologist