



*Robert E. Landreth*  
OIL AND GAS EXPLORATION

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September 20, 2002

Devon Energy Production Company, LP  
P.O. Box 108838  
Oklahoma City, OK 73101-8838  
Attn: Mr. Richard Winchester

Re: Rio Blanco Fed Com Well #4  
Rio Blanco Devonian Prospect  
Section 4, T23S, R34E  
Lea County, New Mexico

Dear Richard,

We have been trying for three years to get the various companies who own leasehold in the captioned section to commit to drilling or farming out for the drilling of a 15,000' Devonian well, or a deepening operation in the Rio Blanco 4 Fed Com No. 1 well bore to test the Devonian. Devon has never been willing to give us a firm commitment as to its intent or interest in this proposal.

We are determined to get this project off center and drilling within the next 90-120 days. The plan is to form a 640-acre spacing unit for the proposed Devonian horizon. Our records indicate that the ownership of leasehold rights across all of Section 4, as to depths below the Morrow, is as follows: Landreth 62.5%, EGL Resources, Inc. 25%, First Roswell Company 6.25%, Devon Energy/Southwestern Energy 6.25%. We have received a farmout proposal on this section from Southwestern Energy, which has already reviewed the 3D survey. We have spoken recently with Wes Perry with EGL Resources here in Midland and have agreed to work together to accomplish either the drilling of a new well or the re-entry operation, with the only question being who will serve as operator.

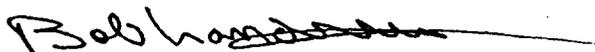
Devon Energy has access to the recently completed 3D seismic survey across this section. We are willing to discuss with Devon a farmout of up to two-thirds of our 62.5% working interest on terms to be negotiated, in return for the opportunity to review and work the seismic data. This should not be a problem under your licensing agreement since we are jointly pursuing a specific prospect. We have one or two seismic lines which we can contribute to this effort. I discussed this idea with Steve Hulke this week.

BEFORE THE  
OIL CONSERVATION EXAMINER  
Case No. 13048 Exhibit No. **3**  
Submitted By:  
Devon Energy Production Co.  
Hearing Date: April 10, 2003

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Devon has previously approached us on two or three prospect ideas where each of us owns leasehold in Lea County, and we are interested in pursuing those ideas with Devon. However, I want to emphasize that the Rio Blanco Prospect is a priority with us, and we want to move forward as soon as possible. I would therefore appreciate hearing from you with a firm plan as to when we can set up the requested seismic review.

Sincerely,



Robert E. Landreth

REL/tk

XC: Wes Perry  
EGL Resources, Inc.  
Box 371  
Midland, TX 79702

Steve Hulke  
Devon Energy  
P.O. Box 108838  
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