





Devon Energy Corporation  
20 North Broadway  
Oklahoma City, Oklahoma 73102-8260

Richard Winchester  
Senior Landman

Phone: (405) 228-4415  
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November 4, 2002

Robert E. Landreth  
505 N. Big Spring, Suite 507  
Midland, Texas 79701

**Via Facsimile**  
**(915) 684-4783**

**Re: Rio Blanco Devonian Prospect**  
**Lea County, New Mexico**

Dear Bob:

Reference is made to your letter dated September 20, 2002, and our recent conversations regarding the Rio Blanco Devonian Prospect. Devon Energy Production Company, L.P. ("Devon"), has a strong interest in pursuing the Devonian formation potential in Section 4, T23S-R34E, Lea County, New Mexico, with the Section 4 working interest owners, being Robert E. Landreth ("Landreth"), EGL Resources, Inc, and Southwestern Energy Production Company. To achieve this end, Devon proposes the following terms for your consideration:

1. The Section 4 working interest owners will form a 640-acre working interest unit covering depths below the base of the Morrow formation. Ownership will be determined on a net acre/ gross acre basis. Devon will be the designated Operator of the working interest unit.
2. Within 90 days from receipt of an approved BLM drilling permit, Devon shall commence re-entry and deepening operations on the Rio Blanco "4" Federal #1 Well. Devon will pursue such operations with due diligence in an effort to adequately test the Devonian formation.
3. Prior to commencement of the re-entry operations described above, Devon shall have the right to acquire an assignment covering 2/3rds of Landreth's 62.5% working interest in Section 4 for the following consideration:
  - a. Devon shall provide Landreth with access to the 3D seismic data covering Section 4 at its office in Oklahoma City, Oklahoma, to the extent allowed under Devon's license agreement with Western Geophysical;
  - b. Devon shall pay Landreth \$100/net acre cash consideration;
  - c. Landreth may reserve in the assignment an overriding royalty interest equal to the difference between 23% and existing burdens of record, delivering to Devon

BEFORE THE  
OIL CONSERVATION EXAMINER  
Case No. 13048 Exhibit No. **4**  
Submitted By:  
Devon Energy Production Co.  
Hearing Date: April 10, 2003

no less than a proportionately reduced 77% net revenue interest in the assigned leasehold.

4. Operations shall be conducted under the provisions of an AAPL 1982 Model 610 Form Operating Agreement, containing mutually acceptable terms and provisions, naming Devon as Operator.
5. This proposal is subject to final approval by Devon's management, and execution of a formal agreement between Devon and Landreth containing mutually acceptable terms and provisions fully expressing the parties' intent in this proposal.

Your serious consideration of this proposal is appreciated. Please call me at (405) 228-4415 should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard C. Winchester". The signature is fluid and cursive, with a long horizontal stroke at the beginning.

Richard C. Winchester  
Sr. Landman