





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

Richard Winchester
Senior Landman

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December 3, 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:

Pursuant to our recent conversations regarding the Rio Blanco Devonian Prospect located in Section 4, T23S-R34E, Lea County, New Mexico,, Devon Energy Production Company, L.P. ("Devon"), submits the following proposal for your review:

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. 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 100% of Landreth's costs for re-entry and deepening operations to casing-point in the Rio Blanco "4" Federal #1 Well. All costs beyond casing-point shall be shared on a "heads-up" basis.
 - 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 no less than a proportionately reduced 77% net revenue interest in the assigned leasehold.

BEFORE THE
OIL CONSERVATION EXAMINER
Case No. 13048 Exhibit No. 5
Submitted By:
Devon Energy Production Co.
Hearing Date: April 10, 2003

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,



Richard C. Winchester
Sr. Landman