





Devon Energy Corporation
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Oklahoma City, Oklahoma 73102-8260

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February 25, 2003

Mr. Bob Landreth
505 N. Big Spring
Midland, Texas 79701

Via Facsimile
(915) 684-4783

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

Bob:

Reference is made to your letter dated February 14, 2003, recommending certain changes to Devon's proposed form of Participation and Farmout Agreement. Below are comments on several major issues for Devon regarding your recommended changes:

TEST WELL:

Devon will consider input from the working interest owners regarding the location for a replacement test well. However, since Devon will be bearing the majority of the cost of this operation, Devon will be the final authority on the location of said replacement test well.

TEST WELL COST AND EXPENSE OBLIGATIONS:

Landreth may have an election regarding the carried 1/3rd working interest when and if the costs of the re-entry exceed 125% of the original AFE. Should Landreth elect not to participate with the previously carried working interest, payout as to such interest shall be calculated based on all well costs associated with the carried working interest, not on a cost-forward basis. This election would not apply to the retained working interest that Landreth is already committed to participate with.

ADDITIONAL PROVISIONS

(a) Should Devon fail to timely commence operations on the re-entry, unless such failure is due to circumstances beyond Devon's control, Devon will participate with, or farmout, its interest in an operation by Landreth or EGL.

(b) Devon will provide information on operations in Section 33, subject to approval by all working interest owners in this property.

BEFORE THE
OIL CONSERVATION EXAMINER
Case No. 13048 Exhibit No. 21
Submitted By:
Devon Energy Production Co.
Hearing Date: April 10, 2003
BEFORE THE

- (c) Devon cannot agree to this provision.
- (e) Devon will complete and produce any well in Section 4 as a prudent operator.
- (f) Devon cannot agree to a 1320' offset limitation in Section 33.

Please let me know if these items are acceptable, and I will incorporate language to address these items in the agreement. If not, let's move forward with plans to re-enter the Rio Blanco "4" Federal Com #1 Well based upon the respective parties' current ownership in the N/2 of Section 4.

Please call me at (405) 228-4415 should you have any questions.

Sincerely,



Richard C. Winchester
Land Advisor