

Rio Blanco  
Pros File

Robert E. Landreth  
OIL AND GAS EXPLORATION

505 N. BIG SPRING, SUITE 507

MIDLAND, TEXAS 79701

(915) 684-4781

FAX# (915) 684-4783

May 11, 2001

Devon Energy Production Co., LP  
20 North Broadway, Suite 1500  
Oklahoma City, OK 73102-8260  
Attn: Mr. Ken Gray

Re: Rio Blanco Devonian Prospect  
Section 4, T-23-S, R-34-E  
Lea County, New Mexico

5/21/01  
Talked to Steve Hulke. Devon is participating in the 3D shoot of Western's, not expecting data until Sept. will probably not make a decision on our prospect until then.

Dear Ken,

Enclosed herewith is our prospect brochure for the captioned prospect. Per our conversations, it is probably best that Devon review this material, following which we can schedule a meeting if necessary.

You will note that the Devonian objective for this prospect can be pursued either by re-entry of the Rio Blanco Fed Com Well #1, which will require a whipstocking and sidetracking operation from a depth of approximately 11,500', or drilling a new well approximately 1000' southwest of the former well. If a new well is drilled, a complication may arise with different ownership of Morrow rights as opposed to rights below the Morrow, since the Morrow may become a viable objective in a newly drilled well. This is something we can discuss if Devon is interested in the prospect.

You will note in the Land Summary that I have not specified terms of trade on any farmouts which I may acquire on interests such as First Roswell Corporation. If First Roswell makes a term assignment on terms similar to its prior trade with Santa Fe, it would be my intent to farmout that interest to Devon on the same terms as I would be farming out my non-participating interest.

Please note that we are also returning herewith a log which Steve Hulke had furnished us on the Bell Lake Unit Well #21.

Sincerely,



Robert E. Landreth

REL/tk

NMOCD CASE NO. 13049  
APRIL 10, 2003  
EGL/LANDRETH  
EXHIBIT NO. 5



E. G. L. Resources, Inc. 508 West Wall Street, Suite 1250 P.O. Box 10886 Midland, Texas 79702 915.687.6560 telephone 915.682.5852 facsimile

3/15/02

Ken Gray  
Devon SFS Operating, Inc.  
20 North Broadway, Suite 1500  
Oklahoma City, OK 73102

*Sent to all Working Interest Owners*

**Via Certified Mail**

**RE: Rio Blanco #4 well  
T23S, R34E, NMPM  
Section 4: All  
Eddy County, NM**

Dear Ken:

EGL Resources, Inc. proposes to deepen the captioned well and form a Unit covering All Section 4, T23S, R34E to test the Devonian Formation at a depth of approximately 15,000 feet. Attached is an Authority for Expenditure (AFE), a wellbore diagram, the well procedure, a list of the working interest owners with the proposed participation. Since there is an operating agreement in place, we would propose to use it, amending the depths and ownership as attached. Also we propose EGL Resources, Inc. would be named operator.

Please review this information, sign the AFE and return at your earliest convenience. If your preference is to farmout your interest we can discuss mutually agreeable terms.

Thank you for your consideration and should you have any questions, please call 915.686.4360. I am,

Very truly yours,

*W. Wesley Perry*  
W. Wesley Perry  
President

The undersigned agrees to this proposal, signed this the \_\_\_\_\_ day of \_\_\_\_\_, 2002.

Devon SFS Operating, Inc.

*4/8  
Richard Winckler is making looking @ seismic  
- will know something by April 23. Will  
send a copy of the JAA.*

by: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

3/14/02

Ownership for Proposed Rio Blanco #4 Devonian Unit Rio Blanco #4 WIU  
All Section 4-23S-34E

Limited to depths from the base of the Morrow  
to the base of the Devonian formations

Owner	Legal Description	Gross Acres	Leasehold Ownership	Net Acres	% of unit
EGL Resources, Inc.	SW/4	160	50.0000%	80.00	12.4975%
Robert E. Landreth	SW/4	160	50.0000%	80.00	12.4975%
Devon Energy Corp.	N/2 NW/4	80.16	75.0000%	60.12	9.3918%
Robert W. Landreth	N/2 NW/4	80.16	25.0000%	20.04	3.1306%
Devon Energy Corp.	S/2 NW/4	80	50.0000%	40.00	6.2487%
First Roswell Company	S/2 NW/4	80	50.0000%	40.00	6.2487%
EGL Resources, Inc.	NE/4	159.97	50.0000%	79.99	12.4951%
Robert E. Landreth	NE/4	159.97	50.0000%	79.99	12.4951%
Occidental Permian, Ltd.	SE/4	160	50.0000%	80.00	12.4975%
Devon Energy Corp.	SE/4	160	50.0000%	80.00	12.4975%
<b>TOTAL</b>				<b>640.13</b>	<b>100.0000%</b>
<b>RECAPITULATION FOR UNIT OWNERSHIP</b>					
			<b>Proposed Working Interest for Unit</b>		
EGL Resources, Inc.			24.99258%		
Robert E. Landreth			28.12319%		
Devon Energy Corp.			28.13803%		
Occidental Permian, Ltd.			12.49746%		
First Roswell Company			6.24873%		
			<b>100.00000%</b>		

REL →

REL owns all below Morrow

RE →

#10, #2 Ker Sec 16 - 160 acres of land  
Parcel #2 to 3 - 160 acres of land  
Parcel #4 to 5 - 160 acres of land

Consideration  
The one lease in the block runs out in 2004. I need  
to file a 2311/11 expires 12/1/03 (Devon First Permian)

Summary of ownership → Chris... need the transfer of ownership  
The plan is to... need the transfer of ownership  
E. G. ...  
is owned to ... Has he relinquished to?

# AUTHORIZATION - FOR - EXPENDITURE

E.G.L. Resources, Inc.

Original No. <b>X</b>	Drill & Complete	AFE No.	Rio Blanco 4
Supplemental No.	Date: <b>03/07/2002</b>		
Revision No.			

Lease/Well Name: <b>Rio Blanco 4 Federal #1</b>	New Well:	Deepening: <b>XXX</b>	Workover:
Location: <b>1980' FNL &amp; 1980' FWL, Sec 4, T-23-S, R-34-E</b>	County/Parish: <b>Lea</b>		
Field/Prospect: <b>Antelope Ridge</b>	State: <b>NM</b>		
Objective For: <b>Devonian</b>	Proposed TD: <b>15,000'</b>		
Other Potential Formation:	Acres in Unit		

INTANGIBLE COSTS	DRILLING	COMPLETION
Permit/Survey/Damages	1,000	1,000
Location & Road: Bldg./Restore	2,000	500
Con. Drilling: \$/foot	0	
Con. Drill-Daywork: 35 days @ \$7,800 per day	273,000	0
Completion Rig - Pulling Unit: 10 days @ \$2,000 per day	0	20,000
M/R/URD	20,000	0
Mud & Chemical	32,000	0
Fuel	25,000	0
Water	20,000	2,500
Bills	48,000	600
Cement & Cement Services	0	16,000
Casing Crew, Tongs & Tools	0	2,000
Mud Log: 35 days @ \$ 600	21,000	0
Open Hole Logs	15,000	0
Casedhole Logs & Perforation	0	15,000
Frac & Formation Treating: Acid Treatment	0	15,000
Squeezing/Plugging Back	0	0
Rental Tools & Equipment	40,000	8,000
Consulting Services: 45 days @ \$600 per day	27,000	6,000
Co. Labor (Time, Exp. & Benefits)	0	0
Welding, Trucking, Roundabout Labor	2,000	5,000
Special Ser./Testing/DST & Coring	10,000	0
Overhead	6,000	3,000
P & A Costs	5,000	(5,000)
Well Ins.	4,000	0
Miscellaneous	2,000	2,000
Subtotal	547,000	91,600
Contingencies and Taxes: 10.00%	54,700	9,160
<b>TOTAL INTANGIBLE COSTS</b>	<b>\$ 601,700</b>	<b>100,760</b>

TANGIBLE COSTS	Size	Footage	\$/foot	DRILLING	COMPLETION
Conductor Pipe:				0	
Surf Cas:	13 3/8	0	\$17.50	0	
Int Cas:	8 5/8	0	\$10.00	0	
Other:	4 1/2 Liner	3,700	\$8.50		31,450
Prod Csg:	5 1/2	0	\$7.50		0
Tubing:	2 3/8	15,000	\$3.70		55,500
Float Equip. & Liner Hanger				0	20,000
Valves & Fittings				500	3,500
Wellhead Equipment				1,000	2,000
Misc. Equipment				1,000	2,000
Packer and Downhole Equip.				0	10,000
Rods & Pump				0	0
Pumping Unit & Primer Mover				0	0
Meter & Meter Rm.				0	1,000
Flowlines & Connections				0	1,000
Tanks, (Walkways, Stairways etc.)				0	7,000
Heater/Dehyd./Compressor				0	0
Separator/Heater-Treater				0	10,000
Installation Costs				0	7,500
Subtotal				2,500	150,950
Contingencies and Taxes: 10.00%				250	15,095
<b>TOTAL TANGIBLE COSTS</b>				<b>\$ 2,750</b>	<b>166,045</b>
<b>TOTAL INTANGIBLE &amp; TANGIBLE COSTS</b>				<b>\$ 604,450</b>	<b>266,805</b>
<b>TOTAL WELL COSTS</b>				<b>\$</b>	<b>871,335</b>

It is recognized that the amounts herein are estimates only and approval of this authorization shall extend to the actual costs incurred in conducting the operation specified, whether more or less than that herein set out.

Prepared by: B. L. "Chipps" Dippel (March 7, 2002)

**OPERATOR APPROVALS:**

Approved By: *[Signature]*  
 Title: Dir.

Date: 3/14/02

**WI APPROVAL:**

COMPANY

BY

DATE

TITLE

# AUTHORIZATION - FOR - EXPENDITURE

E.G.L. Resources, Inc.

Origin: <b>X</b>	Drill & Complete	AFE No.	Rio Blanco 4.
Supplemental No.	Date: <b>03/07/2002</b>		
Revision No.			

Lease/Well Name: <b>Rio Blanco 4 Federal #1</b>	New Well:	Deepening: <b>X</b>	Workover:
Location: <b>1980' FNL &amp; 1980' FWL, Sec 4, T-23-S, R-34-E</b>	County/Parish: <b>Les</b>		
Field/Prospect: <b>Antelope Ridge</b>	State: <b>NM</b>		
Objective Fac: <b>Devonian</b>	Proposed TD: <b>15,000'</b>		
Other Potential Formation:	Acres in Unit		

INTANGIBLE COSTS	DRILLING	COMPLETION
Permit/Survey/Damages	1,000	1,000
Location & Road: Bldg./Restora.	2,000	500
Con. Drilling: \$/foot	0	
Con. Drill - Daywork: 35 days @ \$7,800 per day	273,000	0
Completion Rig - Pulling Unit: 10 days @ \$2,000 per day	0	20,000
M/R/U/R/D	20,000	0
Mud & Chemical	32,000	0
Fuel	25,000	0
Water	20,000	2,500
Bits	48,000	600
Cement & Cement Services	0	16,000
Casing Crew, Tongs & Tools	0	2,000
Mud Log: 35 days @ \$ 600	21,000	0
Open Hole Logs	15,000	0
Casedhole Logs & Perforation	0	15,000
Frac & Formation Treating: Acid Treatment	0	15,000
Squeezing/Plugging Back	0	0
Rental Tools & Equipment	40,000	8,000
Consulting Services: 45 days @ \$600 per day	21,000	6,000
Co. Labor (Time, Exp. & Benefits)	0	0
Welding, Trucking, Roustabout Labor	2,000	5,000
Special Ser./Testing/DST & Coring	10,000	0
Overhead	6,000	3,000
P & A Costs	5,000	(5,000)
Well Ins.	4,000	0
Miscellaneous	2,000	2,000
Subtotal	547,000	91,600
Contingencies and Taxes: 10.00%	54,700	9,160
<b>TOTAL INTANGIBLE COSTS</b>	<b>\$ 601,700</b>	<b>100,760</b>

TANGIBLE COSTS	DRILLING	COMPLETION
Size      Footage      \$/foot		
Conductor Pipe:	0	
Surf Cas: 13 3/8	0	\$17.50
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Prod Csg: 5 1/2	0	\$7.50
Tubing: 2 3/8 15,000	0	\$3.70
Float Equip. & Liner Hanger	0	20,000
Valves & Fittings	500	3,500
Wellhead Equipment	1,000	2,000
Misc. Equipment	1,000	2,000
Packer and Downhole Equip.	0	10,000
Rods & Pump	0	0
Pumping Unit & Primer Mover	0	0
Meter & Meter Run	0	1,000
Flowlines & Connections	0	1,000
Tanks, (Walkways, Stairways etc.)	0	7,000
Heater/Dehyd./Compressor	0	0
Separator/Heater-Treater	0	10,000
Installation Costs	0	7,500
Subtotal	2,500	150,950
Contingencies and Taxes: 10.00%	250	15,095
<b>TOTAL TANGIBLE COSTS</b>	<b>\$ 2,750</b>	<b>166,045</b>
<b>TOTAL INTANGIBLE &amp; TANGIBLE COSTS</b>	<b>\$ 604,450</b>	<b>266,805</b>
<b>TOTAL WELL COSTS</b>	<b>\$ 604,450</b>	<b>266,805</b>

It is recognized that the amounts herein are estimates only and approval of this authorization shall extend to the actual costs incurred in conducting the operation specified, whether more or less than that herein set out.

Prepared by: B. L. "Chipper" Dippel (March 7, 2002)

**OPERATOR APPROVALS:**

Approved By: [Signature]  
 Title: Drill

Date: 3/14/02

**WI APPROVAL:**

**COMPANY**

**BY**

**DATE**

**TITLE**

# WELL DATA SHEET

**FIELD:** Antelope Ridge

**WELL NAME:** Rio Blanco 4 Federal

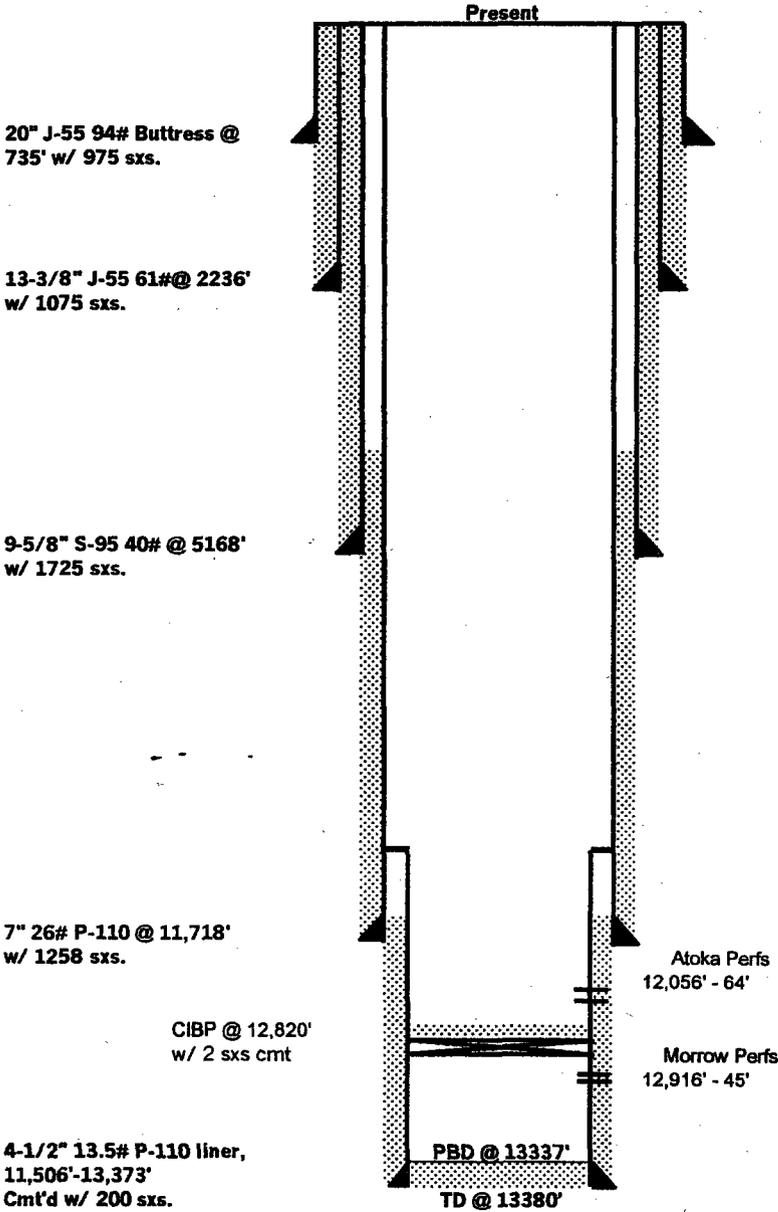
**FORMATION:** Morrow

**LOC:** 1980' FNL & 1980' FWL  
SEC: 4 TWP: 23S RGE: 34E

**COUNTY:** LEA  
**STATE:** NM

**GL:** 3432'  
**KB to GL:** 22.5'

**CURRENT STATUS:** Producer  
**API NO:** 30-025-34515



**Date Completed:** 2/26/1999  
**Initial Production:** 5165 MCFPD, 66 BOPD & 2 BWPD W/ FTP=5700 psi.  
**Initial Formation:** Morrow From: 12916' To: 12945'

**Completion Data:**  
 Per 12,916'-22' & 12,932'-45'. Completed natural. AOF test showed rate of 25.2 MMCFGPD.

**Wellbore History:**  
 Produced 1.163 BCF, 14 MBBL condensate & 64 MBW from the Morrow.

5/18/00 BHP @ 12,930' = 4078#. Set CIBP @ 12,820' & capped w/ 2 sxs cmt. Perf 12,056'-64' (Atoka). BHP @ 12,060' = 4923#. Acidized well. ISIP = 6100#, 15min SIP = 5350#. Swab well & rig down.

**Additional Data:**

- Delaware @ 5000'
- Bone Spring @ 8460'
- Wolfcamp @ 10940'
- Strawn @ 11870'
- Atoka @ 12160'
- Morrow @ 12210'
- Est. Devonian @ 14458'
- Est. Ellenburger @ 17000'

JAL 09-06-2000  
 Updated 03-07-2002 by Chipper Dippel

**E.G.L. RESOURCES, INC.  
P. O. BOX 10886  
MIDLAND, TX 79702  
(915) 687-6560**

**RIO BLANCO 4 FEDERAL #1  
GENERAL PROCEDURE**

- 1. MI & RU PU. Kill well if necessary. NDWH. NUBOPE. POOH LD tubulars. NDBOPE. NUWH. RD & MO PU.**
- 2. MI & RU drilling rig. RIH w/ 7" whip stock and set above 4-1/2" liner @ +/- 11,400'. Cut 6-1/8" window. Drill 100'-200' away from original well bore.**
- 3. Drill new 6-1/8" hole to TD @ +/-15,000' using 10 ppg brine mud. Install rotating head and drill under balanced. If hole dictates, mud weight may have to be increased.**
- 4. Mud log while drilling 6-1/8" hole. DST Devonian if applicable. Log new 6-1/8" hole.**
- 5. Run 4-1/2" liner and cement.**
- 6. Complete Devonian pay.**

Robert E. Landreth  
OIL AND GAS EXPLORATION

505 N. BIG SPRING, SUITE 507

MIDLAND, TEXAS 79701

(915) 684-4781

FAX# (915) 684-4783

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.

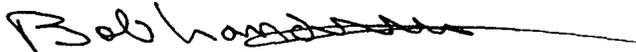
Devon Energy has access to the recently completed 3D seismic survey across this section. We are willing to discuss with Devon a farmout of up to two-thirds of our 62.5% working interest on terms to be negotiated, in return for the opportunity to review and work the seismic data. This should not be a 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.

*10/9/02 Richard Winchester was here  
to say they were going to  
do a 15,000' well in the Rio Blanco  
area. We need to get a firm  
commitment from them.*

September 20, 2002  
Page Two

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  
Oklahoma City, OK 73101-8838

# devon

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

Richard Winchester  
Senior Landman

Phone: (405) 228-4415  
Fax: (405) 552-8113

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**

*Called Devon on 11/20/02 to tell them  
their "fair market" terms were an insult.*

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

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,

Richard C. Winchester  
Sr. Landman

Considerations

- 1. ~~Time~~ Commencement date
- 2. Formwork terms are ridiculous
- 3. Narrow considerations
- 4. Gas marketing options for REL similar to current marketing - meet with Devon
- 5. Failure to commence: Devon agrees to assign ~~the~~ Formwork to leasehold in 12-15-10 + 10% for a period of six months from April 1, 2003
- 6. Include the cost to the leasehold of the Formwork
- 7. How much total cost is Devon willing to pay?

What cost to buy enough energy from leasehold to evaluate the prospect?

*Robert E. Landreth*  
OIL AND GAS EXPLORATION

505 N. BIG SPRING, SUITE 507

MIDLAND, TEXAS 79701

(915) 684-4781

FAX# (915) 684-4783

December 4, 2002

VIA FACSIMILE: 405-552-8113  
Devon Energy Corporation  
20 North Broadway  
Oklahoma City, OK 73101-8260  
Attn: Richard Winchester

Re: Rio Blanco Devonian Prospect  
Lea County, New Mexico

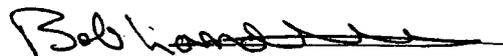
Dear Richard,

Receipt of your letter of December 3, 2002, containing revised farmout terms for the captioned project, is acknowledged.

As I have stated to you previously, my main concern is getting this prospect drilled at an early date. Your letter contains no guarantee as to a commencement date, and the farmout offer is subject to final approval by Devon's management. As such, I cannot give it serious consideration. I am not willing to negotiate a trade which is subject to final management approval by Devon.

As I indicated in a recent telephone conversation, I have met with the EGL Resources people here in Midland recently in an effort to determine the best way to go forward on this prospect, to protect the combined 87.5% working interest which we own in Section 4. I believe we will come to some understanding in the near future as to how best to proceed, and I will be back in touch with you at that time.

Sincerely,



Robert E. Landreth

REL/tk

*punch + file*



Devon Energy Corporation  
20 North Broadway  
Oklahoma City, Oklahoma 73102-8280

Richard Winchester  
Land Advisor

Phone: (405) 228-4415  
Fax: (405) 552-8113

*January 17, 2003 (see FAX date above)*  
~~December 17, 2002~~

Mr. Wes Perry *686-4533*  
EGL Resources, Inc.  
P.O. Box 10886  
Midland, Texas 79701  
Via Facsimile  
(915) 682-5852

Mr. Bob Landreth  
505 N. Big Spring  
Midland, Texas 79701  
Via Facsimile  
(915) 684-4783

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

Gentlemen:

Devon Energy Production Company, L.P. ("Devon"), is ready to move forward on this prospect immediately. However, there are two issues that must be resolved before Devon can finalize the proposed trades:

1. *✱* Devon will not agree to include any portion of Section 33 in the AMI. The purpose of the AMI is to address the acquisition of interests not held by the AMI parties on or after the date of the agreement. Since Section 33 is held entirely by Devon and Southwestern Energy, there are no outside interests to acquire.
2. Devon will not relinquish its interest in the S/2 NW/4 of Section 4 for failure to timely commence re-entry operations on the Rio Blanco "4" Federal #1 Well. By failing to timely commence operations, Devon will forfeit its right to earn interests from EGL and Landreth under the terms of the respective agreements.

Please call me at (405) 228-4415 to discuss this matter.

Sincerely,

Richard C. Winchester  
Land Advisor

*Wes -  
\* Isn't this great? Devon has apparently just now completed a trade with Oxy to acquire the S/2 Section 33, so now they are ready to take a hard line on not sharing anything prior to this date. Looks like we are being systematically screwed.*



Devon Energy Corporation  
20 North Broadway  
Oklahoma City, Oklahoma 73102-8250

FAX

To: Mr. Bob Landreth

From: Danielle Rice

Fax: 915-684-4783

Date: 2/28/03

Phone:

Pages: 6 (including cover page)

Re: Rio Blanco 4 Fed #1

CC:

Urgent     For Review     Please Comment     Please Reply     Please Recycle

Comments:

This is the REVISED Proposal. The original will follow via certified mail today.

*Should you have any problems receiving this fax, please contact Danielle Rice at (405) 228-7519.*

# devon

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

Richard Winchester  
Land Advisor

Phone: (405) 228-4415  
Fax: (405) 552-8113

February 28, 2003

Mr. Bob Landreth  
505 N. Big Spring  
Midland, Texas 79701  
Certified Mail &  
Via Facsimile  
(915) 684-4783

Mr. Wes Perry  
EGL Resources, Inc.  
P.O. Box 10886  
Midland, Texas 79701  
Certified Mail &  
Via Facsimile  
(915) 682-5852

Mr. Jody Crook  
Southwestern Energy Production Company  
2350 N. Sam Houston Pkwy E., Suite 300  
Houston, Texas 77032-3126  
Certified Mail &  
Via Facsimile  
(281) 618-4879

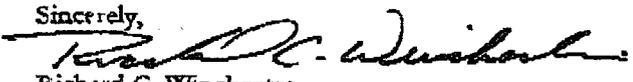
Re: **Proposal to Re-enter and Deepen (Revised)**  
**Rio Blanco "4" Fed Com #1 Well**  
**Rio Blanco Devonian Prospect**  
**- Lea County, New Mexico**

Gentlemen:

Devon Energy Production Company, L.P., hereby proposes to re-enter and deepen the Rio Blanco "4" Fed Com #1 Well located 1980' FNL & 1980' FWL, T23S-R34E, in an attempt to test the Devonian formation at approximately 15,000'. Devon, as operator, has an approved Sundry Notice from the NMOCDC, designating the N/2 of Section 4 as the proration unit. An AFE in the amount of \$1,348,500 is attached for your review. Should you elect to participate in these operations, please execute and return the attached AFE at your earliest convenience. An operating agreement will be forwarded for your signature upon receipt of the executed AFE. Should you elect not to participate, please advise Devon of the farmout/term assignment terms that may be acceptable. Devon is in communication with several drilling contractors in the area, and will secure a rig as soon as the parties respond. Your response is requested by no later than March 13, 2003. Please be advised that Devon will commence compulsory pooling procedures to secure the interest of any party that does not respond by such date.

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

Sincerely,

  
Richard C. Winchester  
Land Advisor



E. G. L. Resources, Inc. 508 West Wall Street, Suite 1250 P.O. Box 10888 Midland, Texas 79702 915.687.6560 telephone 915.682.5852 facsimile

2/27/2003

Richard Winchester  
Devon Energy Corporation  
20 North Broadway, Suite 1500  
Oklahoma City, OK 73102

Via Certified Mail  
Receipt #70993400001717274265

RE: Rio Blanco Federal 4-1  
T23N, R34E, NMPM  
Section 4  
Lea County, New Mexico

Dear Richard:

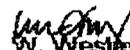
Please find enclosed an Authority for Expenditure (AFE) to re-enter and re-complete the captioned well. There are also enclosed an Operating Agreement (JOA) and the proposed procedure for the operation.

If this is acceptable to Devon, please sign the AFE and the signature page of the JOA and return as soon as possible. It is our understanding that Devon and Southwestern are equal partners and have set that interest on the Exhibit "A" of the JOA. The Agreement between Devon and Southwestern is not public record and will change it if the interest is incorrect. EGL has filed the APD and Sundry Notices with the NMOCD and BLM for this operation.

If Devon is not interested in participating EGL will agree to farm-in Devon's interest whereby Devon reserves a 25% overriding royalty interest (ORI) absorbing all existing burdens, thus delivering a net revenue interest of 75%. Then at payout Devon may opt to convert its ORI to a 25% working interest. This reservation and optional conversion is subject to proportionate reduction.

Should you have any questions, please call. I am,

Very truly yours,

  
W. Wesley Perry  
President