



**MATRIX
PRODUCTION
COMPANY**

5725 Commonwealth Boulevard
Sugar Land, Texas 77479
Phone 281-265-1212
Fax 281-265-1778

August 17, 2004

Via Certified/Return Receipt Mail

Land Services, Inc.
2310 SW 89th Street, Suite E
Oklahoma City, OK 73159

Re: Townsend #1-A Well
Township 13 South, Range 38 East
Section 10: 530' FNL & 330' FEL
Lea County, New Mexico

Gentlemen:

Matrix New Mexico Operating Company, LLC proposes the drilling of the Townsend #1-A well as a 9,800' Wolfcamp test at the captioned location. Our records indicate that Land Services, Inc. holds record title to certain mineral interests located in the E/2 Section 10-13S-38E, though we believe the subject leases may have been assigned to Sunlight Exploration, Inc. As record title holder, please find enclosed an Authority for Expenditure related to the proposed well for your review.

If you desire to participate in the drilling of the above well, please execute and return one copy of the enclosed AFE so indicating your election. Upon receipt of your election to participate, an Operating Agreement will be sent to you for your review and acceptance. If you do not wish to participate in the drilling of this well, Matrix will consider acquiring your interest under mutually acceptable terms. Please do not hesitate to call if you have any questions concerning the enclosed.

Yours truly,

Fred C. Bryla
Vice President

Enclosures

cc: Mr. Chris Bright, Sunlight Exploration, Inc.

Hearing Date: November 18, 2004

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case Nos. 13357 Exhibit No. 3
Submitted by:
Matrix Production Company

J.W.MULLOY ASSOCIATES, INC

Engineering & Consulting

508 West Wall #100

Midland, Texas 79701

Phone: (915) 687-0323 Fax: (915) 686-7224

Operator: Matrix New Mexico Operating Company, LLC
 Location: 530 FNL & 330 FEL Sec 10 T13S R38E
 Field: Bronco (Wolfcamp)

Well Name: Townsen #1-A
 County: Lea
 Formation: Wolfcamp

Date: 8/10/2004
 State: New Mexico
 Depth: 9,800

Code	DRILLING	Time in days:	28	Tangible	Intangible	Total Cost
D1	Survey, Build Site, Road & Surface Damages				\$25,000	\$25,000
D5	Surface Casing	13 3/8 "	450 '@	\$27.00 per foot	\$12,150	\$12,150
D6	Cement, Accessories & Service				\$10,000	\$10,000
D7	Protective Casing	8 5/8 "	4,500 '@	\$20.00 per foot	\$90,000	\$90,000
D8	Cement Accessories & Service				\$20,000	\$20,000
D13	Casing Heads, Valves & Fittings				\$5,500	\$5,500
D14	Mud, Water, Oil & Chemicals				\$40,000	\$40,000
D15	Mud Hydrocarbon Logging	10	days @	\$750.00 per day	\$7,500	\$7,500
D17	Electrical Logging				\$15,000	\$15,000
D18	Daywork On Contract	3	days @	\$7,200.00 per day	\$21,600	\$21,600
D19	Footage On Contract	9800	feet @	\$25.00 per foot	\$245,000	\$245,000
D23	Special Tools, Bits & Rentals				\$15,000	\$15,000
D24	Supervision, Engineering	30	days @	\$750.00 per day	\$22,500	\$22,500
D25	Supervision, Geological	10	days @	\$750.00 per day	\$7,500	\$7,500
D26	Drilling Overhead	1	month @	\$5,000.00 per mo	\$5,000	\$5,000
D27	Misc. Services, Supplies & Labor @ 10%				\$11,000	\$54,500
Total Drilling Costs					\$477,600	\$596,250

ABANDONMENT

Cost To Abandon	\$20,000
Total Dry Hole Costs	\$477,600

COMPLETION

Code	COMPLETION	Time in days:	10	Tangible	Intangible	Total Cost
C1	Production Casing/Liner	5 1/2 "	9,800 '@	\$12.50 per foot	\$122,500	\$122,500
C2	Cement, Accessories & Service w/Hanger				\$20,000	\$20,000
C3	Casing Heads, Valves & Fittings				\$5,000	\$5,000
C4	Packers, Accessories & Service				\$3,000	\$3,000
C5	Production Tubing	2 3/8 "	9,800 '@	\$4.20 per foot	\$41,160	\$41,160
C6	Perforating Service & Logs				\$3,500	\$3,500
C7	Treating Services & Supplies				\$12,500	\$12,500
C8	Well Servicing Rig	10	days @	\$2,500.00 per day	\$25,000	\$25,000
C9	Artificial Lift Facilities w/rods, pump & accessories				\$75,000	\$75,000
C10	Supervision, Engineering	12	days @	\$750.00 per day	\$9,000	\$9,000
C11	Special Tools, Bits & Rentals				\$5,000	\$5,000
C12	Misc. Services, Supplies & Labor @ 10%				\$17,000	\$32,300
Total Completion Cost					\$168,300	\$353,960

LEASE FACILITIES

Code	LEASE FACILITIES	Time In Days:	5	Tangible	Intangible	Total Cost
F1	Build Site & Road				\$2,000	\$2,000
F2	Tanks & Accessories				\$15,000	\$15,000
F4	Heaters, Treaters & Accessories				\$5,000	\$5,000
F5	Line Pipe, Flow & Other				\$2,500	\$2,500
F6	Valves & Fittings				\$10,000	\$10,000
F7	Supervision, Engineering	4	days @	\$750.00 per day	\$3,000	\$3,000
F8	Misc. Services, Supplies & Labor				\$3,000	\$7,000
Total Lease Facilities Cost					\$9,000	\$44,500

SUMMARY OF COST

Drilling Cost	\$118,650	\$477,600	\$596,250
Completion Cost	\$185,660	\$168,300	\$353,960
Total	\$304,310	\$645,900	\$950,210
Lease Facilities Cost	\$35,500	\$9,000	\$44,500
GRAND TOTAL COST	\$339,810	\$654,900	\$994,710

Approval:

Company _____ (This AFE is an estimate only-Invoicing will be on actual cost.)

By: _____

Name/Title: _____ Date _____

U.S. Postal Service™
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OFFICIAL USE

Postage \$	8-17-04
Certified Fee	
Return Receipt Fee (Endorsement Required)	

Postmark Here

Restrict (Endorse)
Attn: Chris Bright
Sunlight Exploration, Inc.
1415 23rd Street
Canyon, TX 79015

Sent To

Street, A or PO Box no.

City, State, ZIP+4 **800-655-7183**

PS Form 3800, June 2002 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

Attn: Chris Bright
Sunlight Exploration, Inc.
1415 23rd Street
Canyon, TX 79015

COMPLETE THIS SECTION ON DELIVERY

A. Signature: *[Signature]* Agent Addressee

B. Received by (Printed Name): *[Signature]* C. Date of Delivery: *8-18-04*

D. Is delivery address different from item 1c? Yes No
 If YES, enter delivery address below: No

3. Service Type: Certified Mail Express Mail Registered Return Receipt for Merchandise Insured Mail C.O.D.

4. Restricted Delivery (Extra Fee) Yes

Article Number (Transfer from service label) **7003 1010 0000 8865 7059**



**MATRIX
PRODUCTION
COMPANY**

5725 Commonwealth Boulevard
Sugar Land, Texas 77479
Phone 281-265-1212
Fax 281-265-1778

August 26, 2004

*Via Certified/Return Receipt Mail
Re-mailed to Correct Address*

Mr. Leroy Townsend
7650 East Vista Drive
Scottsdale, AZ 85250

Re: Townsend #1-A Well
Township 13 South, Range 38 East
Section 10: 530' FNL & 330' FEL
Lea County, New Mexico

Dear Mr. Townsend:

Matrix New Mexico Operating Company, LLC proposes the drilling of the Townsend #1-A well as a 9,800' Wolfcamp test at the above captioned location. Our records indicate that you own a 0.555556% mineral ownership in the E/2 Section 10-13S-38E under the proposed well. Our records further indicate that Matrix New Mexico Holdings, LLC, through its representative, Mr. Randy Watts, has made several written offers to lease your minerals in this area without success. As an unleased mineral owner in the land set forth above, you have the right to participate directly in the drilling of the proposed well by paying your prorata share of the actual well drilling, completion, and operating costs.

If you desire to participate in the drilling of the above well, please execute and return one copy of the enclosed Authority For Expenditure so indicating your election. Upon receipt of your election to participate, an Operating Agreement will be sent to you for your acceptance and you will be invoiced for your share of the anticipated well cost (\$5,526.17). If you do not wish to participate in the cost of drilling of this well, Matrix will be willing to lease your minerals under the terms previously provided (providing to you a royalty, without any cost obligation). If you have any questions concerning the enclosed, or wish to lease your minerals, please feel free to contact Randy Watts at 505-622-5300.

Yours truly,

Fred C. Bryla
Vice President

Enclosures

cc: Randy Watts

J.W.MULLOY ASSOCIATES, INC.

Engineering & Consulting

508 West Wall #100

Midland, Texas 79701

Phone: (915) 687-0323 Fax: (915) 686-7224

Operator: Matrix New Mexico Operating Company, LLC
 Location: 530 FNL & 330 FEL Sec 10 T13S R38E
 Field: Bronco (Wolfcamp)

Well Name: Townsen #1-A
 County: Lea
 Formation: Wolfcamp

Date: 8/10/2004
 State: New Mexico
 Depth: 9,800

Code	DRILLING	Time in days:	28	Tangible	Intangible	Total Cost
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D7	Protective Casing	8 5/8 "	4,500 '@	\$20.00 per foot	\$90,000	\$90,000
D8	Cement Accessories & Service				\$20,000	\$20,000
D13	Casing Heads, Valves & Fittings			\$5,500		\$5,500
D14	Mud, Water, Oil & Chemicals				\$40,000	\$40,000
D15	Mud Hydrocarbon Logging	10	days @	\$750.00 per day	\$7,500	\$7,500
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D25	Supervision, Geological	10	days @	\$750.00 per day	\$7,500	\$7,500
D26	Drilling Overhead	1	month @	\$5,000.00 per mo	\$5,000	\$5,000
D27	Misc. Services, Supplies & Labor @ 10%				\$11,000	\$5,000
Total Drilling Costs					\$43,500	\$596,250

ABANDONMENT						
Cost To Abandon						\$20,000
Total Dry Hole Costs					\$477,600	\$616,250

Code	COMPLETION	Time in days:	10	Tangible	Intangible	Total Cost
C1	Production Casing/Liner	5 1/2 "	9,800 '@	\$12.50 per foot	\$122,500	\$122,500
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C4	Packers, Accessories & Service				\$3,000	\$3,000
C5	Production Tubing	2 3/8 "	9,800 '@	\$4.20 per foot	\$41,160	\$41,160
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C8	Well Servicing Rig	10	days @	\$2,500.00 per day	\$25,000	\$25,000
C9	Artificial Lift Facilities w/rods, pump & accessories				\$75,000	\$75,000
C10	Supervision, Engineering	12	days @	\$750.00 per day	\$9,000	\$9,000
C11	Special Tools, Bits & Rentals				\$5,000	\$5,000
C12	Misc. Services, Supplies & Labor @ 10%				\$17,000	\$15,300
Total Completion Cost					\$185,660	\$168,300

LEASE FACILITIES						
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F5	Line Pipe, Flow & Other			\$2,500		\$2,500
F6	Valves & Fittings			\$10,000		\$10,000
F7	Supervision, Engineering	4	days @	\$750.00 per day	\$3,000	\$3,000
F8	Misc. Services, Supplies & Labor			\$3,000	\$4,000	\$7,000
Total Lease Facilities Cost					\$35,500	\$9,000

SUMMARY OF COST			
Drilling Cost		\$118,650	\$477,600
Completion Cost		\$185,660	\$168,300
Total		\$304,310	\$645,900
Lease Facilities Cost		\$35,500	\$9,000
GRAND TOTAL COST		\$339,810	\$654,900

Approval:

Company _____ (This AFE is an estimate only-Invoicing will be on actual cost.)

Signature: _____ Date: _____

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Postage \$		8-26-04	Postmark
Certified Fee			
Return Receipt Fee (Endorsement Requirement)			
Restrict (Endorse)	Mr. Leroy Townsend 7650 East Vista Drive Scottsdale, AZ 85250		
Total P			
Sent To			
Street, Apt. or PO Box No.			
City, State, ZIP+4			

PS Form 3800, June 2002

See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece or on the front if space permits.

Article Addressed to

Mr. Leroy Townsend
 7650 East Vista Drive
 Scottsdale, AZ 85250

COMPLETE THIS SECTION ON DELIVERY

A. Signature *Leroy Townsend* Agent Addressee

B. Received by (Printed Name) *Leroy Townsend* C. Date of Delivery *9/1*

D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below:

3. Service Type

Certified Mail Express Mail

Registered Return Receipt for Merchandise

Insured Mail C.O.D.

4. Restricted Delivery (Extra Fee) Yes

Article Number
 (Transfer from service label)

7003 1010 0000 8865 7127

61000

ASSIGNMENT OF OIL, GAS AND MINERAL LEASE

THE STATE OF NEW MEXICO
COUNTY OF LEA

WHEREAS, on the 24th day of March 2003, Cogent Exploration, Ltd., whose mailing address is 804 Park Harvey Center, 200 North Harvey, Oklahoma City, Oklahoma 73102; Nelson Engineering Corp. and Land Services, Inc., whose address's are 2310 SW 89th, Ste E, Oklahoma City, Oklahoma 73159, as "SELLERS", entered into an agreement to sell, and Sunlight Exploration, Inc., whose mailing address is 1415 23rd Street, Canyon, Texas 79015, as "BUYER", entered into an agreement to purchase certain lands located in Lea County New Mexico described more fully on the attached exhibit "A".

WHEREAS, the certain lands located in Lea County, New Mexico and described on the attached Exhibit "A" which, are subject to the March 24th agreement, are currently owned by Land Services, Inc.

NOW THEREFORE, for and in consideration of the sum of Ten Dollars (\$10.00) in hand paid cash, the receipt and sufficiency of which is hereby acknowledged and other good and valuable consideration, Land Services, Inc. as "Assignor" does hereby grant, bargain, sell, transfer, assign and convey all Right, Title and Interest, in and to the above described leases and the leasehold estate thereby created, to Sunlight Exploration, Inc., as "Assignee", SAVE AND EXCEPT, as an overriding royalty interest, being the difference between the Currently Existing Lease Burdens and a seventy-five (75%) percent Net Revenue Interest, per mineral acre, in such leases. . This Sale of said leases and prospect being further subject to a 25% project back-in after payout with the option to convert at any time. In addition this assignment and any reassignment(s) of this instrument is made subject to all of the terms and conditions of that certain unrecorded letter agreement dated March 24, 2003 between Cogent Exploration, Ltd. Co., Nelson Engineering Corp. Land Services, Inc. and Sunlight Exploration, Inc.

TO HAVE AND TO HOLD the said interests, property and rights unto the said assignee and their respective heirs, successors and assigns.

IN WITNESS WHEREOF, this instrument is executed this 6th day of April 2003.

BOOK 1325 PAGE 492

Hearing Date: November 18, 2004

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Case Nos. 13357 Exhibit No. 3

Submitted by:

Matrix Production Company

Assignor:

Land Services, Inc

Terry Brooks
Terry Brooks, President

Assignee:

Sunlight Exploration, Inc.

Chris Bright
Chris Bright, President

Acknowledgements

STATE OF OKLAHOMA

COUNTY OF *Nowata*

This instrument was acknowledged before me on the 10th day of April 2003, by Terry Brooks, President, of Land Services, Inc., a corporation, on behalf of said corporation.



Julius Ferguson
NOTARY PUBLIC
#02006516

STATE OF TEXAS

COUNTY OF RANDALL

~~2004~~ This instrument was acknowledged before me on the 17th day of August 2003, by Chris Bright, President of Sunlight Exploration, Inc., a corporation, on behalf of said corporation.

My commission expires: 1-17-2006

Christy Elaine Burns
NOTARY PUBLIC



EXHIBIT "A"

This Exhibit "A" is attached hereto and made a part hereof to that certain Assignment of Oil and Gas Leases dated the 6th day of April, 2003, between Land Services, Inc., as Assignor, and Sunlight Exploration, Inc., Partnership, as Assignee.

The East Half, (E/2) Section 10, Township 13 South, Range 38 East, Lea County, New Mexico

BOOK/PAGE: 1223/331
LESSOR: Phillip Hillhouse, successor in interest to George M. Shelton, deceased and Helen Shelton Tantalio, deceased
LESSEE: Land Services, Inc.
DATED: April 9, 2003
DESCRIPTION: The East Half, (E/2)

BOOK/PAGE: 1220/327
LESSOR: Thomas Allan Hoffman, a married man dealing in his sole and separate property
LESSEE: Land Services, Inc.
DATED: April 1, 2003
DESCRIPTION: The East Half, (E/2)

BOOK/PAGE: 1220/321
LESSOR: Glenn Werhan and Mary Frances Werhan, husband and wife
LESSEE: Land Services, Inc.
DATED: April 4, 2003
DESCRIPTION: The East Half, (E/2)

BOOK/PAGE: 1220/324
LESSOR: Tressie E. Denton, sole heir of Travis F. Denton, deceased
LESSEE: Land Services, Inc.
DATED: April 2, 2003
DESCRIPTION: The East Half, (E/2)

BOOK/PAGE: 1214/207
LESSOR: Ruby Page, a married woman dealing in her sole & separate property
LESSEE: Land Services, Inc.
DATED: December 27, 2002
DESCRIPTION: The East Half, (E/2)

BOOK/PAGE: 1209/395
LESSOR: Robert Townsend, a married man dealing in his sole & separate property
LESSEE: Land Services, Inc.
DATED: December 18, 2002
DESCRIPTION: The East Half, (E/2)

BOOK/PAGE: 1209/354
LESSOR: U.S. Alexander, a married man dealing in his sole & separate property
LESSEE: Land Services, Inc.
DATED: October 16, 2002
DESCRIPTION: The East Half, (E/2)

BOOK/PAGE: 1209/356
LESSOR: Joyce A. Holder as Trustee of the Joyce Holder Trust created by Trust Agreement dated 9-13-91
LESSEE: Land Services, Inc.
DATED: November 5, 2002
DESCRIPTION: The East Half, (E/2)

BOOK/PAGE: 1209/388
LESSOR: Vee K. Ross, as Trustee of the William G. Ross and Vee K. Ross Living Trust, a/k/a the Ross Family Trust, U/T/A dated March 9, 1990
LESSEE: Land Services, Inc.
DATED: January 7, 2003
DESCRIPTION: The East Half, (E/2)

BOOK/PAGE: 1209/407
LESSOR: Jackie Lynn Townsend, a/k/a Jackie Strickland, a single woman
LESSEE: Land Services, Inc.
DATED: December 27, 2002
DESCRIPTION: The East Half, (E/2)

BOOK/PAGE: 1209/425
LESSOR: Johnny Townsend, a married man dealing in his sole & separate property
LESSEE: Land Services, Inc.
DATED: December 18, 2002
DESCRIPTION: The East Half, (E/2)

BOOK/PAGE: 1209/418
LESSOR: Pat Alston Ward, dealing in her sole and separate property
LESSEE: Land Services, Inc.
DATED: January 13, 2003
DESCRIPTION: The East Half, (E/2)

BOOK/PAGE: 1209/403
LESSOR: Western Commerce Bank, Agent for the Kirby D. Schenck Trusts, identified as Trust A-2, Trust B and Trust B-GST
LESSEE: Land Services, Inc.
DATED: November 14, 2002
DESCRIPTION: The East Half, (E/2)

AS RATIFIED
BOOK/PAGE: 1209/434

BOOK/PAGE: 1209/378
LESSOR: Melvin Townsend, a married man dealing in his sole & separate property
LESSEE: Land Services, Inc.
DATED: December 18, 2002
DESCRIPTION: The East Half, (E/2)

BOOK/PAGE: 1209/384
LESSOR: Leon Paris, a single man
LESSEE: Land Services, Inc.
DATED: December 27, 2002
DESCRIPTION: The East Half, (E/2)

BOOK/PAGE: 1209/350
LESSOR: Western Commerce Bank, Personal Representative of the Estate of Richard H. Power, a/k/a Richard Hollie Power, deceased
LESSEE: Land Services, Inc.
DATED: November 14, 2002
DESCRIPTION: The East Half, (E/2)

BOOK/PAGE: 1209/381
LESSOR: Billie June Crow, Trustee of the Billie June Crow Trust under Trust Agreement dated July 13, 1998
LESSEE: Land Services, Inc.
DATED: November 14, 2002
DESCRIPTION: The East Half, (E/2)

BOOK/PAGE: 1223/334
LESSOR: Viola Burk
LESSEE: Land Services, Inc.
DATED: April 1, 2003
DESCRIPTION: The East Half, (E/2)

BOOK/PAGE: 1234/391
LESSOR: James Douglas Hillhouse, IV, successor in interest to George M. Shelton, deceased & Helen Shelton Tantalos, deceased
LESSEE: Land Services, Inc.
DATED: April 9, 2003
DESCRIPTION: The East Half, (E/2)

BOOK/PAGE: 1231/416
LESSOR: Carol Ann Cantrell, Sharon Kay Patrick & C. Edward Oberholtzer, Jr., Successor co-trustees of the Connie Oberholtzer, Trust dated Nov. 10, 1976 as amended
LESSEE: Land Services, Inc.
DATED: April 21, 2003
DESCRIPTION: The East Half, (E/2)

BOOK/PAGE: 1231/419
LESSOR: Dan Field, as his sole & separate property
LESSEE: Land Services, Inc.
DATED: May 15, 2003
DESCRIPTION: The East Half, (E/2)

BOOK/PAGE: 1228/683
LESSOR: Mike Field, as his sole & separate property
LESSEE: Land Services, Inc.
DATED: May 15, 2003
DESCRIPTION: The East Half, (E/2)

BOOK/PAGE: 1231/422
LESSOR: Mattie Field, dealing in her sole & separate property
LESSEE: Land Services, Inc.
DATED: May 15, 2003
DESCRIPTION: The East Half, (E/2)

BOOK/PAGE: 1230/297
LESSOR: Pauline Denton
LESSEE: Land Services, Inc.
DATED: May 7, 2003
DESCRIPTION: The East Half, (E/2)

BOOK/PAGE: 1231/659
 LESSOR: Woodrow W. Carter, dealing in his sole & separate property
 LESSEE: Land Services, Inc.
 DATED: 5/30/03
 DESCRIPTION: The East Half, (E/2)

BOOK/PAGE: 1230/627
 LESSOR: Charlene Alexander Marr, married dealing in her sole & separate property
 LESSEE: Land Services, Inc.
 DATED: 5/27/03
 DESCRIPTION: The East Half, (E/2)

BOOK/PAGE: 1231/414
 LESSOR: Robert Edward Alexander, married dealing in his sole & separate property
 LESSEE: Land Services, Inc.
 DATED: 5/27/03
 DESCRIPTION: The East Half, (E/2)

BOOK/PAGE: 1233/483
 LESSOR: Janet Dallas, formerly Rogers, dealing in her sole & separate property
 LESSEE: Land Services, Inc.
 DATED: 5/27/03
 DESCRIPTION: The East Half, (E/2)

The West Half, (W/2) Section 14, Township 13 South, Range 38 East, Lea County, New Mexico

BOOK/PAGE: 1220/350
 LESSOR: Jim Cone as Executor of the Estate of Raymond Cone, a/k/a J.R. Cone, deceased
 LESSEE: Land Services, Inc.
 DATED: April 1, 2003
 DESCRIPTION: The West Half, (W/2)

BOOK/PAGE: 1214/205
 LESSOR: Roderick Allen Markham, dealing in his sole and separate property
 LESSEE: Land Services, Inc.
 DATED: March 7, 2003
 DESCRIPTION: The West Half, (W/2)

BOOK/PAGE: 1214/218
 LESSOR: Manon Markham McMullen, dealing in her sole and separate property
 LESSEE: Land Services, Inc.
 DATED: March 7, 2003
 DESCRIPTION: The West Half, (W/2)

BOOK/PAGE: 1214/209
 LESSOR: R.R. Harrell Properties, Ltd., a Texas Limited Partnership
 LESSEE: Land Services, Inc.
 DATED: March 10, 2003
 DESCRIPTION: The West Half, (W/2)

BOOK/PAGE: 1214/214
 LESSOR: David D. Griswold, Trustee of the David D. Griswold Revocable Trust dated August 14, 1998
 LESSEE: Land Services, Inc.
 DATED: January 15, 2003
 DESCRIPTION: The West Half, (W/2)

BOOK/PAGE: 1214/212
LESSOR: David Dwain Griswold, Trustee of the Elaine B. Flint f/b/o Eloise Ann Flint Griswold Trust dated August 21, 1971
LESSEE: Land Services, Inc.
DATED: January 15, 2003
DESCRIPTION: The West Half, (W/2)

BOOK/PAGE: 1209/391
LESSOR: Wells Fargo Bank New Mexico, N.A. formerly known as Norwest Bank New Mexico, N.A., Trustee for The James Virgil Linsam Trust
LESSEE: Land Services, Inc.
DATED: February 12, 2003
DESCRIPTION: The West Half, (W/2)

BOOK/PAGE: 1209/386
LESSOR: Jerry Haynes
LESSEE: Land Services, Inc.
DATED: February 7, 2003
DESCRIPTION: The West Half, (W/2)

BOOK/PAGE: 1209/364
LESSOR: Joseph LeRoy Haynes, dealing in his sole & separate property
LESSEE: Land Services, Inc.
DATED: January 28, 2003
DESCRIPTION: The West Half, (W/2)

BOOK/PAGE: 1209/397
LESSOR: Bruce H.C. Hill, Individually and B.H.C.H. Mineral, Ltd. (Formerly known as B.H.C.H. Mineral Joint Venture)
LESSEE: Land Services, Inc.
DATED: January 31, 2003
DESCRIPTION: The West Half, (W/2)

BOOK/PAGE: 1209/420
LESSOR: Pat Alston Ward, dealing in her sole and separate property
LESSEE: Land Services, Inc.
DATED: January 13, 2002
DESCRIPTION: The West Half, (W/2)

BOOK/PAGE: 1209/367
LESSOR: Thelma A. Webber and Paye L. Klein Co-Trustees of The Thelma A. Webber Living Trust dated June 17, 1994
LESSEE: Land Services, Inc.
DATED: January 28, 2003
DESCRIPTION: The West Half, (W/2)

BOOK/PAGE: 1209/374
LESSOR: Western Commerce Bank, a New Mexico Corporation, Trustee of the W.T. Reed Trust
LESSEE: Land Services, Inc.
DATED: January 10, 2003
DESCRIPTION: The West Half, (W/2)

BOOK/PAGE: 1209/370
LESSOR: James Reed McCrory, dealing in his sole and separate property
LESSEE: Land Services, Inc.
DATED: January 10, 2003
DESCRIPTION: The West Half, (W/2)

BOOK/PAGE: 1209/428
 LESSOR: Western Commerce Bank, Agent for Kirby D. Schenk Trusts, identified as Trust A-2, Trust B and Trust B-GST
 LESSEE: Land Services, Inc.
 DATED: January 9, 2003
 DESCRIPTION: The West Half, (W/2)

AS RATIFIED
 BOOK/PAGE: 1209/431

BOOK/PAGE: 1209/422
 LESSOR: William Hardy Griswold, a/k/a William H. Griswold, dealing in his sole & separate property
 LESSEE: Land Services, Inc.
 DATED: January 28, 2003
 DESCRIPTION: The West Half, (W/2)

BOOK/PAGE: 1238/354
 LESSOR: Melissa Kay Griswold
 LESSEE: Land Services, Inc.
 DATED: January 15, 2003
 DESCRIPTION: The West Half, (W/2)

BOOK/PAGE: 1223/342
 LESSOR: Larry Haynes, sole & separate property
 LESSEE: Land Services, Inc.
 DATED: March 27, 2003
 DESCRIPTION: The West Half, (W/2)

BOOK/PAGE: 1228/677
 LESSOR: Louis Oliver Storm, III
 LESSEE: Land Services, Inc.
 DATED: April 11, 2003
 DESCRIPTION: The West Half, (W/2)

BOOK/PAGE: 1223/337
 LESSOR: Roy G. Barton, Jr., Individually
 LESSEE: Land Services, Inc.
 DATED: April 21, 2003
 DESCRIPTION: The West Half, (W/2)

BOOK/PAGE: 1223/337
 LESSOR: Roy G. Barton, Jr., Trustee
 LESSEE: Land Services, Inc.
 DATED: April 21, 2003
 DESCRIPTION: The West Half, (W/2)

BOOK/PAGE: 1228/679
 LESSOR: Don and Betty Gourley
 LESSEE: Land Services, Inc.
 DATED: April 21, 2003
 DESCRIPTION: The West Half, (W/2)

BOOK/PAGE: 1236/789
 LESSOR: Hazel Haynes Riffel, formerly known as Hogan
 LESSEE: Land Services, Inc.
 DATED: 6/4/03
 DESCRIPTION: The West Half, (W/2)

BOOK/PAGE: Unrecorded
 LESSOR: Betelgeuse Production
 LESSEE: Land Services, Inc.
 DATED: September 18, 2003
 DESCRIPTION: The North Half of the Northwest Quarter, (N/2 NW/4)

The Northeast Quarter, (NE/4) and the North Half of the Southeast Quarter, (N/2 SE/4)
 Section 15, Township 13 South, Range 18 East, Lea County, New Mexico

BOOK/PAGE: 1192/649
 LESSOR: Fay R. Power, Trustee of the Fay Power Trust created by Trust Agreement dated April 1, 1993
 LESSEE: Land Services, Inc.
 DATED: October 10, 2002
 DESCRIPTION: The Northeast Quarter, (NE/4)

BOOK/PAGE: 1192/653
 LESSOR: June D. Speight
 LESSEE: Land Services, Inc.
 DATED: October 30, 2002
 DESCRIPTION: The Northeast Quarter, (NE/4)

BOOK/PAGE: 1223/323
 LESSOR: Christmann Mineral Company, a Texas corporation
 LESSEE: Land Services, Inc.
 DATED: December 13, 2002
 DESCRIPTION: The North Half of the Southeast Quarter, (N/2 SE/4)

BOOK/PAGE: 1220/319
 LESSOR: C.D. Sands, a/k/a Charles D. Sands, a married man dealing in his sole & separate property
 LESSEE: Land Services, Inc.
 DATED: March 27, 2003
 DESCRIPTION: The North Half of the Southeast Quarter, (N/2 SE/4)

BOOK/PAGE: 1214/216
 LESSOR: Sally Rodgers, as her sole & separate property
 LESSEE: Land Services, Inc.
 DATED: November 27, 2002
 DESCRIPTION: The North Half of the Southeast Quarter, (N/2 SE/4)

BOOK/PAGE: 1209/346
 LESSOR: Herd Partners, Ltd.
 LESSEE: Land Services, Inc.
 DATED: January 2, 2003
 DESCRIPTION: The North Half of the Southeast Quarter, (N/2 SE/4)

BOOK/PAGE: 1209/409
 LESSOR: American State Bank a Successor Trustee of the J.M. Welborn Trust
 Dated 9/23/92
 LESSEE: Land Services, Inc.
 DATED: January 15, 2003
 DESCRIPTION: The North Half of the Southeast Quarter, (N/2 SE/4)

BOOK/PAGE: 1209/358
 LESSOR: Alicia Louise Christmann Shultz, a married woman dealing in her sole & separate property
 LESSEE: Land Services, Inc.

DATED: December 13, 2002
DESCRIPTION: The North Half of the Southeast Quarter, (N/2 SE/4)

BOOK/PAGE: 1209/334
LESSOR: Melanie Coll DeTemple, a married woman dealing in her sole & separate property

LESSEE: Land Services, Inc.
DATED: December 3, 2002
DESCRIPTION: The North Half of the Southeast Quarter, (N/2 SE/4)

BOOK/PAGE: 1209/340
LESSOR: Eric J. Coll, a married man dealing in his sole & separate property

LESSEE: Land Services, Inc.
DATED: December 3, 2002
DESCRIPTION: The North Half of the Southeast Quarter, (N/2 SE/4)

BOOK/PAGE: 1209/342
LESSOR: Clarke C. Coll, a married man dealing in his sole & separate property

LESSEE: Land Services, Inc.
DATED: December 3, 2002
DESCRIPTION: The North Half of the Southeast Quarter, (N/2 SE/4)

BOOK/PAGE: 1209/332
LESSOR: Jon F. Coll, II, a married man dealing in his sole & separate property

LESSEE: Land Services, Inc.
DATED: December 3, 2002
DESCRIPTION: The North Half of the Southeast Quarter, (N/2 SE/4)

BOOK/PAGE: 1209/330
LESSOR: Max W. Coll, III, a married man dealing in his sole & separate property

LESSEE: Land Services, Inc.
DATED: December 3, 2002
DESCRIPTION: The North Half of the Southeast Quarter, (N/2 SE/4)

BOOK/PAGE: 1209/360
LESSOR: Max W. Coll, II, as his sole & separate property

LESSEE: Land Services, Inc.
DATED: November 27, 2002
DESCRIPTION: The North Half of the Southeast Quarter, (N/2 SE/4)

BOOK/PAGE: 1209/338
LESSOR: Charles H. Coll, as his sole & separate property

LESSEE: Land Services, Inc.
DATED: November 27, 2002
DESCRIPTION: The North Half of the Southeast Quarter, (N/2 SE/4)

BOOK/PAGE: 1209/336
LESSOR: Jon F. Coll, a his sole & separate property

LESSEE: Land Services, Inc.
DATED: November 27, 2002
DESCRIPTION: The North Half of the Southeast Quarter, (N/2 SE/4)

BOOK/PAGE: 1209/344
LESSOR: Fenner Tubbs, a single man

LESSEE: Land Services, Inc.
DATED: October 10, 2002
DESCRIPTION: The North Half of the Southeast Quarter, (N/2 SE/4)



STATE OF NEW MEXICO
COUNTY OF LEA
FILED

AUG 26 2004

at 11:20 a'clock
and copied in Book
Page
Melinda H...
By

61000

Agreement

This Agreement, made and entered into This 24th Day of March, 2003, by and between Cogent Exploration, Ltd., whose mailing address is 804 Park Harvey Center, 200 North Harvey, Oklahoma City, Oklahoma 73102; Nelson Engineering Corp. and Land Services, Inc., whose address's are 2310 SW 89th, Ste E, Oklahoma City, Oklahoma 73159, otherwise known as "Sellers" and Sunlight Exploration, Inc., whose mailing address is 1415 23rd Street, Canyon, Texas 79015, otherwise know as "Buyer".

Whereas, Sellers own certain leases in Southeast New Mexico associated with a prospect known as the Southwest Bronco Prospect, to wit:

East half (E/2) of Section 10, T13S, R38E.

Northeast quarter (NE/4) and the North half of the Southeast quarter (N/2 of SE/4) of section 15, T13S, R38E.

West half (W/2) of Section 14, T13S, R38E

Together comprising 880 acres, more or less, and all located in Lea County, New Mexico;

And Sellers wish to sell such prospect to Buyer, and;

Whereas, Buyer wishes to purchase from Sellers the certain leases contained in the Southwest Bronco Prospect at the price of \$400.00 per acre and a \$20,000.00 geological fee.

Now therefore, in consideration of the premises and the cash consideration setout above, it is agreed as follows;

Sunlight Exploration, Inc. shall purchase by assignment from Cogent Exploration, Ltd, Nelson Engineering Corp, and Land Services, Inc. all of their right, title, and interest, in and to such leases as comprise the Southwest Bronco Prospect, located in Southeast New Mexico for the sum of \$400.00 per net mineral acre on all leases which comprise such prospect, SAVE AND EXCEPT, as an overriding royalty interest, the difference between the Existing Lease Burdens and a 75% Net Revenue Interest, effectively transferring to Buyer a 75% Net Revenue interest, per net mineral acre, in such leases. This Sale of said leases and prospect being further subject to a 25% project back-in after payout with the option to convert at any time as specified herein. Additionally it is understood and agreed that the Sellers will have the same interest and back-in after payout on any other interest Buyer leases, farms-in, force-pools or otherwise acquires in this AMI. As further consideration, Buyer agrees to pay to Sellers, a geological fee on said prospect of \$20,000.00.

Sellers agree to assist Buyer in the smooth transition of said property by furnishing to buyer, copies of all leases, title and curative, and legal and/or title opinions, which Seller may have, or had prepared in connection with the property. Sellers agree to assist in

preparation of any forced pooling, land work and title cleanup required prior to the date of first production.

The Area of mutual interest between the parties to this agreement shall be defined as, all of Section 10, west ½ of Section 11, all of section 14, all of section 15, 22 and 23 of Township 13 S range 38 E, in Lea County, New Mexico.

The term of this agreement shall begin at the date first shown above and shall continue in effect for so long as any of the now existing leases or any new leases taken by the parties herein on the prospect are still effective, including any extensions or renewals of any such leases.

Payout defined. Payout shall be deemed to have occurred when Buyer has received, from the sale of production generated by such prospect, an amount of gross income, less taxes, operating cost, production costs, drilling costs, completion costs, lease purchase costs, geological costs, and all other costs associated with the drilling, completing, testing, and equipping such leases for the production and sale of such production, an amount of net proceeds, which is equal to all actual expenses incurred. Sellers reserve the right at their expense to audit the books to the status of their pay-out account.

Back-in defined. Notwithstanding the above described definition of payout, Seller shall have the option, exercisable once during the life of this agreement, at the time of Sellers choosing, to receive 25% of the gross working interest, on a project basis, by paying to Buyer all of Sellers pay-out account defined as 25% of all costs associated with the drilling, testing, completing, equipping, reworking, producing, acquiring, geological costs, and all associated operational costs, on a project basis, less all income derived from the production and sale thereof. It is further agreed and defined that the three identified individual entities grouped as Sellers can act jointly or individually to their ownership of the 25% project back-in as defined Cogent Exploration, Ltd. Co.(.5) ½ of 25%, Nelson Engineering Corp. (.25) ¼ of 25% and Land Services, Inc.(.25) 1/4 of 25%. It shall be Seller's obligation to notify buyer of its exercising of this back-in option, and back-in shall occur and shall be effective as of the first day of the production month following written notification of Sellers intent to exercise said option. Notification shall not be retroactive, that is to say, notification shall express Seller's intent to back-in as of any date after date of notification.

In addition Buyer agrees that after production is established on any lands subject to this agreement, if Buyer sells this property, then Sellers have a right to be offered the same exact deal and simultaneously at closing pay off Seller or Sellers above defined pay-out account to Buyer and receive their pro-rata share of the sale. If Sellers either jointly or individually choose to not sell, then a copy of their payout account will be attached to the buy/sell agreement and their payout account status will remain unaffected by the sale of the property. No transfer or sale can effect or change the above defined definition of payout. Once back-in occurs all operations shall be on a "heads-up" basis and shall be conducted according to the terms and conditions of the attached Operating Agreement.

Upon such back-in, Buyer shall assign to Seller, and Seller shall accept from buyer, an assignment of 25% of the working interest in said prospect and associated leases.

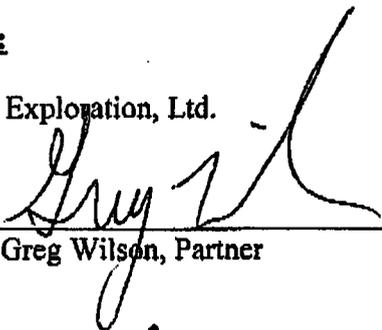
This agreement cannot be changed or altered by the operating agreement or division order and any change that effects this agreement must be in writing and agreed to by all parties to this agreement. Sellers agree to execute the Operating Agreement attached to this document.

This agreement shall be binding upon all parties hereto and upon their heirs, executors, administrators, and/or assigns.

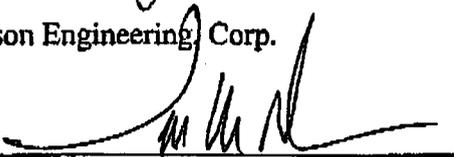
Effective as of the day and date first above written.

Sellers:

Cogent Exploration, Ltd.

By: 
Greg Wilson, Partner

Nelson Engineering Corp.

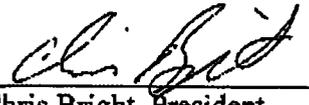
By: 
Jeff Nelson, President

Land Services, Inc.

By: 
Terry Brooks, President

Buyer:

Sunlight Exploration, Inc.

By: 
Chris Bright, President

Sunlight Exploration, Inc.

Exploration - Development - Operations - Wellsite Geology - Prospect Evaluation
1415 23rd Street, Canyon TX 79015 806-655-7183

September 3, 2003

Fred Bryla
Matrix Production Company
5725 Commonwealth Blvd.
Sugar Land, Texas 77479

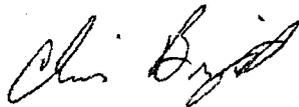
Re: Townsend #1-A Well
Township 13 South, Range 38 East
Section 10: 530' FNL & 330' FEL
Lea County, New Mexico

Dear Mr. Bryla,

Sunlight Exploration, Inc. and its assigns would entertain the possibility of a farm-out on the above described lands. The general terms of an acceptable proposal would be as follows:

- 1) Net 75% Revenue Interest
- 2) Wolfcamp rights only
- 3) 25% backin after payout
 - a) Matrix to provide monthly accounting as to payout status.
- 4) Access to all data, including but not limited to
 - a) all logs and tests (4 hard copies, 1 LAS, 1 TIFF)
 - b) drilling floor
 - c) daily reports
 - d) all regulatory reports
- 5) Produce to earn (assignment delivered on 1st production month)
- 6) Acreage included in the farm-out would comprise 40 acres containing the above referenced location.
- 7) Term - 180 Days

If the above general terms would be acceptable for your needs, please contact Sunlight and we will begin drafting an agreement.



Chris Bright,
Sunlight Exploration, Inc.

Fred Bryla

From: Fred Bryla [fbryla@matrix-companies.com]
Sent: Tuesday, August 24, 2004 4:11 PM
To: Chris Bright (chris@sunlightexp.com)
Subject: Townsend AFE

Chris,

Thought this might be of interest in light of our conversation yesterday. I have now run a number of economics cases to quantify the cost of a standard New Mexico force pooling structure (cost recovery plus 200% penalty) on our economics for the Townsend 1A. Here are the assumptions and the associated numbers for your information:

Risked Reserves(8/8): 135 MBO, 205 MMCF
Initial Potential: 7500 BO/Mo, 6000 Mcf/Mo
Decimals: 100% WI / 80% NRI
Price Deck: \$40 / \$4.00 Flat
LOE: \$2,500/Mo
AFE: \$1,000,000

Base Case - NPV10% \$2,840M (No Burdens)
1) Force Pool - NPV10% \$2,592M (Reversion to 0% interest at cost + 200% penalty)
2) 1/8 Back In - NPV10% \$2,613M (Reversion at 100% payout)
3) 1/4 Back In - NPV10% \$2,386M (Reversion at 100% payout)

As you can see from the above, the force pool looks like a 1/8 back-in for all practical purposes. Feel free to pass the above along to Greg and let me know if some kind of farm out with an 1/8 back-in works. In the alternative, perhaps we could work out some kind of sale of leasehold interest in the E/2 Sec 10 that may also work. As I mentioned, we have advised our New Mexico counsel to commence the required force pooling procedure for this location and you should see notice of this sometime next week.

Let me know how you would like to proceed.

Regards,

Fred Bryla
281-265-1212
fbryla@matrix-companies.com

Fred Bryla

From: Chris Bright [chris@sunlightexp.com]
Sent: Wednesday, October 08, 2003 4:34 PM
To: Fred Bryla
Subject: RE: Lea County Play

Fred,

This message is to acknowledge receipt of your letter. I appreciate your offer for a "swap" and I will be considering it. I will be out of town for the rest of this week and all of next week. When I get back we should talk.

Chris Bright, President
Sunlight Exploration, Inc.
1415 23rd Street
Canyon, Texas 79015
(806) 655-7183

-----Original Message-----

From: Fred Bryla [mailto:fbryla@matrix-companies.com]
Sent: Wednesday, October 08, 2003 4:17 PM
To: chris@sunlightexp.com
Subject: Lea County Play

Chris,

I enjoyed speaking with you last week concerning our developing upper Wolfcamp play in Lea County. As we discussed, Matrix Production Company was responsible for initiating this play with the drilling of the Burrus #1 well located in Sec 22-12S-38E in late 2000 in concert with our then operating partner, Ricks Exploration (now Concho). Since that time, some 13 additional wells have been drilled (all but one are productive) and we continue to have a strong interest in the play as it evolves beyond sections 22, 23, 26, and 27 of 12S-38E (what we call the Trinity Field area).

As you know, Concho Oil & Gas has proposed the drilling of the Townsend 10 #1 well in Sec 10-13S-38E to test both the upper and lower Wolfcamp zones. This well is a significant step out from known production and comes on the heels of the recently drilled Harris #35-1 well (NESE Sec 35-12S-38E), an upper Wolfcamp dry hole, but successful lower Wolfcamp producer. While the Townsend certainly could be classified as a high risk well, Matrix intends to approve the proposed AFE to the full extent of its current 6.25% leasehold interest in the E/2 Sec 10. As discussed below, Matrix desires to increase its position in this well, to the extent possible, to as much as 35% working interest.

As we discussed, Matrix has been aggressively leasing in 12S and 13S of 38E for its own account as our AMI with Concho has expired. To date, Matrix has been holding some 30-40% working interest in each well drilled in the Trinity Field area and we would like not to exceed 50% of any given well as a rule. However, certain of our leasing activities have placed us in a 100% or near 100% leasehold position in areas we believe to be prospective as shown on the attached plat.

To the extent of interest to you, Matrix would propose a modest swap of interest (25%?) in certain of your leasehold position with a like swap of interest in one or more of the tracts we currently hold on an acre for acre basis as outlined on the attached plat thereby spreading risk while also increasing exposure to prospective drilling locations. Given the pending AFE for the Townsend well, we are most interested in discussing a swap involving the E/2 of Sec 10 which may work well for you to reduce your initial exposure while attempting to prove up your acreage further to the south. To the extent you are not interested in an acreage swap, we would also consider buying a 25% interest in the E/2 of Sec 10 for cash or some

11/17/2004

combination of cash and carry.

As I mentioned on the phone, to the extent you may be interested in pursuing any of the above, we would likely need to meet with you to work through a number of details including who would operate, form of operating agreement, as well as the appropriateness of an AMI, to name a few.

Please let me know what you think concerning the above. I look forward to hearing from you.

Regards,

Fred C. Bryla
Vice President
Matrix Production Company
1650 Highway 6, Suite 120
Sugarland, Texas 77478
281-265-1212
281-265-1778 fax
fbryla@matrix-companies.com

11/17/2004

Message

Page 1 of 1

Fred Bryla

From: Fred Bryla [fbryla@matrix-companies.com]
Sent: Wednesday, August 18, 2004 3:05 PM
To: Chris Bright (chris@sunlightexp.com)
Subject: Lea County Play

Chris,

Good talking with you about the Wolfcamp play. Looking forward to hearing back from you on the Townsend AFE. By the way, as for the Townsend, the location has been staked and permitted and we should have our drilling title opinion completed in a week or two. We are also sitting on a footage drilling contract for two wells commencing sometime next month. Let me know if you would like us to talk with Greg Wilson.

Regards,

Fred Bryla
Vice President
Matrix Production Company
5725 Commonwealth Blvd.
Sugar Land, TX 77479
281-265-1212
281-265-1778 fax
fbryla@matrix-companies.com

11/17/2004

Message

Page 1 of 1

Fred Bryla

From: Fred Bryla [fbryla@matrix-companies.com]
Sent: Tuesday, August 24, 2004 4:11 PM
To: Chris Bright (chris@sunlightexp.com)
Subject: Townsend AFE

Chris,

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 Initial Potential: 7500 BO/Mo, 6000 Mcf/Mo
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Let me know how you would like to proceed.

Regards,

Fred Bryla
 281-265-1212
fbryla@matrix-companies.com

11/17/2004

Project Backin Payout

Total Expenses

Virgal Linam Lease	
Well No. 1	
Drilling, Completion, and LOE	(254,605.66)
Royalty	(95,040.35)
Taxes	(31,814.66)
Well No. 2	
Drilling, Completion, and LOE	(420,382.45)
Royalty	
Taxes	
Speight Lease	
Well No. 1	
Drilling, Completion, and LOE	(611,465.75)
Well No. 2	
	(86,600.74)

Total Income

Virgal Linam Lease	
Well No. 1	380,161.50
Total to Payout	
	(1,119,748.11)

Statement as provided by Sunlight Exploration
on October 8, 2004 as related to payout under
Exploration Agreement dated March 24, 2003