WATTS PROPERTIES, LLC
RANDY V. WATTS
INDEPENDENT LANDMAN
OIL & GAS PROPERTIES

110 East 10th Street
Post Office Box 2367
Roswell, New Mexico 88202-2367

Bus. (505) 622-5300
Res. (505) 622-1826
Fax. (505) 623-5556

November 10, 2005

CERTIFIED
RETURN RECEIPT REQUESTED

Ms. Emma Puckett
20909 Bloomfield Avenue, Apt. 5
Lakewood, California 90715

Re: Oil and Gas Lease
Township 16 South, Range 25 East, N.M.P.M.
Section 7: S½NE¼, N½SE¼
Containing 160.00 acres, more or less
Eddy County, New Mexico

Dear Ms. Puckett:

We are currently acquiring oil and gas leases on behalf of Chalfant Properties, Inc. and the above described lands fall within our area of interest. Accordingly, we are enclosing an oil and gas lease pertaining to your interest in the captioned lands along with a bank draft in the amount of $635.00 for your review.

The lease is for a three (3) year paid-up term and reserves a 3/16 royalty. The draft has been calculated at $125.00 per net acre plus $2.00 per net acre as prepayment of annual rentals.

If satisfactory, we ask that you (1) execute the lease where provided in the presence of a notary public, (2) endorse the draft, ***including your Tax Identification Number,*** and (3) place all completed papers with your bank for collection **OR** you may return the executed lease and endorsed draft directly to this office. We will mail to you a check in lieu of the draft. The **FILE COPY** is for your records.

In the event that you have some questions or wish to discuss the foregoing, please feel free to call us toll free at 866-625-5300. Your attention and favorable consideration to the enclosures would be greatly appreciated.

Respectfully,

Randy V. Watts

RVW/jc
enclosures

ATTACHMENT E

On approval of instrument described below,
and on approval of title to same by drawee
not later than 30 banking days after
arrival of this draft at collecting bank.

AREA: Thames Prospect
DATE: November 10, 2005

Pay to the
Order of: **Emma Puckett** **$635.00**

Six Hundred Thirty-Five and 00/100 DOLLARS

This draft is drawn to pay for oil and gas lease dated November 10, 2005 and covering:

S½NE¼, N½SE¼ Section 7, Township 16 South, Range 25 East, NMPM, containing 160.00 acres, more or less (5.00 net acres)

County Eddy State New Mexico

The drawer, payee and endorsers hereof, and the grantors of the lease described hereon, do hereby constitute and appoint the collecting bank escrow agent to hold this draft for the time above specified, subject alone to acceptance of payment by drawee, within said time; without any right of the drawer, payee or endorsers hereof, or said grantors, to recall or demand return of this draft prior to expiration of the above specified time, and there shall be no liability whatsoever on the collecting bank for refusal to return the same prior to such expiration. There shall be no liability to the collecting bank for refusal to return this draft before the specified time.

To: Randy V. Watts
At: First National Bank of Roswell
P.O. Box 1857, Roswell, NM 88202
Notify: Randy V. Watts (505/622-5300)

Drawer

Tax identification number

Producer's 88-Paid-up

OIL & GAS LEASE

THIS AGREEMENT made this 10th day of November, 2005, by and between Emma Puckett, dealing in her sole and separate property, whose address is 20909 Bloomfield Avenue, Apt. 5, Lakewood, California 90715 herein called lessor (whether one or more) and Chaldent Properties, Inc., P.O. Box 3123, Midland, Texas 79702, as lessee.

1. Lessor, in consideration of TEN AND 00/100ths DOLLARS cash in hand paid, receipt and sufficiency of which is hereby acknowledged, and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Eddy County, New Mexico, to wit:

Township 16 South, Range 25 East, N.M.P.M.
Section 7: S½NE¼, N½SE¼

Said land is estimated to comprise 160.00 acre, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of three (3) years from this date (called "primary term"), and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, 3/16 of that produced and saved from said land, same to be delivered at the wells or to the credit of lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of 3/16 of the gas used, provided that on gas sold on or off the premises, the royalties shall be 3/16 of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut-in, either before or after production therefrom, then on or before 180 days after said well is shut in, and thereafter at annual intervals, lessee may pay or tender an advance shut-in royalty equal to $1.00 per net acre of lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if lessee shall correct such error within 90 days after lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders.

4. This is a paid-up lease and lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the county where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by lessee on said land, including the right to draw and remove all casing. When required by lessor, lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee, and no such change or division shall be binding upon lessee for any purpose until 90 days after lessee has been furnished by certified mail at lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original lessor. If any such change in ownership occurs through the death of the owner, lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge lessee of any obligations hereunder and, if lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut in royalty due from such lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which lessee or any assignee thereof shall properly comply or make such payments.

9. Should lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any federal or state law or any order, rule or regulation of governmental authority, then while so prevented, lessee's duty shall be suspended, and lessee shall not be liable for failure to comply therewith, and this lease shall be extended while and so long as lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder, and the time while lessee is so prevented shall not be counted against lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that lessee at its option may discharge any tax, mortgage or other lien upon said land, and in the event lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of lessee's rights under the warranty, if this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessor, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

_____

Emma Puckett

STATE OF _____ }
} ss.
COUNTY OF _____ }

This instrument was acknowledged before me on the _____ day of _____, 2005, by Emma Puckett, dealing in her sole and separate property.

_____

Notary Public

My commission expires:

Watts Properties LLC
P O Box 2367
Roswell NM 88202-2367

USPS CPU
US POSTAGE
$04.42
Mailed From 88201
11/10/2005
0314 0003190404

7003 2260 0007 3120 8263

DEC 2 2005

Mr and Mrs Paul L Puckett
1106A West 156th Street
Gardena CA 90247

NAME
1st Notice
2nd Notice
Return

90247#4302

Watts Properties LLC
P O Box 2367
Roswell NM 88202-2367

USPS CPU
US POSTAGE
$04.42º
Mailed From 88201
11/10/2005
031A 0023190404

7003 2260 0007 3120 8256

NOV 2 1 2005

Mr and Mrs George Puckett
1361 Thompson Avenue
Glend

NIXIE 913 1 30 11/18/05
RETURN TO SENDER
NOT DELIVERABLE AS ADDRESSED
UNABLE TO FORWARD

BC: 88202236767 *0968-11129-10-39

91201X1443 C01
88202X2367

Watts Properties LLC
P O Box 2367
Roswell NM 88202-2367

USPS CPU
US POSTAGE
$04.42
Mailed From 88201
11/15/2005

7003 2260 0007 3120 8287

NOV 21 2005

Ms Emma Puckett
20909 Bloomfield Avenue - Apt 5
Lakewood CA 90715

REASON CHECKED
Moved, Left No Address
Forwarding Order Expired
Not Forwardable
Unknown
Refused
No Such Number

88202 2367 1836

Watts Properties LLC
P O Box 2367
Roswell NM 88202-2367

USPS CPU
US POSTAGE
$04.42º
Mailed From 88201
11/10/2005
031A 0003190404

7003 2260 0007 3120 8270

LN
NOV 25 2005

Ms Jean Puckett-Smith
738 West 149th Street
Gardena CA 90247

ADDRESSEE
UNKNOWN
RETURN TO SENDER

88202-2367 C01

Watts Properties LLC
P O Box 2367
Roswell NM 88202-2367

DEC 14 2005

Has Person
Does Not
Live at Stella Ave
1209 Stella
Anaheim

7003 2260 0007 3120 8249

USPS CPU
US POSTAGE
$04.42⁰
Mailed From 88201
11/10/2005

Ms Marolyn Puckett-Smith
1209 Stella Avenue
Anaheim CA 92805

RETURN
TO
SENDER

RETURN
TO
SENDER

RETURN TO SENDER
FWDG ORDER EXPIRED

88202-2367-67 92802#324