

JUL 27 1983

KAISER-FRANCIS OIL COMPANY

P. O. BOX 35528

TULSA, OKLAHOMA 74135

July 25, 1983

Citicorp Building
6733 South Yale Ave.
(918) 494-0000

Uriah Exploration, Inc.
Suite 322
Building of the Southwest
Midland, Texas 79701

JUL 01 1983

Kaiser Francis Oil Co.

Attention: Mr. Glen Cope, President

Re: Pecos Bend Prospect
Well Proposal
SE/4 SE/4 Section 28, T23S, R28E
Eddy County, New Mexico

Dear Mr. Cope:

Based upon our evaluation of your well proposal and AFE for your proposed well, as referenced hereinabove, it is our decision not to participate in the drilling of the well.

In view of the fact that the existing burdens on the leases we own are too great to work out farmout terms that are mutually acceptable, we believe that the only economic resolution, in the best interest of Kaiser-Francis, would be to sell the rights from the surface to the base of the Bone Springs Formation, delivering to Uriah an assignment covering the aforesaid rights without imposing further burdens on the leases.

We are therefore offering to sell to Uriah out after payout 17.0911% of the leasehold, limited to the two 80 acre drilling and spacing units for the two wells proposed by Uriah, described as the South half of the Southeast quarter (S/2 SE/4) and the South half of the Northeast quarter (S/2 NE/4) of Section 28, Township 23 South, Range 28 East, Eddy County, New Mexico, and also limited to those depths from the surface of the earth to the base of the Bone Springs Formation.

We are offering the acreage as described for \$75.00 per net acre. If the terms as set forth herein are acceptable to you, please sign and return one (1) copy of this letter to this office. We will then prepare an assignment to Uriah, without warranty, covering the lands as herein described.

BEFORE EXAMINER STOGNER OIL CONSERVATION DIVISION EXHIBIT NO. <u>7</u> CASE NO. _____ WAF/km _____
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Sincerely,

Wayne A. Fields

Wayne A. Fields
Landman

AGREED TO AND ACCEPTED ON THIS 28 DAY OF July 1983.

URIAH EXPLORATION, INC.

By: Glen Cope
Glen Cope, President