

Santa Fe Snyder Corporation

VIA CERTIFIED RETURN RECEIPT MAIL

February 28, 2000

Sugarberry Oil & Gas Corporation
2911 Turtle Creek Blvd.
Suite 900
Dallas, Texas 75219-6254

ATTN: Land Manager

BEEF EXAMINER CATANACH	
S. S. SNYDER	
SF Snyder	7
CASE NO.	12449

Re: Proposed 13,700' Morrow Test
Paloma Blanco "18" Fed COM #1 Well
1,980' FNL & 660' FEL
Section 18, T-23-S, R-34-E
Lea County, New Mexico
PALOMA BLANCO PROSPECT - NM0964

Gentlemen:

Santa Fe Snyder Corporation (Santa Fe) hereby proposes to drill a 13,700 foot Morrow test at a location 1,980' FNL & 660' FEL of Section 18, T-23-S, R-34-E, Lea County, New Mexico. If the well is successfully completed in the Morrow Formation, a 320-acre proration unit consisting of the E/2 of said Section 18 will be established. Enclosed for your review and execution are two (2) copies of the AFE Well Cost Estimate for this well.

Based upon our most current title information, Sugarberry Oil & Gas Corporation (Sugarberry) appears to own an undivided one-sixteenth (1/16) unleased mineral interest in the Lots 1, 2, E/2 NW/4 and NE/4 (N/2) of said Section 18 that contains 315.34 gross acres. Please advise if this is incorrect.

Santa Fe respectfully requests that Sugarberry either agree to participate for its proportionate interest in the proposed well, or, in the alternative, agree to grant Santa Fe an Oil & Gas Lease covering all of Sugarberry's undivided mineral interest in the N/2 of Section 18, T-23-S, R-34-E, Lea County, New Mexico, based upon the following general terms:

1. \$100.00 per net mineral acre;
2. One (1) Year Primary Term;
3. One-Quarter (1/4) Royalty;

You will be provided an Operating Agreement intended to govern operations within the E/2 of said Section 18 within the next few days. Should Sugarberry elect to participate in the proposed well, please execute and return one copy of this letter, one AFE Well Cost Estimate and one copy of the Operating Agreement. Please also provide your well information requirements and the names of personnel to receive reports. Should Sugarberry elect to grant Santa Fe a lease, please make the appropriate election in the space provided below and return one fully executed copy of this letter to the undersigned. Upon receipt of your election, a New Mexico Producer's 88 form 342P lease will be

prepared and forwarded for execution on behalf of Sugarberry along with a draft for the appropriate bonus amount.

Thank you for your consideration of this proposal. If you have any questions, my direct number is (915) 686-6712.

Sincerely,

SANTA FE SNYDER CORPORATION



Steven J. Smith
Senior Staff Landman

_____ Sugarberry Oil & Gas Corporation hereby elects to **PARTICIPATE** in the Paloma Blanco "18" Fed COM No. 1 Well.

_____ Sugarberry Oil & Gas Corporation hereby elects to **LEASE ALL ITS UNDIVIDED MINERAL INTEREST** in the N/2 of Section 18, T-23-S, R-34-E, Lea County, New Mexico, to Santa Fe based upon the above described terms.

SUGARBERRY OIL AND GAS CORPORATION

By: _____
Title: _____
Date: _____

SJS/

Enclosure

cc: Mr. Robert Beecherl
P.O. Box 2502
Midland, Texas 79702

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete Items 1 and/or 2 for additional services.
- Complete Items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address
2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

SUGARBERRY OIL & GAS CORP.
c/o ROBERT BEECHERL
P.O. BOX 2502
MIDLAND TX 79702

4a. Article Number

Z 558 008 509

4b. Service Type

- | | |
|--|---|
| <input type="checkbox"/> Registered | <input checked="" type="checkbox"/> Certified |
| <input type="checkbox"/> Express Mail | <input type="checkbox"/> Insured |
| <input checked="" type="checkbox"/> Return Receipt for Merchandise | <input type="checkbox"/> COD |

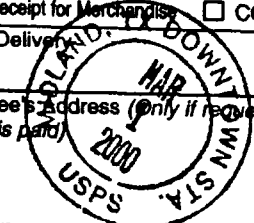
7. Date of Delivery

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

X *S. S. Brown*

8. Addressee's Address (Only if requested and fee is paid)



Thank you for using Return Receipt Service.

PS Form 3811, December 1994

102595-98-B-0228

Domestic Return Receipt

Z 558 008 509

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to Sugarberry Oil & Gas Corp.	
Street & Number P.O. Box 2502	
Post Office, State, & ZIP Code Midland, Texas 79702	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date <i>Paloma Blanca</i> <i>"18" FC #1</i>	

PS Form 3800, April 1995

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
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I also wish to receive the following services (for an extra fee):

- 1. ☐ Addressee's Address
- 2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

ATTN: LAND MANAGER
SUGARBERRY OIL & GAS CORP.
2911 TURTLE CREEK BLVD.
SUITE 900
DALLAS TX 75219-6254

4a. Article Number

Z 558 008 513

4b. Service Type

- ☐ Registered ☒ Certified
- ☐ Express Mail ☐ Insured
- ☒ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

3-3-00

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)

X  Hayes

PS Form 3811, December 1994

102595-98-B-0229

Domestic Return Receipt

Z 558 008 513

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	
Sugarberry Oil & Gas Corp.	
Street & Number	
2911 Turtle Creek Blvd. Ste.	
Post Office, State, & ZIP Code	
Dallas, Texas 75219-6254 900	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
AL Postage & Fees	\$
Postmark or Date	
Paloma Blanco	
"18" 7C #1	

PS Form 3800, April 1995

Thank you for using Domestic Certified Mail

Santa Fe Snyder Corporation

VIA CERTIFIED RETURN RECEIPT MAIL

February 28, 2000

John J. Fleet, Individually & as
Executor of the Estate of
Carl W. Fleet, & as Trustee
fbo Alice J. Dickey
6401 Castle Minor Drive
Plano, Texas 76093

Re: Proposed 13,700' Morrow Test
Paloma Blanco "18" Fed COM #1 Well
1,980' FNL & 660' FEL
Section 18, T-23-S, R-34-E
Lea County, New Mexico
PALOMA BLANCO PROSPECT - NM0964

Dear Mr. Fleet:

Santa Fe Snyder Corporation (Santa Fe) hereby proposes to drill a 13,700 foot Morrow test at a location 1,980' FNL & 660' FEL of Section 18, T-23-S, R-34-E, Lea County, New Mexico. If the well is successfully completed in the Morrow Formation, a 320-acre proration unit consisting of the E/2 of said Section 18 will be established. Enclosed for your review and execution are two (2) copies of the AFE Well Cost Estimate for this well.

Based upon our most current title information, John J. Fleet, Individually & as Executor of the Estate of Carl W. Fleet, & as Trustee fbo Alice J. Dickey appears to own an undivided unleased 5/192 mineral interest in the Lots 1, 2, E/2 NW/4 and NE/4 (N/2) of said Section 18 that contains 315.34 gross acres. Please advise if this is incorrect.

Santa Fe respectfully requests that you either agree to participate for your proportionate interest in the proposed well, or, in the alternative, agree to grant Santa Fe an Oil & Gas Lease covering all of your undivided mineral interest in the N/2 of Section 18, T-23-S, R-34-E, Lea County, New Mexico, based upon the following general terms:

1. \$100.00 per net mineral acre;
2. One (1) Year Primary Term;
3. One-Quarter (1/4) Royalty;

You will be provided an Operating Agreement intended to govern operations within the E/2 of said Section 18 within the next few days. Should you elect to participate in the proposed well, please execute and return one copy of this letter, one AFE Well Cost Estimate and one copy of the Operating Agreement. Please also provide your well information requirements and the names of personnel to receive reports. Should you elect to grant Santa Fe a lease, please make the appropriate election in the space provided below and return one fully executed copy of this letter to the undersigned. Upon

receipt of your election, a New Mexico Producer's 88 form 342P lease will be prepared and forwarded to you for your execution along with a draft for the appropriate bonus amount.

Thank you for your consideration of this proposal. If you have any questions, my direct number is (915) 686-6712.

Sincerely,

SANTA FE SNYDER CORPORATION



Steven J. Smith
Senior Staff Landman

____ John J. Fleet, Individually & as Executor of the Estate of Carl W. Fleet, & as Trustee fbo Alice J. Dickey hereby elects to **PARTICIPATE** in the Paloma Blanco "18" Fed COM No. 1 Well.

____ John J. Fleet, Individually & as Executor of the Estate of Carl W. Fleet, & as Trustee fbo Alice J. Dickey hereby elects to **LEASE ALL OUR UNDIVIDED MINERAL INTEREST** in the N/2 of Section 18, T-23-S, R-34-E, Lea County, New Mexico, to Santa Fe based upon the above described terms.

**JOHN J. FLEET, INDIVIDUALLY & AS
EXECUTOR OF THE ESTATE OF
CARL W. FLEET, & AS TRUSTEE
Fbo ALICE J. DICKEY**

John J. Fleet

Date: _____

Cc: Alice J. Dickey
5730 E. Joshua Tree Lane
Paradise Valley, Arizona 85253

SJS/
Enclosure

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete Items 1 and/or 2 for additional services.
- Complete Items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
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- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. ☐ Addressee's Address
- 2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

MS. ALICE J. DICKEY
5730 E. JOSHUA TREE LANE
PARADISE VALLEY AZ 85253

4a. Article Number

Z 558 008 511

4b. Service Type

- ☐ Registered ☒ Certified
- ☐ Express Mail ☐ Insured
- ☒ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

3-8-00

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)

x *Alice J. Dickey*

PS Form 3811, December 1994

102595-00-B-0229

Domestic Return Receipt

Thank you for using Return Receipt Service.

Z 558 008 511

Z 558 008 510

US Postal Service
Receipt for Certified Mail

Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	
Ms. Alice J. Dickey	
Street & Number	
5730 E. Joshua Tree Lane	
Post Office, State, & ZIP Code	
Paradise Valley Az 85253	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	
<i>Paloma Blanco</i>	
<i>4/8" FC#1</i>	

PS Form 3800, April 1995

US Postal Service
Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	
John J. Fleet Indiv & Exec.	
Street & Number	
6401 Castle Minor Drive	
Post Office, State, & ZIP Code	
Plano Texas 76093	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
Postage & Fees	\$
Postmark or Date	
<i>Paloma Blanco</i>	
<i>4/8" FC#1</i>	

PS Form 3800, April 1995

Tr


B.F.
1/2
3-1

Not affixed over original signature or
the front of the return envelope

CERTIFIED

2 558 008 510

MAIL

 **Santa Fe Snyder Corporation**
550 West Texas Avenue
Suite 1330
Midland, Texas 79701

~~JOHN J. FLEET, INDIVIDUALLY &
AS EXECUTOR OF THE ESTATE OF
CARL W. FLEET, & AS TRUSTEE
6401 CASTLE MINOR DRIVE
PLANO TX 75068~~

~~First Class~~

uncashed

Net

MIDLAND TX
FEB 28 00
332
70158/7
U.S. POST



Santa Fe Snyder Corporation

VIA FAX AND CERTIFIED MAIL - RETURN RECEIPT
(281) 618-4757

April 5, 2000

Southwestern Energy Production Company
2350 N. Sam Houston Parkway E.
Houston, Texas 77032

ATTN: Mr. Samuel Glenn Thompson

Re: Proposed 13,700' Morrow Test
Paloma Blanco "18" Fed COM #1 Well
1,980' FNL & 660' FEL
Section 18, T-23-S, R-34-E
Lea County, New Mexico
PALOMA BLANCO PROSPECT - NM0964

Gentlemen:

Reference is made to your letter of this date proposing your SWN Mauchos "18" Fed COM #1 well as a 13,700 foot Morrow test to be located 1,980' FNL & 660' FEL of Section 18, T-23-S, R-34-E, Lea County, New Mexico.

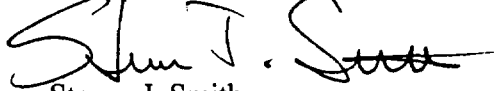
It has come to our attention that Southwestern Energy Production Company (SWN) acquired an interest in the N/2 of Section 18 from W. B. Osborne Oil & Gas Operations (Osborne). As you are probably aware, by letters dated February 28, 2000, Santa Fe Snyder Corporation (Santa Fe) proposed the above referenced well to Osborne and others based upon an anticipated E/2 320 acre proration unit. Attached is a copy of Santa Fe's February 28th letter to Osborne along with duplicate AFE Well Cost Estimates for the proposed well.

Santa Fe hereby extends its proposal to drill the referenced well to SWN. Should SWN choose to participate, please so indicated by executing and returning one copy of this letter along with one of the enclosed Well Cost Estimates. Upon receipt of your election, Santa Fe will forward an Operating Agreement for your review and execution. As an alternative to SWN's participation in the referenced well, Santa Fe would be willing to entertain a mutually acceptable term assignment of SWN's interest.

If there are any questions, please feel free to contact the undersigned at (915) 686-6712.

Sincerely,

SANTA FE SNYDER CORPORATION



Steven J. Smith

Senior Staff Landman

Southwestern Energy Production Company hereby elects **TO PARTICIPATE** in the drilling of the hereinabove proposed Paloma Blanco "18" Fed COM #1 well.

SOUTHWESTERN ENERGY PRODUCTION COMPANY

By: _____

Title: _____

Date: _____

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
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I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address
2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

ATTN: SAMUEL G. THOMPSON
SOUTHWESTERN ENERGY PROD. CO.
2350 N. SAM HOUSTON PKWY. EAST
SUITE 300
HOUSTON TX 77032

4a. Article Number

Z 558 008 535

4b. Service Type

- | | |
|--|---|
| <input type="checkbox"/> Registered | <input checked="" type="checkbox"/> Certified |
| <input type="checkbox"/> Express Mail | <input type="checkbox"/> Insured |
| <input checked="" type="checkbox"/> Return Receipt for Merchandise | <input type="checkbox"/> COD |

7. Date of Delivery

4-10-94

5. Received By: (Print Name)

Stacy Adams

6. Signature: (Addressee or Agent)

X Stacy Adams

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

102595-98-B-0229

Domestic Return Receipt

Z 558 008 535

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	
Southwestern Energy Prod. Co.	
Street & Number	
2350 N. Sam Houston Pkwy. E.	
Post Office, State, & ZIP Code	
Suite 300 Houston, Texas 77032	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	
Paloma Blanco 4/8/94 FC #1	

PS Form 3800, April 1995

Thank you for using Return Receipt Service