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OIL & GAS LEASES
OIL & GAS PROPERTIES
OIL & GAS EXPLORATION
OIL & GAS INVESTMENTS

September 9, 1999

Ms. Sherrie Green, Land Manager
Coates Energy Trust
P.O. Box 171717
San Antonio, Texas 78217

Re: South Nadine Area
Oil & Gas Lease Proposal
NW/4 Sec. 2, T-20-S, R-38-E, N.M.P.M.
Lea County, New Mexico

Dear Ms. Green:

Please excuse our delay in writing this letter subsequent to our telephone conversation of August 27, 1999. We took some time off for the Labor Day holiday.

This is our second revision to our letter of June 30, 1999. We hereby make the following offer to lease your company's undivided 1/4 mineral interest, being 40 net mineral acres under the captioned land, as follows:

Bonus: \$150/net mineral acre

Delay Rental: \$5/net mineral acre, prepaid

Term: 2 years

Royalty: 25%

Depth: Surface to the deepest depth penetrated by drilling (approximately 7,000')

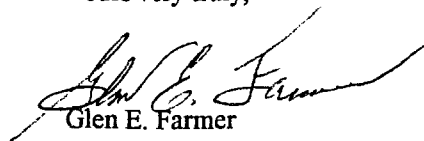
Acreage: Captioned land.

Option to Renew: Lessee granted option to renew for an additional one (1) year by paying additional \$150/net mineral acre.

Pugh Clause: Lessee will earn to total depth drilled; lease to provide for continuous development with 180 days between wells after the end of the primary term.

If our offer is acceptable, please FAX me a copy of your lease form for our review (FAX number 915-687-1307).

Yours very truly,


Glen E. Farmer

NMOCD Case No. 12730

Coates Trust Exhibit No. 6