

WILTON E. SCOTT
P. O. Box 2511
HOUSTON, TEXAS 77001

June 31, 1985

CERTIFIED MAIL

Robert M. Edsel
4200 Thanksgiving Tower
Dallas, Texas 75201

Attention: Mr. James H. Edsel

Re: Farmout
Leases in Section 1,
T-15-S, R-36-E, Lea
County, New Mexico

Gentlemen:

The Farmout Agreement dated December 6, 1982, which conveyed certain leases in Sections 1 and 12, T-15-S, R-36-E, Lea County, New Mexico, provided, among other things, the reassignment to Frank M. Late and myself all of those leases not contained within a producing proration or spacing unit at such time that you did not meet the continuous drilling provision of that farmout. It further provided for the reassignment of all rights 50 feet below the deepest depth drilled in any producing unit.

Inasmuch as your continuous drilling requirement was not met by actual drilling operations being conducted on or before June 15, 1985, we hereby call upon you to immediately reassign to Frank M. Late and myself all of the acreage covered by that Farmout Agreement with the exception of that acreage contained in the NW/4 of SW/4 of said Section 1-15S-36E, and as to this 40-acre proration unit an assignment should be made for all rights below the depth of 12,350 feet. These assignments should provide for an undivided $1/3$ ($33-1/3\%$) interest assignable to Frank M. Late and $2/3$ ($66-2/3\%$) undivided interest in these lease assigned to the undersigned.

BEFORE EXAMINER OF COMMERCE

OIL CONSERVATION DIVISION

CASE NO.

8678

Robert M. Edsel

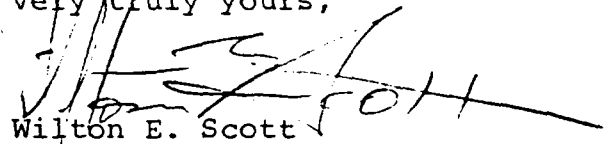
Page 2

June 19, 1985

Inasmuch as you have already reassigned to us those leases enumerated in Exhibit "A" under this Farmout Agreement numbering 4 through 12, we are calling herein for assignment of only those leases covered by provisions 1, 2 and 3 of Exhibit "A".

We would appreciate your expediting these assignments since we have some other short term leases in the area that we hope to get evaluated.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'Wilton E. Scott', is written over the typed name. The signature is stylized with a large, sweeping 'W' and 'S'.

Wilton E. Scott

cc: Mr. Frank M. Late