



MIDLAND DISTRICT, BRIERCROFT SAVINGS BUILDING • (915) 662-7316
MAILING ADDRESS, P. O. DRAWER 1828 MIDLAND, TEXAS 79702-1828

DEPT OF EXAMINER GENERAL
CLERK OF COURTS
PENNZOIL
CASE NO. 8727

April 8, 1985

Coll Brothers Oil
P. O. Box 1818
Roswell, New Mexico 88201

Re: Lot 4, Section 3-17S-37E
NE/4 Section 4-17S-37E
Lea County, New Mexico

Gentlemen:

Pennzoil Company plans to commence a 11,800' Strawn test at a legal location 660' FEL and 2,130' FSL of Section 4-17S-37E, by 6-1-85.

We request that you support said test by granting Pennzoil a Farmout Option covering the referenced lands generally along the following terms.

1. Within one hundred eighty (180) days after completion of the Initial Test Well in Section 4-17S-37E, as a producer or dry hole, Pennzoil will have the option of commencing a similar test well at a legal location on the farmout acreage, or acreage pooled therewith.
2. Produce to earn 100% of your interest in the proration unit assigned to such well, delivering a 75% NRI lease with a 1/3 B.I. option.
3. One hundred eighty (180) day continuous drilling to earn balance of farmout acreage under same terms for optional well.

Your prompt consideration of our proposal will be appreciated.

Very truly yours,

Greg Davis
Landman

GD/kh