



**Sun Exploration and
Production Company**

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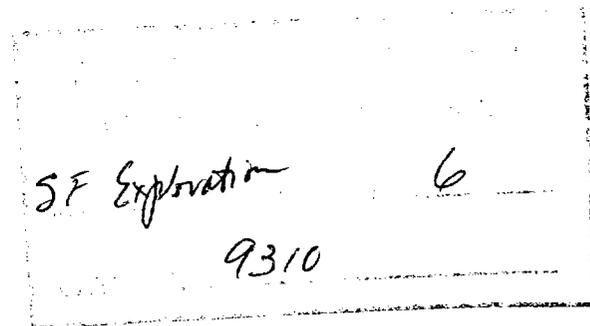
February 8, 1988

FEDERAL EXPRESS

Santa Fe Exploration Company
2200 West Mescalero Road
Roswell, NM 88201

Attn: William A. McAlpine, Jr.

Re: Corbin Prospect
Corbin Fed Com #1,
N/2 Section 26
T-18-S, R-33-E
Lea County, New Mexico



Gentlemen:

Sun Exploration and Production Company provides an incremental cost breakdown for each potential productive formation likely to be encountered enroute to the Morrow formation. We sent to you under cover letter dated January 26, 1988, an AFE for the Morrow formation which represented the total depth for this prospect. As of this date, we have not received your response concerning any of our correspondence sent to you before January 22, 1988.

The AFE costs breakdown for the addition uphole formations are as follows: (The figures are based on 100% working interest)

BONE SPRINGS - 9,600' - Santa Fe Exploration would have 10% working interest in this horizon.

Completed (\$M)
Int: 510 Tang: 286 Total: 796

Dry (\$M)
Int: 395 Tang: 138 Total: 533

BONE SPRINGS - 10,400' - Santa Fe Exploration would have 10% working interest in this horizon.

Complete (\$M)
Int: 562 Tang: 310 Total: 872

Dry (\$M)
Int: 427 Tang: 138 Total: 565

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AFE LETTER AGREEMENT
Santa Fe Exploration Company
February 8, 1988

WOLFCAMP - 11,400' - Santa Fe Exploration would have 20% working interest in this horizon.

Completed (\$M)
Int: 642 Tang: 340 Total: 982

Dry (\$M)
Int: 507 Tang: 138 Total: 645

STRAWN - 12,500' - Santa Fe Exploration would have 20% working interest in this horizon.

Completed (\$M)
Int: 730 Tang: 372 Total: 1,102

Dry (\$M)
Int: 595 Tang: 138 Total: 733

If you plan to join in the captioned well as to any or all of the aforementioned formations, please execute both copies of this AFE Letter and clearly signify which horizons you intend to participate in. Return one (1) executed copy to the undersigned along with your check for your corresponding percentage of the dry hole cost associated therewith, by Friday, February 12, 1988.

Yours very truly,

SUN EXPLORATION AND PRODUCTION COMPANY



Michael A. Morgenthaler
Professional Landman

cjw

SANTA FE EXPLORATION COMPANY

BY: _____

TITLE: _____

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