

WILSON & ELLIOTT

OIL AND GAS EXPLORATION

3907 CRESTGATE

MIDLAND, TEXAS 79707

-LAND-

ROGER T. ELLIOTT
OFFICE: 915/687-0127
HOME: 915/694-0069

-GEOLOGY-

TODD M. WILSON
915/684-3937

May 6, 1991

Certified Mail

TO: WORKING INTEREST OWNERS
(See Attached Addressee List)

RE: Morrow Test
Township 20 South, Range 33 East, NMPM
Section 13: S/2
Lea County, New Mexico

MAILING LABEL
COLLINS & WARE
ASSIGN NO. 10314
DEPT NO. 4

Gentlemen:

For reference, Collins & Ware and Wilson & Elliott own an undivided leasehold interest in the Federal leases covering the captioned acreage. Federal and County records indicate each of you own an undivided leasehold and/or contractual interest under the captioned lands. Collins & Ware, Inc., as Operator, desires to drill a Morrow test in the NW/4 SE/4 of the captioned Section 13, with the drilling and spacing unit comprising the S/2 of said Section 13. Accordingly, Collins & Ware hereby requests a farmout of your operating rights under the above lands subject to the terms and conditions Scope Energy Resources farmed out:

1) Subject to Drilling Permit approval by the New Mexico Oil Conservation Division; Collins & Ware, Inc., as Operator shall commence within 120 days from the execution of the formal agreement the Initial Test Well at a location 2210' FSL & 1980' FEL of the captioned Section 13 and drill same to a depth sufficient to test the Morrow formation estimated to be approximately 13,850 feet subsurface, with the drilling and spacing unit comprising the S/2 of said Section 13.

2) If mechanical or other difficulties render further drilling of the Initial Test Well impractical, Collins & Ware, or its assigns, shall have the option for 30 days after the Initial Test Well is abandoned to commence a Substitute Test Well at a location of its choice.

3) If the Initial or Substitute Test Well is drilled to the Objective Depth and completed as a dryhole, Collins & Ware, or its assigns, within 90 days after plugging, shall have the option, but not the obligation, to drill an Optional Test Well to the Objective

WORKING INTEREST OWNERS
Section 13: S/2, T20S-R33E
Page -2-
May 6, 1991

Depth at a location of Collins & Ware's choice within the captioned lands.

4) If the Initial, Substitute or Optional Test Well is drilled to the Objective Depth and completed as a well capable of producing oil or gas in paying quantities (quantities sufficient to recover the cost of operating the well and a reasonable rate of return in addition to the cost of operating the well), Collins & Ware, or its assigns, shall earn an assignment of your operating rights in the captioned lands equal to (a) 100% of Farmor's interest in the largest proration unit assigned to the well by the NMOCD, and (b) an undivided 75% of Farmor's interest in the balance of the captioned lands. The rights earned shall be from the surface to the stratigraphic equivalent of 100 feet below the total depth drilled in the Initial Test Well, excepting those shallow rights already dedicated.

5) You would retain, in addition to the deep rights, an overriding royalty interest equal to the difference between 25% of all oil and gas that might be produced and the total of all royalty interests, overriding royalty interests and other burdens or lawful claims upon production from the proration unit, to the extent that Collins & Ware, or its assigns, shall be assigned a 75% net revenue interest lease under the proration unit. At Payout of the above-described test well, you would have the option to convert your override to a 25% working interest as to the proration unit.


6) Upon acceptance of the farmout proposal by you, you agree to furnish Collins & Ware with copies of the leases, title opinions, and any applicable gas contract, if any, associated with the captioned lands.

Alternatively, Collins & Ware, Inc., hereby invites you to either sell your interest or join in the drilling and completion of the above-described test well. Enclosed for your approval in this connection is an AFE. Should you elect to join in the proposed well, please so indicate by executing the enclosed AFE and returning one copy to the undersigned. An AAPL Form 610-1982 Model Operating Agreement naming Collins & Ware, Inc., as Operator, will be forthcoming for your execution.

Please notify us if you elect to farmout and we shall prepare the formal farmout agreement for your execution.

Please call collect should you have any questions. Thank you for your cooperation.

Very truly yours,

WILSON & ELLIOTT

Roger T. Elliott
Landman

RTE/sh

ADDRESSEE LIST

Glenna V. Anderson
1737 Antigua Way
Newport Beach, CA 92660

A. W. Dugan
1415 Louisiana, Suite 3100
Houston, TX 77002

Ellwood Oil Company
4001 Penbrook
Odessa, TX 79762
ATTN: Mr. Frank Hulse, III

Todd M. Wilson
3608 S. County Road 1184
Midland, TX 79701

Anadarko Petroleum Corp.
P. O. Box 2497
Midland, TX 79702
ATTN: Mr. Michael R. Goode

Betty F. Hayes
605 Southern Building
Washington, DC 20005

William W. Saunders
606 Ridgemont
San Antonio, TX 78209

Culberson Management Trust
P. O. Box 2918
Midland, TX 79702

Carol Day
1007 Sylvan Meadows Drive
Modesto, CA 95356

Scope Energy Resources
233 Wilshire Blvd., Suite 790
Santa Monica, CA 90401
ATTN: Mr. William H. Mannon

Roger T. Elliott
3907 Crestgate
Midland, TX 79707

Barbara Hart
P. O. Box 1209
Gualala, CA 95445

Estate of Shirley Stubbs
36 Bryan Court
Danville, CA 94526
ATTN: Ms. Judy J. Flick

Grace Petroleum Corp.
Broadway Executive Park
6502 North Broadway
Oklahoma City, OK 73116
ATTN: Mr. Randy Upchurch

Scott E. Wilson
4306 Crestgate
Midland, TX 79707

Mitchell Energy Corp.
400 W. Illinois, Suite 1000
Midland, TX 79701
ATTN: Mr. Steve Smith

Hondo Oil & Gas Company
P. O. Box 2208
Roswell, NM 88202
ATTN: Mr. Ricky D. Raindl

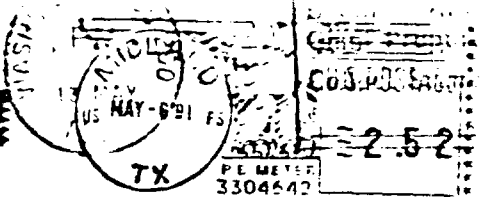
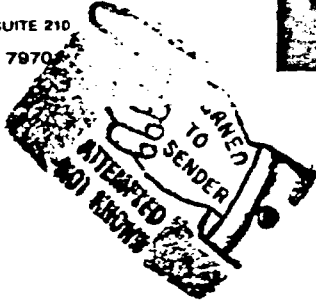
Collins & Ware, Inc.
600 W. Illinois, Suite 701
Midland, TX 79701
ATTN: Mr. Brett Smith

Richard Barr
4307 Valley Drive
Midland, TX 79705

Santa Fe Energy
500 W. Illinois, 6th Floor
Midland, TX 79701
ATTN: Mr. Gary Green

USPS COS CORPORATION

OIL & GAS PROSPECTS
110 WEST LOUISIANA, SUITE 210
MIDLAND, TEXAS 79701



BETTY F. HAYES
605 Southern Building
Washington, DC 20005

AU
519-1

Return Receipt Requested

DOMESTIC RETURN RECEIPT

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

3. Article Addressed to:
ESTATE OF SHIRLEY STUBBS
ATTN: Judy J. Flick
36 Bryan Court
Danville, CA 94526

4. Article Number
P 684 812 163

Type of Service:
 Registered
 Certified
 Express Mail
 Insured
 COD
 Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Addressee's Address (ONLY if requested and fee paid)
S.F.

6. Signature - Addressee
X *Judy J. Flick*

7. Signature - Agent
X

8. Date of Delivery
X

PS Form 3811, Apr. 1989 *U.S.G.P.O. 1989-238-015

DOMESTIC RETURN RECEIPT

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

3. Article Addressed to:
SCOPE ENERGY RESOURCES
ATTN: William H. Mannon
233 Wilshire Blvd, Ste 790
Santa Monica, CA 90401

4. Article Number
P 684 812 160

Type of Service:
 Registered
 Certified
 Express Mail
 Insured
 COD
 Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Addressee's Address (ONLY if requested and fee paid)
S.F.

6. Signature - Addressee
X *William H. Mannon*

7. Signature - Agent
X

8. Date of Delivery
X

PS Form 3811, Apr. 1989 *U.S.G.P.O. 1989-238-015

DOMESTIC RETURN RECEIPT

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

3. Article Addressed to:
BARBARA HART
P. O. Box 1209
Gualala, CA 95445

4. Article Number
P 684 812 158

Type of Service:
 Registered
 Certified
 Express Mail
 Insured
 COD
 Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
X *B. C. Hart*

6. Signature - Agent
X

7. Date of Delivery
X

8. Addressee's Address (ONLY if requested and fee paid)
1661 30 AVW

PS Form 3811, Apr. 1989 *U.S.G.P.O. 1989-238-015

DOMESTIC RETURN RECEIPT

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

3. Article Addressed to:
CAROL DAY
1007 Sylvan Meadows Dr.
Modesto, CA 95356

4. Article Number
P 684 807 060

Type of Service:
 Registered
 Certified
 Express Mail
 Insured
 COD
 Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
X *Carol Day*

6. Signature - Agent
X

7. Date of Delivery
X 5-9-91

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

PS Form 3811, Apr. 1989 *U.S.G.P.O. 1989-238-015

DOMESTIC RETURN RECEIPT

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

3. Article Addressed to:
A. W. DUGAN
1415 Louisiana, Suite 3100
Houston, TX 77002

4. Article Number
P 684 807 053

Type of Service:
 Registered
 Certified
 Express Mail
 Insured
 COD
 Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
X *A. W. Dugan*

6. Signature - Agent
X

7. Date of Delivery
X

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

PS Form 3811, Apr. 1989 *U.S.G.P.O. 1989-238-015

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

3. Article Addressed to:
WILLIAM W. SAUNDERS
 606 Ridgemont
 San Antonio, TX 78209

4. Article Number
P 684 807 058

Type of Service:
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
[Signature]

6. Signature - Agent
[Signature]

7. Date of Delivery
5/8

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

PS Form 3811, Apr. 1989 U.S.G.P.O. 1989-238-815 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

3. Article Addressed to:
HONDO OIL & GAS COMPANY
 ATTN: Ricky D. Ratndl
 P. O. Box 2208
 Roswell, NM 88202

4. Article Number
P 684 812 167

Type of Service:
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
[Signature]

6. Signature - Agent
[Signature]

7. Date of Delivery
5-7-91

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

PS Form 3811, Apr. 1989 U.S.G.P.O. 1989-238-815 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

3. Article Addressed to:
RICHARD BARR
 4307 Valley Drive
 Midland, TX 79705

4. Article Number
P 684 812 168

Type of Service:
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
[Signature]

6. Signature - Agent
[Signature]

7. Date of Delivery
5/8

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

PS Form 3811, Apr. 1989 U.S.G.P.O. 1989-238-815 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

3. Article Addressed to:
ELLWOOD OIL COMPANY
 ATTN: Frank Hulse, III
 4001 Penbrook
 Odessa, TX 79762

4. Article Number
P 684 807 054

Type of Service:
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
[Signature]

6. Signature - Agent
[Signature]

7. Date of Delivery
5-7-91

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

PS Form 3811, Apr. 1989 U.S.G.P.O. 1989-238-815 DOMESTIC RETURN RECEIPT

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1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

3. Article Addressed to:
ANADARKO PETROLEUM CORP.
 ATTN: Michael R. Goode
 P. O. Box 2497
 Midland, TX 79702

4. Article Number
P 684 807 056

Type of Service:
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
[Signature]

6. Signature - Agent
[Signature]

7. Date of Delivery
5-7-91

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

PS Form 3811, Apr. 1989 U.S.G.P.O. 1989-238-815 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

3. Article Addressed to:
CULBERTSON MANAGEMENT TRUST
 P. O. Box 2918
 Midland, TX 79702

4. Article Number
P 684 807 059

Type of Service:
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
[Signature]

6. Signature - Agent
[Signature]

7. Date of Delivery
5-7-91

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

PS Form 3811, Apr. 1989 U.S.G.P.O. 1989-238-815 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

3. Article Addressed to:
SCOTT E. WILSON
 4306 Crestgate
 Midland, TX 79707

4. Article Number
P 684 812 165

Type of Service:
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
[Signature]

6. Signature - Agent
[Signature]

7. Date of Delivery
 1/13

8. Addressee's Address (ONLY if requested and fee paid)
 Always obtain signature of addressee or agent and DATE DELIVERED.

PS Form 3811, Apr. 1989 * U.S.G.P.O. 1989-238-815

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

3. Article Addressed to:
SANTA FE ENERGY
 ATTN: Mr. Gary Green
 500 W. Illinois, 6th Floor
 Midland, TX 79701

4. Article Number
P 684 812 169

Type of Service:
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
 X

6. Signature - Agent
Wanda Wade

7. Date of Delivery
 5/7

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

PS Form 3811, Apr. 1989 * U.S.G.P.O. 1989-238-815

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

3. Article Addressed to:
GLENNA V. ANDERSON
 1737 Antigua Way
 Newport Beach, CA 92660

4. Article Number
P 684 807 052

Type of Service:
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
 X

6. Signature - Agent
 X

7. Date of Delivery
 X

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

PS Form 3811, Apr. 1989 * U.S.G.P.O. 1989-238-815

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

3. Article Addressed to:
TODD M. WILSON
 3608 So. County Rd 1184
 Midland, TX 79701

4. Article Number
P 684 807 055

Type of Service:
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
Todd M. Wilson

6. Signature - Agent
 X

7. Date of Delivery

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

PS Form 3811, Apr. 1989 * U.S.G.P.O. 1989-238-815

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

3. Article Addressed to:
MITCHELL ENERGY CORP.
 ATTN: Steve Smith
 400 W. Illinois, Suite 1000
 Midland, TX 79701

4. Article Number
P 684 812 166

Type of Service:
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
 X

6. Signature - Agent
L. Branch

7. Date of Delivery
 5-7-91

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

PS Form 3811, Apr. 1989 * U.S.G.P.O. 1989-238-815

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

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1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

3. Article Addressed to:
GRACE PETROLEUM CORP.
 ATTN: Randy Upchurch
 Broadway Executive Park
 6501 N. Broadway
 Oklahoma City, OK 73116

4. Article Number
P 684 812 164

Type of Service:
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
 X

6. Signature - Agent
Alphonse

7. Date of Delivery

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

PS Form 3811, Apr. 1989 * U.S.G.P.O. 1989-238-815

ARTICLE NO. P 684 807 052

MAIL IS AT

Main Office 640-8720
1133 Camelback St.
Newport Beach, CA 92660
M - F 8:30 AM - 5 PM

Thank you, we appreciate your business.

• IMPORTANT: Present this form to obtain your mail. ID required. Signature may be required.

You may pick up your mail after 8:30 M. (Date) 5-9 or notify your carrier or Post Office for redelivery.

Registered Insured COD Custom (Omni Number) Rtn Rcpt Postage Due Letter Parcel Flat Hold

Special Delivery For special delivery Placed Under Your Door. Placed in Your Letter Box. If not called for at Post Office before carrier begins the next regular trip the article will be delivered to you.

ZIP of Origin 92660

Return Date

Amount Due

Address Name (Print) Blenna V. Anderson

Address 1737 Antigua

Received By [Signature]

Delivered By [Signature]

Post Office Seal: NEWPORT BEACH CA 92660 MAR 13 1991

Left With Residential Unit Manager.

PS Form 3849, Mar. 1989 DELIVERY NOTICE/REMINDER/RECEIPT

Noranda Exploration Inc.
12640 W Cedar Dr. PO Box 15635
Denver Colorado 80215

NORANDA

FAXED
DATE 8/27
TO Co. Sec.

Te: (303) 988-6451
FAX (303) 987-1292
Telex 45-4372

August 27, 1990

Roger Elliott
RIO PECOS CORPORATION
110 West Louisiana, Suite 210
Midland, TX 79701

Dear Mr. Elliott:

Noranda Exploration Inc. has no objection to granting Rio Pecos permission to drill within the Potash Areas. This permission is valid for one year and maybe renewable upon request. We would request that you furnish us with a brief descriptive log and the thickness of the potash formations, if encountered.

Yours truly,

NORANDA EXPLORATION, INC.



C. Stewart Wallis
Manager, West U. S. Division

(416) 982-7419

Frank Condon

Toronto

FAX : (416) 982-7420

CSW/cmr

? courtesy letter

RIO PECOS CORPORATION

110 WEST LOUISIANA, SUITE 210
MIDLAND, TEXAS 79701
(915) 687-0127

~~-LAND-~~

ROGER T. ELLIOTT

~~-GEOLOGY-~~

MARK D. WILSON

TODD M. WILSON

HEATHER WILSON ECHOLS

August 10, 1990

Mr. Stewart Wallis
Noranda Exploration, Inc.
12640 West Cedar Drive
Denver, Colorado 80228

RE: Proposed Oil and Gas Tests
Lea County, New Mexico

Dear Mr. Wallis:

Pursuant to our telephone conversation, Wilson/Elliott is in the process of initiating potential drilling activities within the green and red outlines on the attached land plat. The lands located within the green and red outlines fall within the Potash areas and notification of our intent to cause well(s) to be drilled need to be approved by the BLM and the potash company owning potash leases in the area. Based upon our investigation, the BLM and the potash companies have granted permission to oil companies to drill both shallow and deep wells throughout Township 20 South, Ranges 33 and 34 East.

As you can see on the land plat attached hereto, there have been numerous oil wells (green circles) and gas wells (colored red) drilled and completed on the Noranda Exploration potash leases in this area. Most recently, the BLM and Noranda Exploration granted approval for three wells to be drilled in Section 7, T20S-R34E, and Section 24, T20S-R33E.

Because of the complexity of the area geologically, and because of the sparse control in the deep horizons, we would like the right to drill throughout both green and red outlined areas. Our preferred area of activity is the area colored green on the attached land plat, and, if the green area works out geologically, the red outlined area would have excellent potential for future drilling activity. Initial drillsites in the green area are indicated by orange dots.

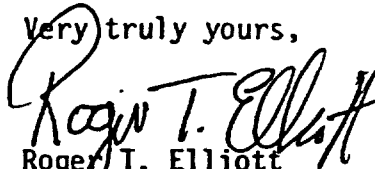
We respectfully request that you waive any objection you may have to any proposed well(s) within the colored outlines on the attached land plat and so indicate by checking the appropriate choice below and returning one copy of this letter to me in the enclosed self-addressed, stamped envelope at your earliest convenience.

Mr. Stewart Wallis
Noranda Exploration, Inc.
Page -2-
August 10, 1990

We ask that you keep this request confidential.

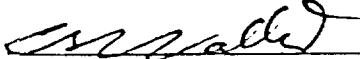
Your favorable consideration of this request will be greatly appreciated.

Very truly yours,


Roger T. Elliott
Vice President

RTE/sh

NORANDA EXPLORATION, INC.

By: 

Title: manages West US

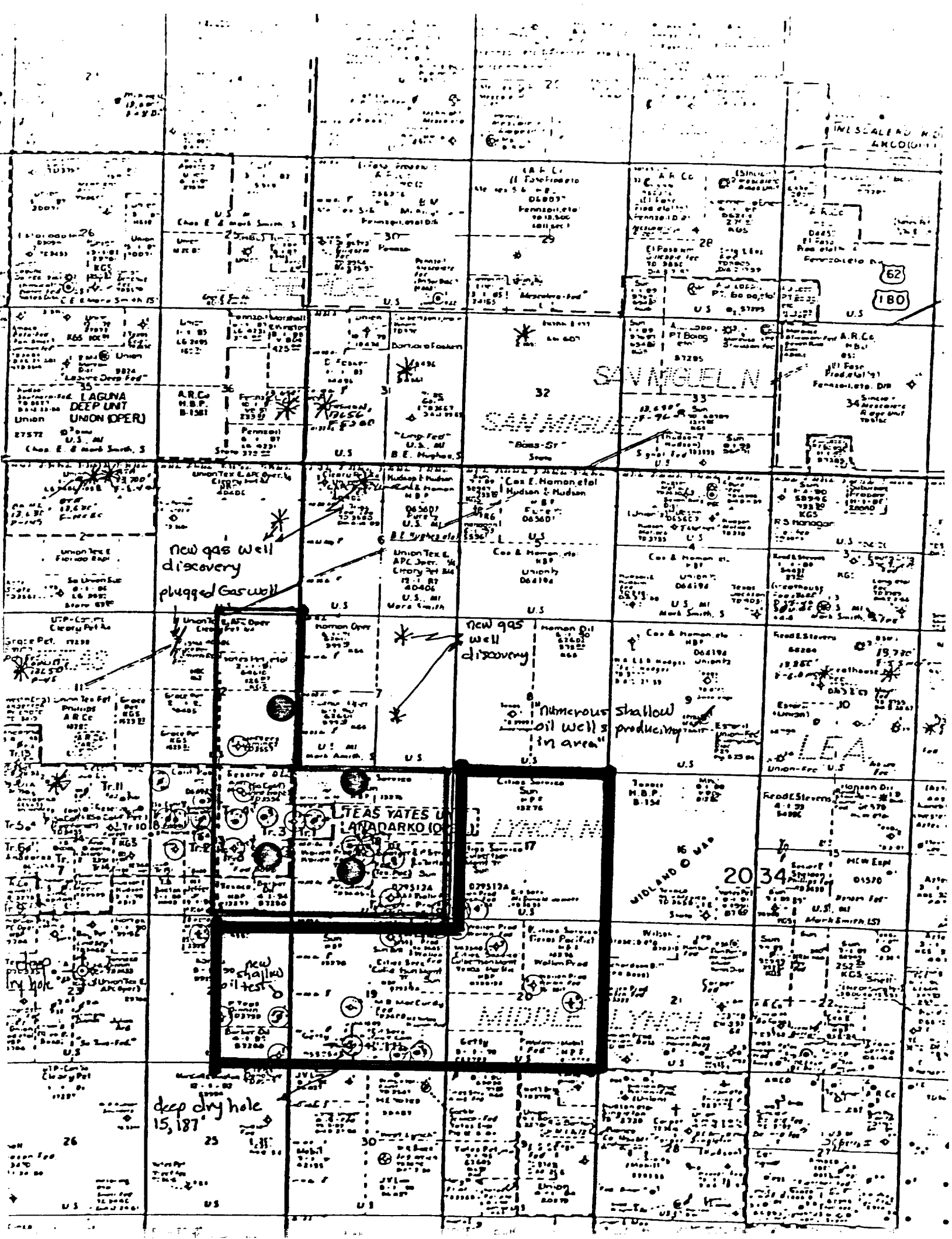
Date: Aug 27/90

No Objection Offered (please initial appropriate choice):

- Both Green and Red Outlines
 Green Outline Only
 Red Outline Considered At A Later Date

This permission valid for one year





new gas well discovery
plugged Gas well

new gas well discovery

numerous shallow oil wells in area

new shallow oil tests

deep dry hole 15,187

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