

October 19, 1987

Estate of William T. Reed
c/o Mr. James Reed McCrory
P. O. Box 25764
Albuquerque, New Mexico 87215

RE: Proposed Devonian Test
Erwin No. 1 Well
EAST MORTON PROSPECT
Lea County, New Mexico

Dear Mr. McCrory:



This will reference my letter of October 2, 1987, proposing a working interest unit made up of Lots 1, 2, 3, 4 and the S/2 N/2 Section 3, T-15-S, R-35-E, and the drilling of the 14,700' Devonian test captioned above.

As of this writing, we have not received a formal response from you regarding your election to either participate in the drilling of the well or lease to Mitchell under the terms outlined in our letter.

Time is fast approaching our proposed drill date of December 15, 1987, and we will need to finalize our drilling plans and complete the operating agreement within a reasonable period of time. In view of this time frame and in the absence of a formal response from you in a reasonable amount of time after receipt of this letter, Mitchell plans to seek compulsory pooling of your interest.

Your cooperation and early response would be most appreciated and will allow Mitchell to move forward on the drilling of this prospect.

Very truly yours,

MITCHELL ENERGY CORPORATION

Original Signed By
LARRY CUNNINGHAM

Larry Cunningham
Senior Landman

LC/jm