

File

October 15, 1987

Mrs. Majorie Cone Kastman
Kastman Oil Company
P. O. Box 5930
Lubbock, Texas 79408

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

Dear Mrs. Kastman:



Pursuant to our conversation this date, it is my understanding that Fern Cone will convey her interest in the N/2 Section 3, T-15-S, R-35-E, Lea County, New Mexico, to Kastman Oil Company. Further, Kastman Oil Company, subject to reviewing Mitchell's geological information on the prospect, will timely elect to join a working interest unit covering the N/2 of Section 3, T-15-S, R-35-E, Lea County, New Mexico, for its proportionate part of costs, or grant a lease on its unleased minerals on the terms as outlined in my letter of October 2, 1987.

If this is your understanding of our conversation, please acknowledge your agreement in the space provided below and return a copy of this letter to the undersigned. Upon our receipt of your concurrence, we will be in touch with Mr. Castello to arrange a time for reviewing the geological data.

Very truly yours,

MITCHELL ENERGY CORPORATION

Joe R. Lazenby
District Landman

JRL/jm

AGREED TO THIS _____ DAY OF OCTOBER, 1987.

KASTMAN OIL COMPANY

BY: _____
MARJORIE CONE KASTMAN

Before Examiner Stagner
OIL CONSERVATION DIVISION
Exhibit No. 27
Case No. _____