

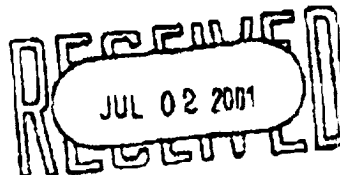
I.T. Properties

3502 Yachtclub Ct., Suite 100 • Arlington, TX 76016
TEL 817/561 9950 • FAX 817/478-1925

VIA CERTIFIED MAIL

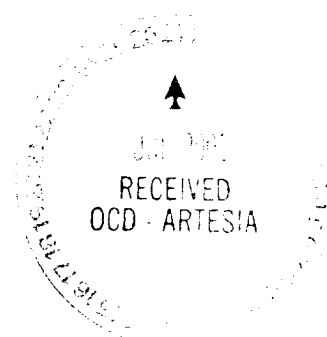
June 18, 2001

Devon SFS Operating, Inc.
20 North Broadway, Suite 1500
Oklahoma City, OK 73102-8260



ABO Petroleum
Yates Drilling Company
Myco Industries
Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210-2218

Re: AFE Modification
DHY State No. 1
Section 23-T19S-R28E
Eddy County, New Mexico



Dear Working Interest Owners:

The original AFE to repair a casing leak for the above captioned all partners approved well in the amount of \$51,600. I. T. Properties, Yates Petroleum, ABO, Yates Drilling, Myco Industries and Devon Energy. The work over is current underway. As reported in our May 1st and 2nd, 2001 completion reports, instead of a leak, the casing has actually parted and the well bore condition was more deteriorated than previously estimated. In addition, the condition of the 2 7/8" tubing string is poor. Attached please find a modified procedure, as prepared by our well consultant, Mr. William R. Hansen, to repair the casing and replace the tubing. The final cost estimate now includes an additional \$70,600. The additional cost is due mainly to a requirement for a new tubing string and part of the casing string.

If you agree to the additional work shown in the casing repair proposal herein attached, please indicate such approval by letter agreement below as soon as possible.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Thien Tran".

Thien Tran
District Landman

Page 2 of 2

Letter Agreement

Agreed this 20th day of July to modify the approved AFE for Work-over dated April 23, 2001: Work-over to Cementing for Casing, DHY State #1, Sec. 23-T19S-R28E, Eddy County New Mexico in accordance with the attached modified proposal prepared by W. R. Hansen/I.T. Properties.

Yates Drilling Company
Yates Petroleum Corporation

2.77778%
18.05556%

By:

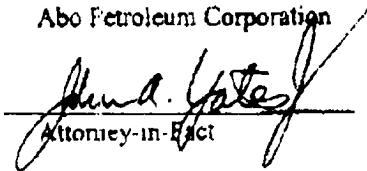

Attorney-in-Fact

Date 7-20-01

Abo Petroleum Corporation

2.77778%

By:


Attorney-in-Fact

Date 7-20-01

Myco Industries, Inc.

2.77778%

By:


Attorney-in-Fact

Date 7-20-01