

Nadel and Gussman Permian L.L.C.
3200 First National Tower
Tulsa, Oklahoma 74103-4313
(918) 683-3333

November 25, 1996

National Energy Group, Inc.
4925 Greenville Ave.
1350 One Energy Square
Dallas, TX 75260

Re: Yates-King #1
SW/4 Section 22-23S-28E
Eddy County, New Mexico

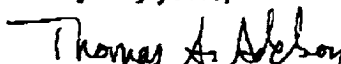
Gentlemen:

Please be advised that Nadel and Gussman Permian LLC (NGP) purchased the interest of Sabre Exploration, Inc., and Tenstrike Oil and Gas, Inc., in the captioned well at the Oil & Gas Asset Clearinghouse auction on November 13 and 14.

The well has not produced for over a year and is incapable of economic production. Accordingly, NGP proposes the plugging and abandonment of the well. NGP will assume the entire responsibility and liability for plugging the well in exchange for the salvage value of the surface equipment. Because you are the Operator of the well, we hereby request that you forward our offer to the remaining working interest owner.

If you agree to and accept the above offer to plug the Yates-King #1, please sign below and return one copy of this Letter to Mark Winters of this office. Should you have any questions, please do not hesitate to contact Mark at the above phone number.

Very truly yours,


Thomas A. Adelson
Manager

Agreed to and accepted this 15th day of January, 1997.

National Energy Group, Inc.

By: William T. Jones
Title: SEVP Operations