

BK EXPLORATION CORPORATION

10159 E. 11th Street, Suite 401 • Tulsa, OK 74128-3028

Phone: (918) 582-3855 • Fax: (918) 582-3865

2004 AUG 23 AM 11 28

August 20, 2004

Certified # 7099 3400 0018 5469 3578

Case 13335

Devon Energy Production Company, L.P.
Attn: Ken Gray, Sr. Land Advisor
20 N. Broadway
Oklahoma City, OK 73102-8260

Re: Devon's Esperanza "3E" Fee #2
UL E, 1980' FNL, 890' FWL
Sec. 3 T-22-S R-27-E Eddy County, New Mexico

Dear Ken:

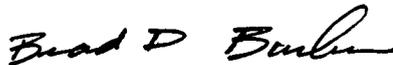
In connection with our contractual well interest in the subject proposed well, please find attached our election to ratify Devon's JOA and to not participate in the drilling of the proposed well.

A copy of our election is also being furnished to your Santa Fe attorney, Mr. James Bruce, and to the NMOCD, in Santa Fe. Please ensure that both Mr. Bruce and the NNMOCD are made aware that BK Exploration Corporation has agreed to accept Devon's proposed JOA, rather than becoming a compulsory pooled party.

Also attached is our well data request. We would be most grateful if Devon would provide this data to our office. Thank you.

Sincerely,

BK Exploration Corporation



Brad D. Burks, President

BDB;rm

Cc: Mr. James Bruce
NMOCD, Santa Fe

W 11/1/04

WELL DATA REQUEST

DATE: August 20, 2004

TO: Devon Energy Production Company, L.P.
Attn: Ken Gray, Sr. Land Advisor

FROM: BK Exploration Corporation
Attn: Brad D. Burks, Tulsa, OK

RE: Devon's Esperanze "3E" Fee #2
Sec. 3 T22S R27E Eddy Co., NM
DEC #49848-020

Please furnish the following information to Brad D. Burks on the referenced well, when available:

- One copy of any regulatory form files, both proposed and subsequent forms.
- One copy of daily activity report, preferably to the following email address:
bkxcorp@sbcglobal.net
- One copy of any log run on the well, including electric logs, temperature logs, production logs, etc.

Your cooperation with this request is genuinely appreciated.



Devon Energy Corporation
20 North Broadway
Oklahoma City, Oklahoma 73102-8260
Fax 405-552-8113

July 8, 2004

Working Interest Owners
Address List Attached

Re: Esperanza 3E Fee #2
1980' FNL & 890' FWL
Section 3-T22S-R27E
Eddy County, New Mexico
DEC #49848-020; C-02-0002905

Case 13335

8/31/04

Ladies and Gentlemen:

Devon Energy Production Company, L.P., ("Devon"), as Operator, proposes to drill the referenced well as a vertical Morrow test well expected to require drilling to a depth of approximately 12,000'. Enclosed you will find two (2) copies of Devon's Authority for Expenditure ("AFE") estimating a dry hole cost of \$887,315 with a completed well cost of \$1,480,397.

The W/2 of said Section 3 is currently designated as a pooled unit for the production of gas by virtue of the completion of the Esperanza 3N Fee #1. Devon's records reflect that such pooled unit is subject to two (2) separate Joint Operating Agreements ("JOA's"), one of which, dated November 4, 1968 covers approximately sixty (60) net acres within the pooled unit and is owned by the Carlsbad Drilling Block interest owners in the percentages listed on Exhibit A attached hereto. The other JOA dated March 1, 2001 covering the remaining 260.02 acres within the pooled unit is owned by Devon, et al in the percentages listed on Exhibit B attached hereto and representing approximately 81.25% of the pooled unit.

In lieu of continuing to operate under separate JOA's, Devon also proposes that the non-operators currently subject to the November 4, 1968 JOA agree to ratify and adopt the March 1, 2001 JOA, a copy of which is enclosed for your review, in order to facilitate the drilling of the proposed well.

Please make your election to either (1) participate in the drilling of the proposed well or (2) be a non-consenting party pursuant to Article VI B.2. of the March 1, 2001 JOA. An election to participate should be accompanied by a fully executed AFE as well as one (1) executed copy of this letter agreement. Please return your election and/or executed AFE, including well requirement sheet with email address, to the undersigned at the earliest possible time. Upon receipt of all elections, I will forward a revised Exhibit A to the JOA reflecting the current working interests in the contract area. Devon expects to drill this well in the next sixty (60) days, so your immediate attention will be greatly appreciated.

July 8, 2004

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If there are any questions or if additional information is required, feel free to call me at (405) 552-4633.

Yours very truly,

DEVON ENERGY PRODUCTION COMPANY, L.P.



Ken Gray
Senior Land Advisor

Kg/esperanza3E-2pro.ltr w/enclosures

Esperanza 3E Fee #2

 The undersigned hereby ratifies, adopts and confirms that certain Joint Operating Agreement dated March 1, 2001, and further elects to participate in the drilling of the Esperanza 3E Fee #2 with the interest as reflected on Exhibit A.

The undersigned hereby ratifies, adopts and confirms that certain Joint Operating Agreement dated March 1, 2001, and further elects not to participate in the drilling of the Esperanza 3E Fee #2, thereby electing to be a non-consenting party pursuant to Article VI.B.2.

**BK EXPLORATION CORP
10159 E 11TH STE 401
TULSA, OK 74128-3028**

Company/Individual: _____

By: Brad D. Burks **BRAD D. BURKS**

Title: PRESIDENT

Date: 08/20/2004