



Brett Hudson  
Landman

Devon Energy Corporation  
20 North Broadway  
Oklahoma City, Oklahoma 73102-8260  
(405) 228-8589  
(405) 552-8113 FAX

May 7, 2007

David R. Evans  
Occidental Permian Limited Partnership  
6 Desta Drive, Suite 600  
Midland, Texas 79710

RE: Term Assignment Request  
Federal Oil and Gas Lease: USA NM-33953  
Insofar as Lease covers only:  
NW/4 NW/4; S/2 NW/4, 120 acres  
Section 15-T19S-R31E  
Eddy County, New Mexico

Dear Mr. Evans:

Our records reflect that Occidental Permian Limited Partnership ("Occidental") is the owner of 100% of the operating rights under Federal Oil and Gas Lease NM-33953 insofar as such lease covers the referenced lands. In that regard, Devon Energy Production Company, L.P. offers to purchase a Term Assignment of Occidental's interest from the surface to the base of the Morrow formation under the following general terms for the purpose of drilling an approximate 12,850' Morrow test well located at a legal location in the NE/4 of Section 15-T19S-R31E, Eddy County, New Mexico.

Bonus: \$350.00 per acre  
Term: Two (2) years  
ORRI: Occidental to retain an ORRI equal to the difference between existing lease burdens and 20%.

This offer is subject to the execution of a mutually acceptable form of Term Assignment and shall remain open until the close of business on Friday June 15, 2007 unless otherwise extended.

Should you have any questions or concerns, please feel free to contact me at (405) 228-8589.

Sincerely,

DEVON ENERGY PRODUCTION COMPANY, L. P.

Brett Hudson  
Landman

Oil Conservation Division  
Case No. 2  
Exhibit No.

**Robertson, Kim**

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**From:** Hudson, Brett  
**Sent:** Thursday, June 28, 2007 4:52 PM  
**To:** David\_Evans@OXY.com  
**Cc:** Robertson, Kim; Lundeen, Chuck  
**Subject:** Acme 15 Fed Com #3

Mr. Evans:

Just wanted to follow up with you on Devon's well proposal for the Acme 15 Fed Com # 3 in Section 15-19S-31E, Eddy County, New Mexico. Has Oxy had a chance to make a decision as to what it would like to do in this well. Devon would be interested in obtaining a farmout or term assignment of Oxy's interest in this section. Please advise.

Thanks,

Brett A. Hudson  
Devon Energy Production Company, L.P.  
Petroleum Landman  
Western Division  
Office: 405.228.8589  
Cell: 405.204.3144  
20 North Broadway  
Oklahoma City, Oklahoma 73102



Brett Hudson  
Landman

Devon Energy Corporation  
20 North Broadway  
Oklahoma City, Oklahoma 73102-8260  
(405) 228-8589  
(405) 552-8113 FAX

August 8, 2007

David R. Evans  
Occidental Permian Limited Partnership  
6 Desta Drive, Suite 600  
Midland, Texas 79710

RE: Term Assignment Request  
Federal Oil and Gas Lease: USA NM-33953  
Insofar as Lease covers only:  
NW/4 NW/4; S/2 NW/4, 120 acres  
Section 15-T19S-R31E  
Eddy County, New Mexico

Dear Mr. Evans:

Our records reflect that Occidental Permian Limited Partnership ("Occidental") is the owner of 100% of the operating rights under Federal Oil and Gas Lease NM-33953 insofar as such lease covers the referenced lands. In that regard, Devon Energy Production Company, L.P. offers to purchase a Term Assignment of Occidental's interest from the surface to the base of the Morrow formation under the following general terms for the purpose of drilling an approximate 12,850' Morrow test well located at a legal location in the NE/4 of Section 15-T19S-R31E, Eddy County, New Mexico.

Bonus: \$450.00 per acre  
Term: Two (2) years  
ORRI: Occidental to retain an ORRI equal to the difference between existing lease burdens and 20%.

This offer is subject to the execution of a mutually acceptable form of Term Assignment and shall remain open until the close of business on Friday August 24, 2007 unless otherwise extended.

Should you have any questions or concerns, please feel free to contact me at (405) 228-8589.

Sincerely,

**DEVON ENERGY PRODUCTION COMPANY, L. P.**

Brett Hudson  
Landman



Brett Hudson  
Landman

Devon Energy Corporation  
20 North Broadway  
Oklahoma City, Oklahoma 73102-8260  
(405) 228-8589  
(405) 552-8113 FAX

September 26, 2007

David R. Evans  
Occidental Permian Limited Partnership  
6 Desta Drive, Suite 600  
Midland, Texas 79710

RE: Farmout Request  
Federal Oil and Gas Lease: USA NM-33953  
Insofar only as lease covers:  
NW/4 NW/4; S/2 NW/4 (120 acres)  
Section 15-T19S-R31E  
Eddy County, New Mexico

Dear Mr. Evans:

Devon Energy Production Company, L. P. ("Devon") is interested in drilling an approximate 12,850' Morrow test well in the near future at a legal location in the NE/4 of Section 15-T19S-R31E, Eddy County, New Mexico. Federal and County records reflect that Occidental Permian Limited Partnership is the owner of one hundred percent (100%) of the operating rights under Federal Oil and Gas Lease NMNM-33953 insofar as such lease covers the referenced acreage. Devon hereby requests that Occidental Permian Limited Partnership ("Occidental") support the drilling of the above mentioned well by granting Devon a farmout agreement under the following terms:

1. On or before January 1, 2008, Devon shall commence the drilling of the test well, an approximate 12,850' Morrow test well, at a legal location in the NE/4 of Section 15-T19S-R31E, Eddy County, New Mexico.
2. Upon completion of the test well as a well capable of producing oil and/or gas in commercial quantities, Devon shall earn an assignment of all of Occidental's leasehold interest, contractual rights, and/or operating rights limited in depth from the surface to 100' below the total depth drilled in the test well and further limited to the drilling and spacing unit for the test well, save and except any currently producing wells in the designated spacing unit.

September 26, 2007

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3. Occidental shall reserve, in such assignment, an overriding royalty interest on all production attributable to the test well equal to the difference between existing lease burdens and twenty percent (20%) proportionately reduced.
4. Occidental shall receive all well information relating to the test well as customarily obtained during the drilling, testing and completion of the test well.
5. Devon and Occidental shall enter into a formal farmout agreement which shall be superior in all respects to the general terms set forth in this letter agreement.

Devon would be willing to discuss any other form of support agreement that may better suit the circumstances.

If the above terms meet with your approval, please so indicate by signing and returning one (1) copy of this letter at your earliest convenience.

If there are any questions or if additional information is required feel free to call me at (405) 228-8589.

Very Truly Yours,

**DEVON ENERGY PRODUCTION COMPANY, L.P.**



Brett Hudson  
Landman

AGREED TO AND ACCEPTED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ 2007.

**OCCIDENTAL PERMIAN LP**

BY: \_\_\_\_\_