3101 N. Pecos St, 79705

P. O. Box 51990 Midland, Texas 79710-1990 Phone (432) 682-7346 Fax (432) 683-9584 e-mail: <u>hnd@purvisop.com</u>

July 25, 2008

Madalyn Lansford 209 N. 1st Street Uvalde, TX - 78801

Oil Conservation Division Case No. **3** Exhibit No.

RE: E/2 of Section 7 & All of Section 17, T-15-S, R-35-E, Lea County, NM

Dear Ms. Lansford:

On February 18, 2008 we sold the last of the interest in the Prospect we created which covers the captioned acreage in which you own 87.34 Net Mineral Acres. While clearing up some minor title issues, we began looking for casing and a rig to drill our first well which will be located in the NE/4 of Section 7. But, due to circumstances beyond our control, we have been unable to find the casing we need to drill this well. We have only been able to purchase the surface casing over the past 5 months and there does not appear to be any relief in sight. The reasons for this lack of casing are 1) China has shut down their foundries in order to clean up the air for the Olympics and 2) U. S. Steel bought Lone Star Steel located in East Texas, which is a large producer of our casing, and production has slowed to a crawl and 3) the larger operating companies purchased most of the inventory that was available when the crunch hit our industry and continue to buy in bulk stockpiling millions of feet of pipe.

I present this lack of materials situation because in the Oil and Gas Lease there is a provision which is used in just this circumstance known as the Force Majeure clause. The clause on the last page of the lease you executed, (Article 11), states the following:

When drilling, production or other operations on said land or land pooled with such land, or any part thereof are prevented, delayed or interrupted by lack of water, labor or materials, or by fire, storm, flood, war, rebellion, insurrection, sabotage, riot, strike, difference with workers, or failure of carriers to transport or furnish facilities for transportation, or as a result of some law, order, rule, regulation or necessity of governmental authority, either State or Federal, or as a result of the filing of a suit in which Lessee's title may be affected, or as a result of any cause whatsoever beyond the reasonable control of Lessee, the lease shall nevertheless continue in full force and effect. If any such prevention, delay or interruption should commence during the primary term hereof, the time of such prevention, delay or interruption shall not be counted against Lessee and the running of the primary term shall be suspended during such time; if any such prevention, delay or interruption should commence after the primary term hereof Lessee shall have a period of ninety (90) days after the termination of such period of prevention, delay or Interruption within which to commence or resume drilling, production or other operations hereunder, and this lease shall remain in force during such ninety (90) day period and hereafter in accordance with the other provisions of this lease. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or Interrupted.

The Force Majeure clause, noted above, does not require us to pay you any additional money to extend the lease. Thus, rather than invoking our rights under the Force Majeure clause, we would

like to offer you \$25/acre to extend the lease for one year. We would also like to amend the operations clause in your lease from 90 days to 180 days because not only is casing hard to find but so too are drilling rigs and pulling units. Thus, we may need additional time to commence certain operations. The operations clause on Page 2, (Article 6) of the lease you executed, states the following:

If Lessee drills a well on said land, or on land with which said land or any part thereof is pooled, and said well is completed as a dry hole, or is not produced, or if production therefrom should cease from any cause, and if such completion or cessation of production occurs within ninety (90) days prior to or at any time after expiration of the primary term, this lease shall nevertheless remain in force if production or operations for drilling or reworking are commenced or resumed on said land, or land with which it or any part thereof is pooled, within ninety (90) days after such completion or cessation of production. Upon expiration of the primary term or at any time or times thereafter when this lease is not otherwise maintained, this lease shall remain in force so long as any operations for drilling or reworking are prosecuted (whether on the same or different wells) on said land, or land pooled with such land or any part thereof, with no cessation of more than ninety (90) consecutive days, and, if they result in production of oil, gas or other minerals, so long as oil, gas or other mineral is produced.

The only change we request to the paragraph set forth above is to change "ninety (90)" to read "one-hundred-eighty (180)" in each instance above.

Enclosed please find an Extension of Oil and Gas lease for your execution. Please sign in the presence of a notary and return it to me at your convenience. I will mail you a check in the amount of \$2,183.50 upon receipt.

Thank you, we appreciate your help and patience in this endeavor.

Yours Very Truly,

3101 N. Pecos St, 79705

P. O. Box 51990 Midland, Texas 79710-1990 Phone (432) 682-7346 Fax (432) 683-9584 e-mail: <u>land@purvisop.com</u>

August 25, 2008

Rodney D. Dickens Ind. Admin. For the Estate of Madalyn Lansford 1315 Spring Water Canyon Lake, TX 78133

RE: Oil Rock Prospect, Lea County, NM

Dear Mr. Dickens:

Please accept my condolences for the loss of your mother, Ms. Madalyn Lansford. She was always very nice to me the two times I met with her; once in Uvalde and once in Carrizo Springs. I grew up in Pearsall so it was nice to get to go back to that part of the country again.

I learned of the passing of Ms. Lansford when a letter I mailed to her was returned. Mr. John Petry of Carrizo Springs is the person who provided me with the Proof of Death and Other Facts and Letters of Administration.

Ms. Lansford executed 2 Oil and Gas Leases with us in 2002 covering her interest in Sections 7 & 17, T-15-S, R-35-E, Lea County, NM. She owns 28.67 net mineral acres in the E/2 of Section 7 and 58.67 net mineral acres in Section 17. I have enclosed, for your information, a copy of the letter I mailed to Ms. Lansford which explains our desire to extend the lease mentioned above and have created 2 sets of the Extension and Amendment of Oil & Gas Lease, (one for each lease she executed to us), also enclosed, for you to sign, notarize and return to me. If you have any questions, please call me at the number listed above.

Thank you.

Yours Very Truly,

D. Briggs Donaldson, CPL, CPLTA, CDOA

CC: Mary Francis Bell 834 South Getty St, Apt. 407 Uvalde, TX 78801

Melissa E. Smith P.O. Box 40 Carrizo Springs, TX 78834

3101 N. Pecos St. 79705

P. O. Box 51990 Midland, Texas 79710-1990 Phone (432) 682-7346 Fax (432) 683-9584 e-mail: <u>land@purvisop.com</u>

SECOND NOTICE

September 30, 2008

Rodney D. Dickens Ind. Admin. For the Estate of Madalyn Lansford 1315 Spring Water Canyon Lake, TX 78133

RE: Oil Rock Prospect, Lea County, NM

Dear Mr. Dickens:

Ms. Lansford executed 2 Oil and Gas Leases with us in 2002 covering her interest in Sections 7 & 17, T-15-S, R-35-E, Lea County, NM. She owns 28.67 net mineral acres in the E/2 of Section 7 and 58.67 net mineral acres in Section 17. Please note that we only need you to execute one Extension and Amendment of Oil & Gas Lease, notarize it and return to me. I will mail each of the heirs a check in the amount of \$727.83 once I receive your signed and notarized Extension. If you have any questions, please call me toll free 1-800-535-8924.

Thank you.

Yours Very Truly,

D. Briggs Donaldson, CPL, CPLTA, CDOA

CC: Mary Francis Bell 834 South Getty St, Apt. 407 Uvalde, TX 78801

Melissa E. Smith P.O. Box 40 Carrizo Springs, TX 78834

3101 N. Pecos St, 79705

P. O. Box 51990 Midland, Texas 79710-1990 Phone (432) 682-7346 Fax (432) 683-9584 e-mail: <u>land@purvisop.com</u>

THIRD & FINAL NOTICE

November 12, 2008

Rodney D. Dickens Ind. Admin. For the Estate of Madalyn Lansford 1315 Spring Water Canyon Lake, TX 78133

RE: E/2 of Section 7 & All of Section 17, 15S/35E, Lea County, NM

Dear Mr. Dickens:

Enclosed please find a copy of the 9/30/2008 letter regarding the captioned Prospect and our desire to extend the leases covering the captioned lands.

A majority of the Mineral Owners owning an in interest in the captioned lands have already extended the leases covering the captioned lands. We only lack a few, of which you are one, and need to know what you would like to do. If you would like to participate in this well and pay your share of the costs associated with the drilling and equipping of this well, please review the Authority For Expenditure, then sign, date and return it to me at your earliest possible convenience. If you would rather take the \$25/acre bonus consideration and extend the lease for another year, please sign the attached Extension of Oil and Gas Lease in the presence of a notary and return it to me at your earliest possible convenience. Please note that if you fail to make a choice to either extend the lease or participate in this well, your interest may be force pooled and you will not only have your royalty reduced to 1/8 until we have recouped 100% of our investment PLUS a 200% penalty, BUT you will also lose the \$25/acre Bonus payment.

Please remember that Ms. Lansford executed 2 Oil and Gas Leases with us in 2002 covering her interest in Sections 7 & 17, T-15-S, R-35-E, Lea County, NM. She owns 28.67 net mineral acres in the E/2 of Section 7 and 58.67 net mineral acres in Section 17. We only need you to execute one Extension and Amendment of Oil & Gas Lease, notarize it and return to me. I will mail each of the heirs a check in the amount of \$727.83 once I receive your signed and notarized Extension. If you have any questions, please call me toll free 1-800-535-8924.

Thank you.

Yours Very Truly,

D. Briggs Donaldson, CPL, CPLTA, CDOA

CC: Mary Francis Bell 834 South Getty St, Apt. 407 Uvalde, TX 78801

Melissa E. Smith P.O. Box 40 Carrizo Springs, TX 78834

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STATE OF NEW MEXICO

COUNTY OF LEA

KNOW ALL MEN BY THESE PRESENTS THAT:

Reference is here made to that certain Oil, Gas and Mineral Lease dated 5/28/2002, recorded in Book 1150, Page 36 of the Lea County Records, Lea County, New Mexico, from **Madalyn Lansford**, as Lessor, and Purvis Operating Co., as Lessee, as amended by Amendment, Clarification, Ratification and Revivor of Oil and Gas Lease recorded in Book 1449, Page 489 of the Lea County Records, Lea County, New Mexico (said lease, as amended, hereinafter referred to as the "Lease").

WHEREAS, the party executing this instrument below as Lessor ("Lessor") is the lessor named in the Lease (or the successor to such lessor) and the party executing this instrument below as Lessee ("Lessee") is the lessee named in the Lease.

WHEREAS, Lessor and Lessee desire to amend the Lease to revise numbered paragraph 6 of the Lease and to amend the primary term.

WHEREAS, to accomplish these purposes, Lessor and Lessee have agreed to amend, clarify, ratify and revive the Lease as set forth below.

NOW THEREFORE, for sufficient consideration received, the undersigned Lessor and Lessee hereby agree as follows:

(1) <u>Amendment of Primary Term</u>. Lessor and Lessee do hereby delete numbered Paragraph 2 of the Lease and replace said paragraph with the following:

Subject to the other provisions herein contained, this lease shall be for a term of four (4) years from November 30, 2005 (herein called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land hereunder or land with which it or any part of it may be pooled.

(2) <u>Replacement of Numbered Paragraph 6</u>. Lessor and Lessee do hereby agree that numbered Paragraph 6 of the Lease is deleted and replaced with the following:

If Lessee drills a well on said land, or on land with which said land or any part thereof is pooled, and said well is completed as a dry hole, or is not produced, or if production therefrom should cease from any cause, and if such completion or cessation of production occurs with one hundred eighty (180) days prior to or at any time after expiration of the primary term, this lease shall nevertheless remain in force if production or operations for drilling or reworking are commenced or resumed on said land, or land with which it or any part thereof is pooled, within one hundred eighty (180) days after such completion or cessation of production. Upon expiration of the primary term or at any time or times thereafter when this lease is not otherwise maintained, this lease shall remain in force so long as any operations for drilling or reworking are prosecuted (whether on the same or

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different wells) on said land, or land pooled with such land or any part thereof, with no cessation of more than one hundred eighty (180) consecutive days, and, if they result in production of oil, gas or other minerals, so long as oil, gas or other mineral is produced.

Lessor does hereby further, ratify, confirm, revive and amend the Lease as set forth herein and does hereby grant, lease, let and demise to Lessee and Lessee's successors and assigns upon the terms and conditions set forth in the Lease, as amended by this instrument, the following:

E/2 of Section 7 and all of Section 17, Township 15 South, Range 35 East, Lea County, New Mexico.

This instrument may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which are identical. For recording purposes, the signature and acknowledgment pages of the counterparts may be assembled into one document.

Executed as of the date of each party's acknowledgment below.

LESSOR:

LESSEE: PURVIS OPERATING CO.

Rodney D. Dickens, Individually and as Administrator for the Estate of Madalyn Lansford J. H. Purvis, President

ACKNOWLEDGMENTS

STATE OF _____ COUNTY OF _____

This instrument was acknowledged before me on the _____ day of _____, 2008, by Rodney D. Dickens.

My Commission Expires:

Notary Public – State of _____

STATE OF TEXAS COUNTY OF MIDLAND

This instrument was acknowledged before me on the _____ day of _____, 2008, by J. H. Purvis, as President of PURVIS OPERATING CO., a Texas corporation, on behalf of said corporation.

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My Commission Expires:

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STATE OF NEW MEXICO

COUNTY OF LEA

KNOW ALL MEN BY THESE PRESENTS THAT:

Reference is here made to that certain Oil, Gas and Mineral Lease dated 5/28/2002, recorded in Book 1150, Page 36 of the Lea County Records, Lea County, New Mexico, from **Madalyn Lansford**, as Lessor, and Purvis Operating Co., as Lessee, as amended by Amendment, Clarification, Ratification and Revivor of Oil and Gas Lease recorded in Book 1449, Page 489 of the Lea County Records, Lea County, New Mexico (said lease, as amended, hereinafter referred to as the "Lease").

WHEREAS, the party executing this instrument below as Lessor ("Lessor") is the lessor named in the Lease (or the successor to such lessor) and the party executing this instrument below as Lessee ("Lessee") is the lessee named in the Lease.

WHEREAS, Lessor and Lessee desire to amend the Lease to revise numbered paragraph 6 of the Lease and to amend the primary term.

WHEREAS, to accomplish these purposes, Lessor and Lessee have agreed to amend, clarify, ratify and revive the Lease as set forth below.

NOW THEREFORE, for sufficient consideration received, the undersigned Lessor and Lessee hereby agree as follows:

- (1) <u>Amendment of Primary Term</u>. Lessor and Lessee do hereby delete numbered Paragraph 2 of the Lease and replace said paragraph with the following:
 - Subject to the other provisions herein contained, this lease shall be for a term of four (4) years from November 30, 2005 (herein called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land hereunder or land with which it or any part of it may be pooled.
- (2) <u>Replacement of Numbered Paragraph 6</u>. Lessor and Lessee do hereby agree that numbered Paragraph 6 of the Lease is deleted and replaced with the following:

If Lessee drills a well on said land, or on land with which said land or any part thereof is pooled, and said well is completed as a dry hole, or is not produced, or if production therefrom should cease from any cause, and if such completion or cessation of production occurs with one hundred eighty (180) days prior to or at any time after expiration of the primary term, this lease shall nevertheless remain in force if production or operations for drilling or reworking are commenced or resumed on said land, or land with which it or any part thereof is pooled, within one hundred eighty (180) days after such completion or cessation of production. Upon expiration of the primary term or at any time or times thereafter when this lease is not otherwise maintained, this lease shall remain in force so long as any operations for drilling or reworking are prosecuted (whether on the same or

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different wells) on said land, or land pooled with such land or any part thereof, with no cessation of more than one hundred eighty (180) consecutive days, and, if they result in production of oil, gas or other minerals, so long as oil, gas or other mineral is produced.

Lessor does hereby further, ratify, confirm, revive and amend the Lease as set forth herein and does hereby grant, lease, let and demise to Lessee and Lessee's successors and assigns upon the terms and conditions set forth in the Lease, as amended by this instrument, the following:

E/2 of Section 7 and all of Section 17, Township 15 South, Range 35 East, Lea County, New Mexico.

This instrument may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which are identical. For recording purposes, the signature and acknowledgment pages of the counterparts may be assembled into one document.

Executed as of the date of each party's acknowledgment below.

LESSOR:

LESSEE: PURVIS OPERATING CO.

Mary Francis Bell

J. H. Purvis, President

ACKNOWLEDGMENTS

 STATE OF
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 COUNTY OF
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This instrument was acknowledged before me on the _____ day of _____, 2008, by Mary Francis Bell.

My Commission Expires:

Notary Public – State of

STATE OF TEXAS COUNTY OF MIDLAND

This instrument was acknowledged before me on the _____ day of _____, 2008, by J. H. Purvis, as President of PURVIS OPERATING CO., a Texas corporation, on behalf of said corporation.

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My Commission Expires:

Notary Public – State of TEXAS

Mid: 009246\000050\604813.1

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STATE OF NEW MEXICO

COUNTY OF LEA

KNOW ALL MEN BY THESE PRESENTS THAT:

Reference is here made to that certain Oil, Gas and Mineral Lease dated 5/28/2002, recorded in Book 1150, Page 36 of the Lea County Records, Lea County, New Mexico, from **Madalyn Lansford**, as Lessor, and Purvis Operating Co., as Lessee, as amended by Amendment, Clarification, Ratification and Revivor of Oil and Gas Lease recorded in Book 1449, Page 489 of the Lea County Records, Lea County, New Mexico (said lease, as amended, hereinafter referred to as the "Lease").

WHEREAS, the party executing this instrument below as Lessor ("Lessor") is the lessor named in the Lease (or the successor to such lessor) and the party executing this instrument below as Lessee ("Lessee") is the lessee named in the Lease.

WHEREAS, Lessor and Lessee desire to amend the Lease to revise numbered paragraph 6 of the Lease and to amend the primary term.

WHEREAS, to accomplish these purposes, Lessor and Lessee have agreed to amend, clarify, ratify and revive the Lease as set forth below.

NOW THEREFORE, for sufficient consideration received, the undersigned Lessor and Lessee hereby agree as follows:

(1) <u>Amendment of Primary Term</u>. Lessor and Lessee do hereby delete numbered Paragraph 2 of the Lease and replace said paragraph with the following:

Subject to the other provisions herein contained, this lease shall be for a term of four (4) years from November 30, 2005 (herein called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land hereunder or land with which it or any part of it may be pooled.

(2) <u>Replacement of Numbered Paragraph 6</u>. Lessor and Lessee do hereby agree that numbered Paragraph 6 of the Lease is deleted and replaced with the following:

If Lessee drills a well on said land, or on land with which said land or any part thereof is pooled, and said well is completed as a dry hole, or is not produced, or if production therefrom should cease from any cause, and if such completion or cessation of production occurs with one hundred eighty (180) days prior to or at any time after expiration of the primary term, this lease shall nevertheless remain in force if production or operations for drilling or reworking are commenced or resumed on said land, or land with which it or any part thereof is pooled, within one hundred eighty (180) days after such completion or cessation of production. Upon expiration of the primary term or at any time or times thereafter when this lease is not otherwise maintained, this lease shall remain in force so long as any operations for drilling or reworking are prosecuted (whether on the same or

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different wells) on said land, or land pooled with such land or any part thereof, with no cessation of more than one hundred eighty (180) consecutive days, and, if they result in production of oil, gas or other minerals, so long as oil, gas or other mineral is produced.

Lessor does hereby further, ratify, confirm, revive and amend the Lease as set forth herein and does hereby grant, lease, let and demise to Lessee and Lessee's successors and assigns upon the terms and conditions set forth in the Lease, as amended by this instrument, the following:

> E/2 of Section 7 and all of Section 17, Township 15 South, Range 35 East, Lea County, New Mexico.

This instrument may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which are identical. For recording purposes, the signature and acknowledgment pages of the counterparts may be assembled into one document.

Executed as of the date of each party's acknowledgment below.

LESSOR:

Melissa E. Smith

LESSEE: PURVIS OPERATING CO.

J. H. Purvis, President **ACKNOWLEDGMENTS** STATE OF ş COUNTY OF ş This instrument was acknowledged before me on the _____ day of _____, 2008, by Melissa E. Smith. My Commission Expires: Notary Public – State of STATE OF TEXAS § COUNTY OF MIDLAND §. This instrument was acknowledged before me on the _____ day of _____, 2008, by J. H. Purvis, as President of PURVIS OPERATING CO., a Texas corporation, on behalf of said corporation. Notary My Commission Expires: Public State TEXAS of

Mid: 009246\000050\604813.1

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3101 N. Pecos St, 79705

P. O. Box 51990 Midland, Texas 79710-1990 Phone (432) 682-7346 Fax (432) 683-9584 e-mail: <u>land@purvisop.com</u>

July 25, 2008

Odus Phillips P.O. Box 1297 Canton, TX 75103

RE: E/2 of Section 7 & All of Section 17, T-15-S, R-35-E, Lea County, NM

Dear Mr. Phillips:

On February 18, 2008 we sold the last of the interest in the Prospect we created which covers the captioned acreage in which you own 8.72 Net Mineral Acres. While clearing up some minor title issues, we began looking for casing and a rig to drill our first well which will be located in the NE/4 of Section 7. But, due to circumstances beyond our control, we have been unable to find the casing we need to drill this well. We have only been able to purchase the surface casing over the past 5 months and there does not appear to be any relief in sight. The reasons for this lack of casing are 1) China has shut down their foundries in order to clean up the air for the Olympics and 2) U. S. Steel bought Lone Star Steel located in East Texas, which is a large producer of our casing, and production has slowed to a crawl and 3) the larger operating companies purchased most of the inventory that was available when the crunch hit our industry and continue to buy in bulk stockpiling millions of feet of pipe.

I present this lack of materials situation because in the Oil and Gas Lease there is a provision which is used in just this circumstance known as the Force Majeure clause. The clause on the last page of the lease you executed, (Article 11), states the following:

When drilling, production or other operations on said land or land pooled with such land, or any part thereof are prevented, delayed or interrupted by lack of water, labor or materials, or by fire, storm, flood, war, rebellion, insurrection, sabotage, riot, strike, difference with workers, or failure of carriers to transport or furnish facilities for transportation, or as a result of some law, order, rule, regulation or necessity of governmental authority, either State or Federal, or as a result of the filing of a suit in which Lessee's title may be affected, or as a result of any cause whatsoever beyond the reasonable control of Lessee, the lease shall nevertheless continue in full force and effect. If any such prevention, delay or interruption should commence during the primary term hereof, the time of such prevention, delay or interruption shall not be counted against Lessee and the running of the primary term shall be suspended during such time; if any such prevention, delay or interruption should commence after the primary term hereof Lessee shall have a period of ninety (90) days after the termination of such period of prevention, delay or Interruption within which to commence or resume drilling, production or other operations hereunder, and this lease shall remain in force during such ninety (90) day period and hereafter in accordance with the other provisions of this lease. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or Interrupted.

The Force Majeure clause, noted above, does not require us to pay you any additional money to extend the lease. Thus, rather than invoking our rights under the Force Majeure clause, we would

like to offer you \$25/acre to extend the lease for one year. We would also like to amend the operations clause in your lease from 90 days to 180 days because not only is casing hard to find but so too are drilling rigs and pulling units. Thus, we may need additional time to commence certain operations. The operations clause on Page 2, (Article 6) of the lease you executed, states the following:

If Lessee drills a well on said land, or on land with which said land or any part thereof is pooled, and said well is completed as a dry hole, or is not produced, or if production therefrom should cease from any cause, and if such completion or cessation of production occurs within ninety (90) days prior to or at any time after expiration of the primary term, this lease shall nevertheless remain in force if production or operations for drilling or reworking are commenced or resumed on said land, or land with which it or any part thereof is pooled, within ninety (90) days after such completion or cessation of production. Upon expiration of the primary term or at any time or times thereafter when this lease is not otherwise maintained, this lease shall remain in force so long as any operations for drilling or reworking are prosecuted (whether on the same or different wells) on said land, or land pooled with such land or any part thereof, with no cessation of more than ninety (90) consecutive days, and, if they result in production of oil, gas or other minerals, so long as oil, gas or other mineral is produced.

The only change we request to the paragraph set forth above is to change "ninety (90)" to read "one-hundred-eighty (180)" in each instance above.

Enclosed please find an Extension of Oil and Gas lease for your execution. Please sign in the presence of a notary and return it to me at your convenience. I will mail you a check in the amount of \$218.05 upon receipt.

Thank you, we appreciate your help and patience in this endeavor.

Yours Very Truly,

3101 N. Pecos St, 79705

P. O. Box 51990 Midland, Texas 79710-1990 Phone (432) 682-7346 Fax (432) 683-9584 e-mail: <u>land@purvisop.com</u>

SECOND NOTICE

October 1, 2008

Odus Phillips P.O. Box 1297 Canton, TX 75103

RE: E/2 of Section 7 & All of Section 17, T-15-S, R-35-E, Lea County, NM

Dear Mr. Phillips:

As I stated in my letter to you dated July 25, 2008, Purvis Operating Co. has been unable to find the casing needed to drill our well on the captioned acreage, in which you own 8.72 Net Mineral Acres, since May of this year. But, I am happy to inform you that last week we were able to order all of the casing we needed from Manufacturers in China. The Mills there are going to manufacture what we need and ship it to Houston within 120 days of our order. Once we are able to inspect it, thread it and then truck it to Lovington, NM, we will be able to commence the drilling of this well. However, we will not be able to negotiate a contract for a drilling rig until all of the casing is on the ground and ready to be used in the well. So, barring any problems, we hope to commence the drilling of this well by May 1, 2009. Please note that even if we don't have any problems with the casing or with getting a drilling contract in place and everything goes as planned, we still need and hereby request that you sign the extension of lease I requested in my July letter.

Please sign the enclosed Extension of Oil and Gas Lease in the presence of a notary and return it to me at your earliest convenience and I will mail you a check in the amount of \$218.05 upon receipt. If you have any questions please call me toll free at 1-800-535-8924

Thank you, we appreciate your help and patience in this endeavor.

Yours Very Truly,

3101 N. Pecos St, 79705

P. O. Box 51990 Midland, Texas 79710-1990 Phone (432) 682-7346 Fax (432) 683-9584 e-mail: <u>hand@purvisop.com</u>

THIRD & FINAL NOTICE

November 12, 2008

Odus Phillips P.O. Box 1297 Canton, TX 75103

RE: E/2 of Section 7 & All of Section 17, T-15-S, R-35-E, Lea County, NM

Dear Mr. Phillips:

Enclosed please find a copy of the 10/1/2008 letter regarding the captioned Prospect and our desire to extend the leases covering the captioned lands.

A majority of the Mineral Owners owning an in interest in the captioned lands have already extended the leases covering the captioned lands. We only lack a few, of which you are one, and need to know what you would like to do. If you would like to participate in this well and pay your share of the costs associated with the drilling and equipping of this well, please review the Authority For Expenditure, then sign, date and return it to me at your earliest possible convenience. If you would rather take the \$25/acre bonus consideration and extend the lease for another year, please sign the attached Extension of Oil and Gas Lease in the presence of a notary and return it to me at your earliest possible convenience. Please note that if you fail to make a choice to either extend the lease or participate in this well, your interest may be force pooled and you will not only have your royalty reduced to 1/8 until we have recouped 100% of our investment PLUS a 200% penalty, BUT you will also lose the \$25/acre Bonus payment.

Please either sign the enclosed Extension of Oil and Gas Lease in the presence of a notary and return it to me and I will mail you a check in the amount of \$218.05 upon receipt OR sign the AFE and return it to me indicating your desire to participate.

If you have any questions please call me toll free at 1-800-535-8924

Thank you, we appreciate your help and patience in this endeavor.

Yours Very Truly,

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STATE OF NEW MEXICO

COUNTY OF LEA

KNOW ALL MEN BY THESE PRESENTS THAT:

Reference is here made to that certain Oil, Gas and Mineral Lease dated 5/7/2002, recorded in Book 1148, Page 321 of the Lea County Records, Lea County, New Mexico, from **Odus Phillips**, as Lessor, and Purvis Operating Co., as Lessee, as amended by Amendment, Clarification, Ratification and Revivor of Oil and Gas Lease recorded in Book 1449, Page 495 of the Lea County Records, Lea County, New Mexico (said lease, as amended, hereinafter referred to as the "Lease").

WHEREAS, the party executing this instrument below as Lessor ("Lessor") is the lessor named in the Lease (or the successor to such lessor) and the party executing this instrument below as Lessee ("Lessee") is the lessee named in the Lease.

WHEREAS, Lessor and Lessee desire to amend the Lease to revise numbered paragraph 6 of the Lease and to amend the primary term.

WHEREAS, to accomplish these purposes, Lessor and Lessee have agreed to amend, clarify, ratify and revive the Lease as set forth below.

NOW THEREFORE, for sufficient consideration received, the undersigned Lessor and Lessee hereby agree as follows:

(1) <u>Amendment of Primary Term</u>. Lessor and Lessee do hereby delete numbered Paragraph 2 of the Lease and replace said paragraph with the following:

Subject to the other provisions herein contained, this lease shall be for a term of four (4) years from November 30, 2005 (herein called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land hereunder or land with which it or any part of it may be pooled.

(2) <u>Replacement of Numbered Paragraph 6</u>. Lessor and Lessee do hereby agree that numbered Paragraph 6 of the Lease is deleted and replaced with the following:

If Lessee drills a well on said land, or on land with which said land or any part thereof is pooled, and said well is completed as a dry hole, or is not produced, or if production therefrom should cease from any cause, and if such completion or cessation of production occurs with one hundred eighty (180) days prior to or at any time after expiration of the primary term, this lease shall nevertheless remain in force if production or operations for drilling or reworking are commenced or resumed on said land, or land with which it or any part thereof is pooled, within one hundred eighty (180) days after such completion or cessation of production. Upon expiration of the primary term or at any time or times thereafter when this lease is not otherwise maintained, this lease shall remain in force so long as any operations for drilling or reworking are prosecuted (whether on the same or

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different wells) on said land, or land pooled with such land or any part thereof, with no cessation of more than one hundred eighty (180) consecutive days, and, if they result in production of oil, gas or other minerals, so long as oil, gas or other mineral is produced.

Lessor does hereby further, ratify, confirm, revive and amend the Lease as set forth herein and does hereby grant, lease, let and demise to Lessee and Lessee's successors and assigns upon the terms and conditions set forth in the Lease, as amended by this instrument, the following:

E/2 of Section 7 and all of Section 17, Township 15 South, Range 35 East, Lea County, New Mexico.

This instrument may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which are identical. For recording purposes, the signature and acknowledgment pages of the counterparts may be assembled into one document.

Executed as of the date of each party's acknowledgment below.

LESSOR:

LESSEE: PURVIS OPERATING CO.

Odus Phillips

J. H. Purvis, President

ACKNOWLEDGMENTS

STATE OF	§
COUNTY OF	 §

This instrument was acknowledged before me on the _____ day of _____, 2008, by Odus Phillips.

My Commission Expires:

Notary Public – State of

STATE OF TEXAS COUNTY OF MIDLAND

This instrument was acknowledged before me on the _____ day of _____, 2008, by J. H. Purvis, as President of PURVIS OPERATING CO., a Texas corporation, on behalf of said corporation.

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§ 8

My Commission Expires:

Notary Public - State of TEXAS

Mid: 009246\000050\604813.1

3101 N. Pecos St, 79705

P. O. Box 51990 Midland, Texas 79710-1990 Phone (432) 682-7346 Fax (432) 683-9584 e-mail: <u>land@purvisop.com</u>

July 25, 2008

Lawrance Dotson P.O. Box 556 Sierra Blanca, TX 79851

RE: E/2 of Section 7 & All of Section 17, T-15-S, R-35-E, Lea County, NM

Dear Mr. Dotson:

On February 18, 2008 we sold the last of the interest in the Prospect we created which covers the captioned acreage in which you own 34.88 Net Mineral Acres. While clearing up some minor title issues, we began looking for casing and a rig to drill our first well which will be located in the NE/4 of Section 7. But, due to circumstances beyond our control, we have been unable to find the casing we need to drill this well. We have only been able to purchase the surface casing over the past 5 months and there does not appear to be any relief in sight. The reasons for this lack of casing are 1) China has shut down their foundries in order to clean up the air for the Olympics and 2) U. S. Steel bought Lone Star Steel located in East Texas, which is a large producer of our casing, and production has slowed to a crawl and 3) the larger operating companies purchased most of the inventory that was available when the crunch hit our industry and continue to buy in bulk stockpiling millions of feet of pipe.

I present this lack of materials situation because in the Oil and Gas Lease there is a provision which is used in just this circumstance known as the Force Majeure clause. The clause on the last page of the lease you executed, (Article 11), states the following:

When drilling, production or other operations on said land or land pooled with such land, or any part thereof are prevented, delayed or interrupted by lack of water, labor or materials, or by fire, storm, flood, war, rebellion, insurrection, sabotage, riot, strike, difference with workers, or failure of carriers to transport or furnish facilities for transportation, or as a result of some law, order, rule, regulation or necessity of governmental authority, either State or Federal, or as a result of the filing of a suit in which Lessee's title may be affected, or as a result of any cause whatsoever beyond the reasonable control of Lessee, the lease shall nevertheless continue in full force and effect. If any such prevention, delay or interruption should commence during the primary term hereof, the time of such prevention, delay or interruption shall not be counted against Lessee and the running of the primary term hereof Lessee shall have a period of ninety (90) days after the termination of such period of prevention, delay or Interruption within which to commence or resume drilling, production or other operations hereunder, and this lease shall remain in force during such ninety (90) day period and hereafter in accordance with the other provisions of this lease. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or Interrupted.

The Force Majeure clause, noted above, does not require us to pay you any additional money to extend the lease. Thus, rather than invoking our rights under the Force Majeure clause, we would

like to offer you \$25/acre to extend the lease for one year. We would also like to amend the operations clause in your lease from 90 days to 180 days because not only is casing hard to find but so too are drilling rigs and pulling units. Thus, we may need additional time to commence certain operations. The operations clause on Page 2, (Article 6) of the lease you executed, states the following:

If Lessee drills a well on said land, or on land with which said land or any part thereof is pooled, and said well is completed as a dry hole, or is not produced, or if production therefrom should cease from any cause, and if such completion or cessation of production occurs within ninety (90) days prior to or at any time after expiration of the primary term, this lease shall nevertheless remain in force if production or operations for drilling or reworking are commenced or resumed on said land, or land with which it or any part thereof is pooled, within ninety (90) days after such completion or cessation of production. Upon expiration of the primary term or at any time or times thereafter when this lease is not otherwise maintained, this lease shall remain in force so long as any operations for drilling or reworking are prosecuted (whether on the same or different wells) on said land, or land pooled with such land or any part thereof, with no cessation of more than ninety (90) consecutive days, and, if they result in production of oil, gas or other minerals, so long as oil, gas or other mineral is produced.

The only change we request to the paragraph set forth above is to change "ninety (90)" to read "one-hundred-eighty (180)" in each instance above.

Enclosed please find an Extension of Oil and Gas lease for your execution. Please sign in the presence of a notary and return it to me at your convenience. I will mail you a check in the amount of \$872.22 upon receipt.

Thank you, we appreciate your help and patience in this endeavor.

Yours Very Truly,

3101 N. Pecos St, 79705

P. O. Box 51990 Midland, Texas 79710-1990 Phone (432) 682-7346 Fax (432) 683-9584 e-mail: <u>land@purvisop.com</u>

SECOND NOTICE

October 1, 2008

Lawrance Dotson P.O. Box 556 Sierra Blanca, TX 79851

RE: E/2 of Section 7 & All of Section 17, T-15-S, R-35-E, Lea County, NM

Dear Mr. Dotson:

As I stated in my letter to you dated July 25, 2008, Purvis Operating Co. has been unable to find the casing needed to drill our well on the captioned acreage, in which you own **34.88** Net Mineral Acres, since May of this year. But, I am happy to inform you that last week we were able to order all of the casing we needed from Manufacturers in China. The Mills there are going to manufacture what we need and ship it to Houston within 120 days of our order. Once we are able to inspect it, thread it and then truck it to Lovington, NM, we will be able to commence the drilling of this well. However, we will not be able to negotiate a contract for a drilling rig until all of the casing is on the ground and ready to be used in the well. So, barring any problems, we hope to commence the drilling of this well by May 1, 2009. Please note that even if we don't have any problems with the casing or with getting a drilling contract in place and everything goes as planned, we still need and hereby request that you sign the extension of lease I requested in my July letter.

Please sign the enclosed Extension of Oil and Gas Lease in the presence of a notary and return it to me at your earliest convenience and I will mail you a check in the amount of \$872.22 upon receipt. If you have any questions please call me toll free at 1-800-535-8924

Thank you, we appreciate your help and patience in this endeavor.

Yours Very Truly,

3101 N. Pecos St, 79705

P. O. Box 51990 Midland, Texas 79710-1990 Phone (432) 682-7346 Fax (432) 683-9584 e-mail: <u>land@purvisop.com</u>

THIRD & FINAL NOTICE

November 12, 2008

Lawrance Dotson P.O. Box 556 Sierra Blanca, TX 79851

RE: E/2 of Section 7 & All of Section 17, T-15-S, R-35-E, Lea County, NM

Dear Mr. Dotson:

Enclosed please find a copy of the 10/1/2008 letter regarding the captioned Prospect and our desire to extend the leases covering the captioned lands.

A majority of the Mineral Owners owning an in interest in the captioned lands have already extended the leases covering the captioned lands. We only lack a few, of which you are one, and need to know what you would like to do. If you would like to participate in this well and pay your share of the costs associated with the drilling and equipping of this well, please review the Authority For Expenditure, then sign, date and return it to me at your earliest possible convenience. If you would rather take the \$25/acre bonus consideration and extend the lease for another year, please sign the attached Extension of Oil and Gas Lease in the presence of a notary and return it to me at your earliest possible convenience. Please note that if you fail to make a choice to either extend the lease or participate in this well, your interest may be force pooled and you will not only have your royalty reduced to 1/8 until we have recouped 100% of our investment PLUS a 200% penalty, BUT you will also lose the \$25/acre Bonus payment.

Please either sign the enclosed Extension of Oil and Gas Lease in the presence of a notary and return it to me and I will mail you a check in the amount of \$872.22 upon receipt OR sign the AFE and return it to me indicating your desire to participate.

If you have any questions please call me toll free at 1-800-535-8924

Thank you, we appreciate your help and patience in this endeavor.

Yours Very Truly,

STATE OF NEW MEXICO

COUNTY OF LEA

§ KNOW ALL MEN BY THESE PRESENTS THAT: §

Reference is here made to that certain Oil, Gas and Mineral Lease dated 7/19/2002, recorded in Book 1160, Page 273 of the Lea County Records, Lea County, New Mexico, from **Lawrance Dotson**, as Lessor, and Purvis Operating Co., as Lessee, as amended by Amendment, Clarification, Ratification and Revivor of Oil and Gas Lease recorded in Book 1449, Page 504 of the Lea County Records, Lea County, New Mexico (said lease, as amended, hereinafter referred to as the "Lease").

WHEREAS, the party executing this instrument below as Lessor ("Lessor") is the lessor named in the Lease (or the successor to such lessor) and the party executing this instrument below as Lessee ("Lessee") is the lessee named in the Lease.

WHEREAS, Lessor and Lessee desire to amend the Lease to revise numbered paragraph 6 of the Lease and to amend the primary term.

WHEREAS, to accomplish these purposes, Lessor and Lessee have agreed to amend, clarify, ratify and revive the Lease as set forth below.

NOW THEREFORE, for sufficient consideration received, the undersigned Lessor and Lessee hereby agree as follows:

(1) <u>Amendment of Primary Term</u>. Lessor and Lessee do hereby delete numbered Paragraph 2 of the Lease and replace said paragraph with the following:

Subject to the other provisions herein contained, this lease shall be for a term of four (4) years from November 30, 2005 (herein called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land hereunder or land with which it or any part of it may be pooled.

(2) <u>Replacement of Numbered Paragraph 6</u>. Lessor and Lessee do hereby agree that numbered Paragraph 6 of the Lease is deleted and replaced with the following:

If Lessee drills a well on said land, or on land with which said land or any part thereof is pooled, and said well is completed as a dry hole, or is not produced, or if production therefrom should cease from any cause, and if such completion or cessation of production occurs with one hundred eighty (180) days prior to or at any time after expiration of the primary term, this lease shall nevertheless remain in force if production or operations for drilling or reworking are commenced or resumed on said land, or land with which it or any part thereof is pooled, within one hundred eighty (180) days after such completion or cessation of production. Upon expiration of the primary term or at any time or times thereafter when this lease is not otherwise maintained, this lease shall remain in force so long as any operations for drilling or reworking are prosecuted (whether on the same or

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different wells) on said land, or land pooled with such land or any part thereof, with no cessation of more than one hundred eighty (180) consecutive days, and, if they result in production of oil, gas or other minerals, so long as oil, gas or other mineral is produced.

Lessor does hereby further, ratify, confirm, revive and amend the Lease as set forth herein and does hereby grant, lease, let and demise to Lessee and Lessee's successors and assigns upon the terms and conditions set forth in the Lease, as amended by this instrument, the following:

E/2 of Section 7 and all of Section 17, Township 15 South, Range 35 East, Lea County, New Mexico.

This instrument may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which are identical. For recording purposes, the signature and acknowledgment pages of the counterparts may be assembled into one document.

Executed as of the date of each party's acknowledgment below.

LESSOR:

LESSEE: PURVIS OPERATING CO.

Cora Dotson

J. H. Purvis, President

ACKNOWLEDGMENTS

STATE OF	§
COUNTY OF	§

This instrument was acknowledged before me on the _____ day of _____, 2008, by Cora Dotson.

My Commission Expires:_____

Notary Public – State of _____

STATE OF TEXAS COUNTY OF MIDLAND

This instrument was acknowledged before me on the _____ day of _____, 2008, by J. H. Purvis, as President of PURVIS OPERATING CO., a Texas corporation, on behalf of said corporation.

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My Commission Expires:

Notary Public – State of TEXAS

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3101 N. Pecos St, 79705

P. O. Box 51990 Midland, Texas 79710-1990 Phone (432) 682-7346 Fax (432) 683-9584 e-mail: <u>land@purvisop.com</u>

July 25, 2008

Charree Dotson P.O. Box 662 Summerset, TX 78060

RE: E/2 of Section 7 & All of Section 17, T-15-S, R-35-E, Lea County, NM

Dear Ms. Dotson:

On February 18, 2008 we sold the last of the interest in the Prospect we created which covers the captioned acreage in which you own 17.44 Net Mineral Acres. While clearing up some minor title issues, we began looking for casing and a rig to drill our first well which will be located in the NE/4 of Section 7. But, due to circumstances beyond our control, we have been unable to find the casing we need to drill this well. We have only been able to purchase the surface casing over the past 5 months and there does not appear to be any relief in sight. The reasons for this lack of casing are 1) China has shut down their foundries in order to clean up the air for the Olympics and 2) U. S. Steel bought Lone Star Steel located in East Texas, which is a large producer of our casing, and production has slowed to a crawl and 3) the larger operating companies purchased most of the inventory that was available when the crunch hit our industry and continue to buy in bulk stockpiling millions of feet of pipe.

I present this lack of materials situation because in the Oil and Gas Lease there is a provision which is used in just this circumstance known as the Force Majeure clause. The clause on the last page of the lease you executed, (Article 11), states the following:

When drilling, production or other operations on said land or land pooled with such land, or any part thereof are prevented, delayed or interrupted by lack of water, labor or materials, or by fire, storm, flood, war, rebellion, insurrection, sabotage, riot, strike, difference with workers, or failure of carriers to transport or furnish facilities for transportation, or as a result of some law, order, rule, regulation or necessity of governmental authority, either State or Federal, or as a result of the filing of a suit in which Lessee's title may be affected, or as a result of any cause whatsoever beyond the reasonable control of Lessee, the lease shall nevertheless continue in full force and effect. If any such prevention, delay or interruption should commence during the primary term hereof, the time of such prevention, delay or interruption shall not be counted against Lessee and the running of the primary term shall be suspended during such time; if any such prevention, delay or interruption should commence after the primary term hereof Lessee shall have a period of ninety (90) days after the termination of such period of prevention, delay or Interruption within which to commence or resume drilling, production or other operations hereunder, and this lease shall remain in force during such ninety (90) day period and hereafter in accordance with the other provisions of this lease. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or Interrupted.

The Force Majeure clause, noted above, does not require us to pay you any additional money to extend the lease. Thus, rather than invoking our rights under the Force Majeure clause, we would

like to offer you \$25/acre to extend the lease for one year. We would also like to amend the operations clause in your lease from 90 days to 180 days because not only is casing hard to find but so too are drilling rigs and pulling units. Thus, we may need additional time to commence certain operations. The operations clause on Page 2, (Article 6) of the lease you executed, states the following:

If Lessee drills a well on said land, or on land with which said land or any part thereof is pooled, and said well is completed as a dry hole, or is not produced, or if production therefrom should cease from any cause, and if such completion or cessation of production occurs within ninety (90) days prior to or at any time after expiration of the primary term, this lease shall nevertheless remain in force if production or operations for drilling or reworking are commenced or resumed on said land, or land with which it or any part thereof is pooled, within ninety (90) days after such completion or cessation of production. Upon expiration of the primary term or at any time or times thereafter when this lease is not otherwise maintained, this lease shall remain in force so long as any operations for drilling or reworking are prosecuted (whether on the same or different wells) on said land, or land pooled with such land or any part thereof, with no cessation of more than ninety (90) consecutive days, and, if they result in production of oil, gas or other minerals, so long as oil, gas or other mineral is produced.

The only change we request to the paragraph set forth above is to change "ninety (90)" to read "one-hundred-eighty (180)" in each instance above.

Enclosed please find an Extension of Oil and Gas lease for your execution. Please sign in the presence of a notary and return it to me at your convenience. I will mail you a check in the amount of \$436.11 upon receipt.

Thank you, we appreciate your help and patience in this endeavor.

Yours Very Truly,

3101 N. Pecos St, 79705

P. O. Box 51990 Midland, Texas 79710-1990 Phone (432) 682-7346 Fax (432) 683-9584 e-mail: <u>hand@purvisop.com</u>

SECOND NOTICE

October 1, 2008

Charree Dotson P.O. Box 662 Summerset, TX 78060

RE: E/2 of Section 7 & All of Section 17, T-15-S, R-35-E, Lea County, NM

Dear Ms. Dotson:

As I stated in my letter to you dated July 25, 2008, Purvis Operating Co. has been unable to find the casing needed to drill our well on the captioned acreage, in which you own 17.44 Net Mineral Acres, since May of this year. But, I am happy to inform you that last week we were able to order all of the casing we needed from Manufacturers in China. The Mills there are going to manufacture what we need and ship it to Houston within 120 days of our order. Once we are able to inspect it, thread it and then truck it to Lovington, NM, we will be able to commence the drilling of this well. However, we will not be able to negotiate a contract for a drilling rig until all of the casing is on the ground and ready to be used in the well. So, barring any problems, we hope to commence the drilling of this well by May 1, 2009. Please note that even if we don't have any problems with the casing or with getting a drilling contract in place and everything goes as planned, we still need and hereby request that you sign the extension of lease I requested in my July letter.

Please sign the enclosed Extension of Oil and Gas Lease in the presence of a notary and return it to me at your earliest convenience and I will mail you a check in the amount of \$436.11 upon receipt. If you have any questions please call me toll free at 1-800-535-8924

Thank you, we appreciate your help and patience in this endeavor.

Yours Very Truly,

3101 N. Pecos St, 79705

P. O. Box 51990 Midland, Texas 79710-1990 Phone (432) 682-7346 Fax (432) 683-9584 e-mail: <u>land@purvisop.com</u>

THIRD & FINAL NOTICE

November 12, 2008

Charree Dotson P.O. Box 662 Summerset, TX 78060

RE: E/2 of Section 7 & All of Section 17, T-15-S, R-35-E, Lea County, NM

Dear Ms. Dotson:

Enclosed please find a copy of the 10/1/2008 letter regarding the captioned Prospect and our desire to extend the leases covering the captioned lands.

A majority of the Mineral Owners owning an in interest in the captioned lands have already extended the leases covering the captioned lands. We only lack a few, of which you are one, and need to know what you would like to do. If you would like to participate in this well and pay your share of the costs associated with the drilling and equipping of this well, please review the Authority For Expenditure, then sign, date and return it to me at your earliest possible convenience. If you would rather take the \$25/acre bonus consideration and extend the lease for another year, please sign the attached Extension of Oil and Gas Lease in the presence of a notary and return it to me at your earliest possible convenience. Please note that if you fail to make a choice to either extend the lease or participate in this well, your interest may be force pooled and you will not only have your royalty reduced to 1/8 until we have recouped 100% of our investment PLUS a 200% penalty, BUT you will also lose the \$25/acre Bonus payment.

Please either sign the enclosed Extension of Oil and Gas Lease in the presence of a notary and return it to me and I will mail you a check in the amount of \$436.11 upon receipt OR sign the AFE and return it to me indicating your desire to participate.

If you have any questions please call me toll free at 1-800-535-8924

Thank you, we appreciate your help and patience in this endeavor.

Yours Very Truly,

§

STATE OF NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS THAT:

COUNTY OF LEA

Reference is here made to that certain Oil, Gas and Mineral Lease dated 7/8/2002, recorded in Book 1158, Page 209 of the Lea County Records, Lea County, New Mexico, from **Charree Dotson**, as Lessor, and Purvis Operating Co., as Lessee, as amended by Amendment, Clarification, Ratification and Revivor of Oil and Gas Lease recorded in Book 1449, Page 513 of the Lea County Records, Lea County, New Mexico (said lease, as amended, hereinafter referred to as the "Lease").

WHEREAS, the party executing this instrument below as Lessor ("Lessor") is the lessor named in the Lease (or the successor to such lessor) and the party executing this instrument below as Lessee ("Lessee") is the lessee named in the Lease.

WHEREAS, Lessor and Lessee desire to amend the Lease to revise numbered paragraph 6 of the Lease and to amend the primary term.

WHEREAS, to accomplish these purposes, Lessor and Lessee have agreed to amend, clarify, ratify and revive the Lease as set forth below.

NOW THEREFORE, for sufficient consideration received, the undersigned Lessor and Lessee hereby agree as follows:

(1) <u>Amendment of Primary Term</u>. Lessor and Lessee do hereby delete numbered Paragraph 2 of the Lease and replace said paragraph with the following:

Subject to the other provisions herein contained, this lease shall be for a term of four (4) years from November 30, 2005 (herein called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land hereunder or land with which it or any part of it may be pooled.

(2) <u>Replacement of Numbered Paragraph 6</u>. Lessor and Lessee do hereby agree that numbered Paragraph 6 of the Lease is deleted and replaced with the following:

If Lessee drills a well on said land, or on land with which said land or any part thereof is pooled, and said well is completed as a dry hole, or is not produced, or if production therefrom should cease from any cause, and if such completion or cessation of production occurs with one hundred eighty (180) days prior to or at any time after expiration of the primary term, this lease shall nevertheless remain in force if production or operations for drilling or reworking are commenced or resumed on said land, or land with which it or any part thereof is pooled, within one hundred eighty (180) days after such completion or cessation of production. Upon expiration of the primary term or at any time or times thereafter when this lease is not otherwise maintained, this lease shall remain in force so long as any operations for drilling or reworking are prosecuted (whether on the same or different wells) on said land, or land pooled with such land or any part thereof, with no cessation of more than one hundred eighty (180) consecutive days, and, if they result in production of oil, gas or other minerals, so long as oil, gas or other mineral is produced.

Lessor does hereby further, ratify, confirm, revive and amend the Lease as set forth herein and does hereby grant, lease, let and demise to Lessee and Lessee's successors and assigns upon the terms and conditions set forth in the Lease, as amended by this instrument, the following:

E/2 of Section 7 and all of Section 17, Township 15 South, Range 35 East, Lea County, New Mexico.

This instrument may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which are identical. For recording purposes, the signature and acknowledgment pages of the counterparts may be assembled into one document.

Executed as of the date of each party's acknowledgment below.

LESSOR:

LESSEE: PURVIS OPERATING CO.

Charree Dotson	J. H. Purvis, President			
ACKNOWLEDGMENTS				
STATE OF § COUNTY OF §				
This instrument was acknowledged before me on the day of, 2008, by Charree Dotson.				
My Commission Expires:	Notary Public – State of			
STATE OF TEXAS § COUNTY OF MIDLAND §				
This instrument was acknowledged before me on the day of, 2008, by J. H. Purvis, as President of PURVIS OPERATING CO., a Texas corporation, on behalf of said corporation.				
My Commission Expires:	Notary Public – State of TEXAS			
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