

MACK C. CHASE

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February 12, 1997

VIA FACSIMILE TRANSMITTAL (915) 686-7806
HARDCOPY VIA U.S. MAIL SERVICE

Mr. Duke Roush
Nearburg Exploration Company, L.L.C.
3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705

RE: SW/4 SE/4 Section 28
T-20-S, R-33-E
Lea County, New Mexico
Tomahawk Prospect

Dear Mr. Roush:

Please be advised we are in receipt of your letter dated January 20, 1997.

Effective January 1, 1993, Arrowhead Oil Corporation was absorbed by Mack C. Chase, Trustee of the Mack C. and Marilyn Y. Chase Trust, U/T/A dated November 21, 1983 ("Mack C. Chase Trust"). Apparently the referenced property was inadvertently omitted from the conveyancing documents. We will remedy that situation with a new assignment as soon as possible.

In the meantime, Mack C. Chase Trust accepts your offer to grant Nearburg a two (2) year Term Assignment under the described lands for \$150.00 per net acre with Mack C. Chase Trust retaining an overriding royalty interest equal to the difference between existing burdens and 25%.

Please advise if you concur with this by signing in the space provided below and return one copy to the undersigned.

Sincerely,

Mack C. Chase Trust


James D. Brown, Jr.

JDBJ/ss

AGREED TO THIS 13th day of February, 1997.

NEARBURG EXPLORATION COMPANY, L.L.C.

By: 
A-I-F

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 11722 Exhibit No. — 7
Submitted By:
Nearburg Exploration Co.
Hearing Date: March 20, 1997