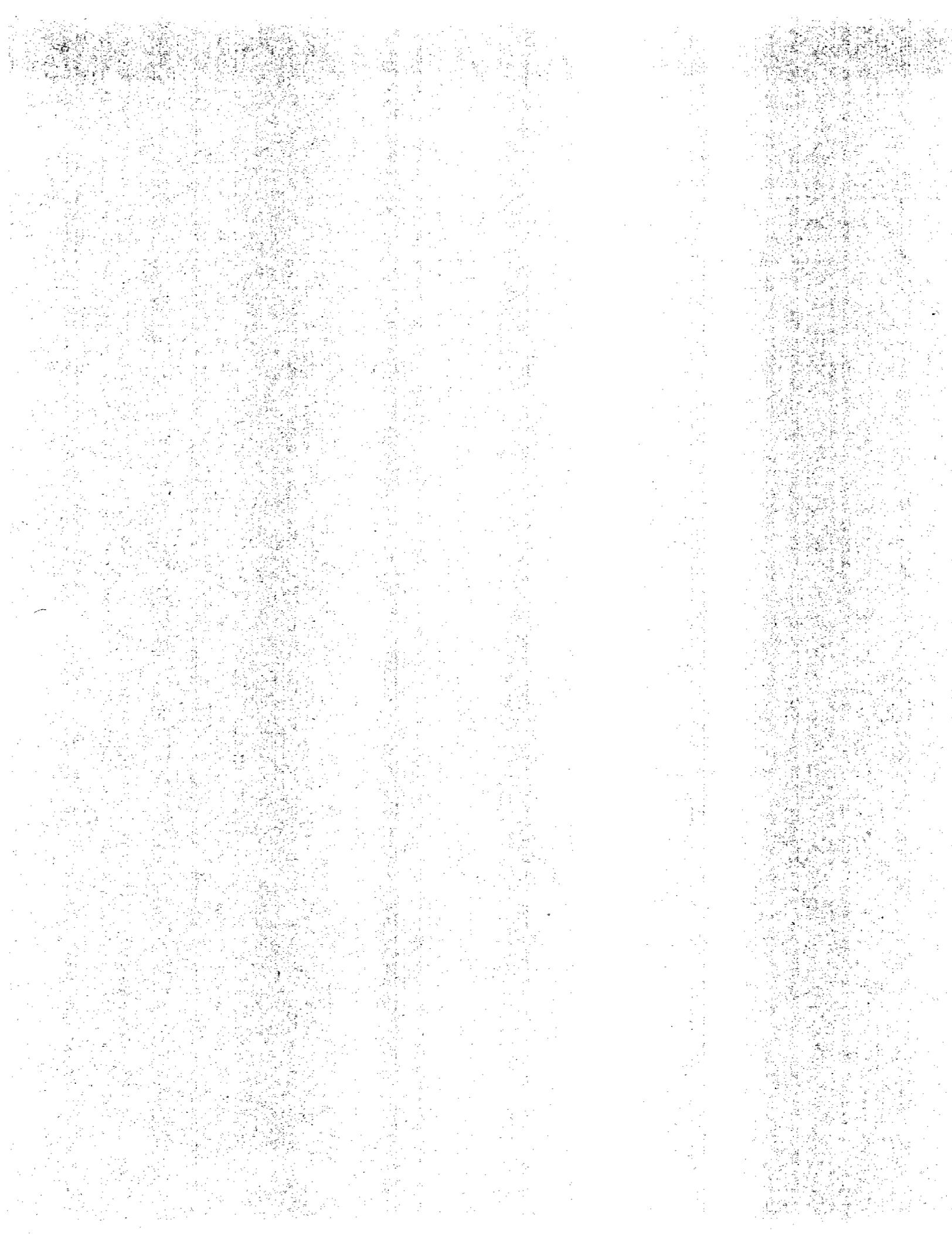


CHRONOLOGY OF D-K #6 WELL

- 9/7/97 Spud D-K #6 well.
- 9/9/97 Sent well proposal to James Leeton and Michael Morgan.
- 9/18/97 Spoke to James Leeton about proposed reworks on D-K wells. Asked about D-K #6. Mr. Leeton said they probably would go, but he had to find AFE. He said he would try to get them to me. Advised me he wanted to set a meeting with his consultant to review our proposals.
- 9/22/97 Received fax from Mr. Leeton discussing reworks and meeting with consultant.
- 9/23/97 Stopped faxing morning reports to Leeton and Morgan.
- 9/25/97 Met with Gerald Brockman, consultant for Morgan and Leeton, to discuss rework proposals on other D-K wells. Presented Mr. Brockman with maps and reviewed recent activity in the area. Discussed geology of our leases with him. He said he would recommend that Morgan and Leeton join in reworks. We did not discuss D-K #6.
- 9/26/97 Received faxes from Morgan and Leeton advising that they would not participate in D-K #6 well. Contacted their office to discuss options. Advised Mr. Leeton was in meeting. Requested that he return my call. Leeton does not return call.
- 9/29/97 Contact Leeton and Morgan's office to discuss D-K #6 well. Secretary advised that they were not available at that time. Left message for them to call me. No return call.
- 10/1/97 Talk to Mr. Leeton about his election not to participate. Offer \$150.00 per net acre for assignment of leasehold in SE/4 SE/4 Section 25, T-20-S, R-38-E, Lea County, New Mexico. Leeton advises not interested in money, but wants 5% override. I told him we could not accept 65% net revenue leases. Would advise management.
- 10/9/97 Doug Tull, co-owner of Stevens & Tull, Inc., contacts Mr. Leeton to discuss options. Mr. Tull tells Mr. Leeton that we would not give override. Mr. Leeton told Mr. Tull to make offer.
- 10/10/97 Send Leeton and Morgan offer for \$200.00 per net acre for balance of acreage in SE/4 of Section 25. Letter has deadline of 10/16/97.
- 10/17/97 Contact Mr. Leeton about our proposal. Mr. Leeton says he is not interested in money, but still wants 5% override. I told him we would not accept 65% net revenue on his leases. He said they were making arrangements for Compulsory Pooling hearing.



STEVENS & TULL, INC.

MIDLAND, TEXAS 79702

P. O. Box 11005

915/699-1410

March 13, 1997

Marathon Oil Company
P.O. Box 552
Midland, Texas 79702-0552

Attn: Mr. Joe Rusnak

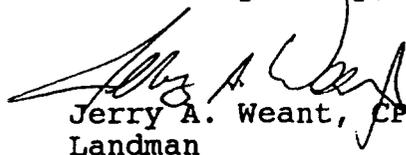
Re: Proposal to Drill
D-K #5 Well
2310'FSL & 330'FEL Sec. 25,
T-20-S, R-38-E, N.M.P.M.,
Lea County, New Mexico
South D-K Prospect

Gentlemen:

Stevens & Tull, Inc. proposes to commence drilling the captioned well before the end of March to a depth of 8,000 feet or a depth sufficient to test the Abo formation, whichever is the lesser; therefore, we request that your company join in the drilling of same of grant us a Term Assignment on the NE/4 SE/4 of Section 25, T-20-S, R-38-E, Lea County, New Mexico under the same terms you gave us on the SW/4 NE/4 of said Section 25. We propose that if you elect to join, we amend our existing Operating Agreement to include said acreage.

We have enclosed two (2) copies of our proposed AFE for your review. Please advise us of your decision at your earliest convenience. We are currently drilling a well in Section 24 and will move to another well in Section 23, both in the same township and range, prior to spudding the proposed well. Should you have any questions, please contact our office.

Yours very truly,


Jerry A. Weant, CPL
Landman

f:\lt\03139703.jaw

STEVENS & TULL, INC.

MIDLAND, TEXAS 79702

915/699-1410

P. O. Box 11005

March 13, 1997

Mary E. Leeton
P.O. Box 10561
Midland, Texas 79702

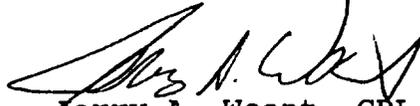
Re: Proposal to Drill
D-K #5 Well
2310'FSL & 330'FEL Sec. 25,
T-20-S, R-38-E, N.M.P.M.,
Lea County, New Mexico
South D-K Prospect

Dear Ms. Leeton:

Stevens & Tull, Inc. proposes to commence drilling the captioned well before the end of March to a depth of 8,000 feet or a depth sufficient to test the Abo formation, whichever is the lesser; therefore, we request that you join in the drilling of same. We propose that we amend our existing Operating Agreement to include NE/4 SE/4 of Section 25, T-25-S, R-38-E, Lea County, New Mexico.

We have enclosed two (2) copies of our proposed AFE for your review. Please advise us of your decision at your earliest convenience. We are currently drilling a well in Section 24 and will move to another well in Section 23, both in the same township and range, prior to spudding the proposed well. Should you have any questions, please contact our office.

Yours very truly,


Jerry A. Weant, CPL
Landman

I agree to amend that certain Operating Agreement dated September 1, 1987, between 3 Way Operating Company, as Operator, and Non-Operators covering the NE/4 of Section 25, T-20-S, R-38-E, Lea County, New Mexico to include the NE/4 SE/4 of Section 25, T-20-S, R-38-E, Lea County, New Mexico and treat the D-K #5 well as a subsequent well under same.

Date: _____

Mary E. Leeton

f:\lt\03139704.jaw



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

April 1, 1997

Attn: Mr. Jerry Weant
STEVENS & TULL, INC.
P. O. Box 11005
Midland, TX 79702-1005

Re: Term Assignment - D K #5
 Our Lease NM-4997 - Lake J. Frazier Sr. et al
 NE/4 SE/4 Section 25,
 T-20-S, R-38-E, N.M.P.M.,
 Lea County, New Mexico

Dear Jerry:

Enclosed, please find the above referenced Term Assignment, in duplicate. Please have both copies executed by Stevens & Tull, Inc., and return them to me along with your check in the amount of \$1,204.69 (4.81875 net acres @ \$250/ac). Once I have received the aforementioned items, I will have the Term Assignments executed by Marathon and return one (1) fully executed original to your attention. If anything further is needed please give me a call.

$$4.684892 \times 250 = 1,171,22$$

^ 1171223

Yours very truly,

A handwritten signature in cursive script that reads 'J. F. Rusnak'.

J. F. Rusnak 27 11 1997
Advanced Landman

JFR:mmc'
Encl.

STEVENS & TULL, INC.

MIDLAND, TEXAS 79702

915/699-1410

P.O. Box 11005

April 15, 1997

Marathon Oil Company
P.O. Box 552
Midland, Texas 79702-0552

Attn: Mr. Joe F. Rusnak

Re: Bonus Consideration
Term Assignment
NE/4 SE/4 Section 25,
T-20-S, R-38-E, N.M.P.M.,
Lea County, New Mexico
South D-K Prospect

Dear Joe:

Please find enclosed two (2) Term Assignment of Oil and Gas Lease which have been executed by Stevens & Tull, Inc. Additionally, we have enclosed our check for the amount of \$1,171.22, being the bonus consideration for such agreement.

As we discussed, we derived your interest by deducting 75% of 1/6th, being the Jones Robinson, Ltd. interest, from your original interest of 24.21223% (see enclosed Affidavit of Interest). This left Marathon with an 11.71223% GWI x 40 acres = 4.684892 net acres x \$250.00/net acre = \$1,171.22. After execution, please return one (1) copy of the assignment to our office for recording. Thanks for your cooperation.

Yours very truly,


Jerry A. Weant, CPL
Landman

STEVENS & TULL, INC.

P. O. Box 11005

MIDLAND, TEXAS 79702

915/699-1410

June 22, 1996

Fina Oil and Chemical Company
P.O. Box 2990
Midland, Texas 79702

Attn: Ms. Kitty Chalfant, CPL

Re: Term Assignment
SW/4 NE/4 and SE/4 Sec. 25,
T-20-S, R-38-E, N.M.P.M.,
Lea County, New Mexico
D-K and South D-K Prospects

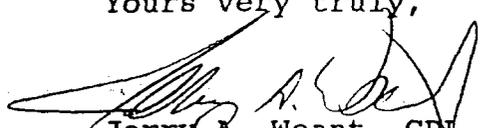
Ladies & Gentlemen:

As per our conversation, Stevens & Tull, Inc. is desirous of acquiring a Term Assignment from Fina Oil and Chemical Company and Petrofina Delaware, Incorporated under the following terms:

1. One (1) year primary term.
2. \$100.00 per net mineral acre bonus.
3. Overriding royalty interest equal to the difference between 25.00% and existing lease burdens.
4. 180 day continuous development provision.
5. Stevens & Tull, Inc.'s review and approval of your Term Assignment form.

We currently operate 3 wells in the N/2 NE/4 and SE/4 NE/4 of Section 25, and the 2 entities referenced above farmed out their interest for the same override, being an undivided .0020894 each. Each entity owns 12.5% of a 26.74479% leasehold interest under the NE/4 of Section 25. ~~Your interest in the SE/4 will be less, because not all of TXO Production Corp.'s leases covered the entire E/2 of Section 25, T-20-S, R-38-E, N.M.P.M., Lea County, New Mexico.~~ We intend to spud our new well in mid-August; therefore, we request that you give this request your prompt attention. Thank you for your cooperation in this matter.

Yours very truly,


Jerry A. Weant, CPL
Landman

f:\lt\fina.d-k

STEVENS & TULL, INC.

MIDLAND, TEXAS 79702

915/699-1410

P. O. Box 11005

August 1, 1997

Marathon Oil Company
P.O. Box 552
Midland, Texas 79702-0552

Attn: Mr. Joe Rusnak

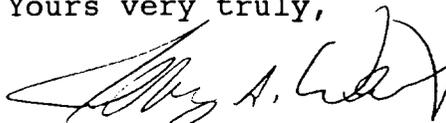
RE: Proposal to Drill
D-K #6 Well
990'FSL & 330'FEL Sec. 25,
T-20-S, R-38-E, N.M.P.M.,
Lea County, New Mexico
South D-K Prospect

Gentlemen:

Stevens & Tull, Inc., Manager of Stevens & Tull Development, LLC., proposes to commence drilling the captioned well within the next 60 to 90 days depending on rig availability to a depth of 7,900' or a depth sufficient to test the the Abo formation, whichever is the lesser; therefore, we request that Marathon Oil Company join in the drilling of same or grant us a Term Assignment on the SE/4 SE/4 of Section 25, T-20-S, R-38-E, Lea County, New Mexico under the same terms as previous agreements covering the SW/4 NE/4 and NE/4 SE/4 of Section 25. We propose that if Marathon elects to participate in this well that we amend our existing Operating Agreement covering the NE/4 of Section 25 to include this acreage.

We have enclosed two (2) copies of our AFE for your review. If you elect to grant us a Term Assignment, we request that you make it in favor of Stevens & Tull Development, LLC., a Texas Limited Liability company. Please advise us of your decision at your earliest convenience. Should you have any questions, please contact our office.

Yours very truly,



Jerry A. Weant, CPL
Landman

f:\proposal\southd-k.mar

STEVENS & TULL, INC.

P. O. Box 11005

MIDLAND, TEXAS 79702

915/699-1410

September 9, 1997

Michael T. Morgan
1503 Alcove
Midland, Texas 79701

James R. Leeton
P.O. Box 10561
Midland, Texas 79702

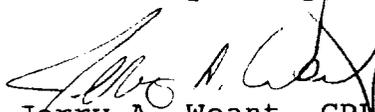
RE: Proposal to Drill
D-K #6 Well
990' FSL & 330' FEL Sec. 25,
T-20-S, R-38-E, N.M.P.M.,
Lea County, New Mexico
D-K Prospect

Gentlemen:

Please find enclosed for your review and execution two (2) copies of an AFE proposing to drill the captioned well to a depth of 7,900 feet or a depth sufficient in Operator's opinion to test the Abo formation, whichever is the lesser. This well is the South offset to our D-K #5 well which was completed in the Drinkard formation.

We now request that you elect to join us in this work by signing and returning one (1) copy of the enclosed AFE to our office as soon as possible. Due to rig scheduling, the subject well has already been spud. By execution of the subject AFE, you agree to amend our existing Operating Agreement dated September 1, 1987, which covers our operations in Section 25. Should you have any questions, please contact our office.

Yours very truly,


Jerry A. Weant, CPA
Landman

f:\proposal\d-k#6.pro



September 17, 1996

Stevens & Tull, Inc.
P.O. Box 11005
Midland, Texas 79702
ATTN: Mr. Jerry A. Weant

RE: Term Assignment of OGL
T-20-S, R-38-E, N.M.P.M.
Section 25: SW/4 NE/4 & SE/4
Lea County, New Mexico

Dear Jerry:

Please find enclosed the Term Assignment of Oil and Gas Lease dated effective August 15, 1996 and covering the referenced tract in Lea County, New Mexico executed by Thomas M. Wadsworth on behalf of Fina Oil and Chemical Company and Petrofina Delaware, Incorporated.

Please send Fina a recorded copy of the Term Assignment upon receipt from the Lea County Clerk.

Thank you and should you have any questions, please do not hesitate to call.

Sincerely,

Fina Oil and Chemical Company

A handwritten signature in black ink, appearing to read "Steve Pitts".

Steve Pitts, CPL
Contract Landman

Mid-Continent Region
Production United States



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

September 22, 1997

Attn: Mr. Jerry Weant
STEVENS & TULL, INC.
P. O. Box 11005
Midland, TX 79702-1005

Re: Term Assignment - D K #6
Our Lease NM-4997 - Lake J. Frazier Sr. et al
SE/4 SE/4 Section 25,
T-20-S, R-38-E, N.M.P.M.,
Lea County, New Mexico

Dear Jerry:

Enclosed, please find the above-referenced Term Assignment, in duplicate. Please have both copies executed by Stevens & Tull, Inc. and return them to me along with your check in the amount of \$1,171.22 (4.68 net acres @ \$250.00 per net acre).

Once I have received the aforementioned items, I will have the Term Assignments executed by Marathon and return one (1) fully executed copy to your attention. If anything further is needed please give me a call.

Yours very truly,

A handwritten signature in black ink that reads 'J. F. Rusnak'.

J. F. Rusnak
Advanced Landman

JFR:mmc'
Encls.

JAMES R. LEETON, JR.
P. O. Box 10561
Midland, Texas 79702
(915) 683-0803

September 22, 1997

Stevens & Tull, Inc.
P. O. Box 11005
Midland, Texas 79702

Fax 699-1113

Attention: Mr. Bob Stevens

Re: *Proposals to Rework DK Nos. 1, 3 and 5, Lea County, New Mexico*

Dear Mr. Stevens:

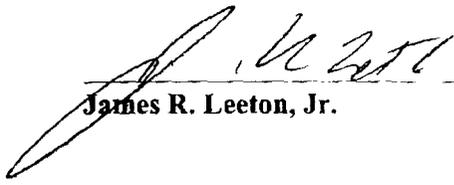
I, along with Michael T. Morgan, are in receipt of your September 18, 1997 proposals to rework the above wells in the Blinbry formation in the Nos. 1 and 3 and the Abo formation in the No. 5 well. In order that we may more fully analyze Stevens & Tull's proposals, we hope to retain Gerald Brockman to visit with you, Doug or your engineer regarding the current production from the DK wells along with the results of the recompletion of the Collins & Ware wells. Additionally, I plan on asking Mr. Brockman to discuss with you the prospect for converting the abandoned well on the East half of Section 25 into a disposal well.

Although I have not discussed the above ideas with Mr. Brockman as of yet, I am assuming that he will be able to come to your office sometime this week to discuss the above issues. It would be convenient for all parties concerned if you would have the daily production reports for all five wells plus the Collins & Ware wells in which Stevens & Tull is a participant for August and September.

Although I have reservations about recompleting the above wells at \$17.50 oil while they are still producing in paying quantities especially when I believe that Stevens & Tull's time could be better spent right now in cutting expenses for said wells by converting the abandoned well to a disposal well, both Mr. Morgan and I are willing to consider Stevens & Tull's proposals. For your information, we are both of the opinion that the proposed operations cannot be commenced without the consent of all of the parties under the well pursuant to Article 7C No. 2 of the Operating Agreement.

I will call you or Mr. Tull later on today or in the morning regarding a convenient time for the meeting.

Very truly yours,



James R. Leeton, Jr.

JRL/dlp
c:\jr\oil&gas\stevens ltr

cc: Mr. Michael T. Morgan
Mr. Gerald Brockman (fax 683-7353)

STEVENS & TULL, INC.

MIDLAND, TEXAS 79702

915/699-1410

P. O. Box 11005

September 25, 1997

Marathon Oil Company
P.O. Box 552
Midland, Texas 79702-0552

Attn: Mr. Joe F. Rusnak

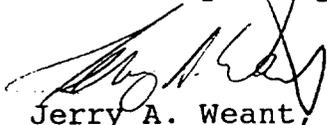
Re: Bonus Consideration
Term Assignment
SE/4 SE/4 Section 25,
T-20-S, R-38-E, N.M.P.M.,
Lea County, New Mexico
South D-K Prospect

Dear Joe:

Please find enclosed two (2) copies of Marathon's Term Assignment of Oil and Gas Leases covering the captioned lands which have been executed by Stevens & Tull, Inc. Additionally enclosed is our check for \$1,171.22.

Please return a fully executed and acknowledged copy to our office for further handling. Thank you for your cooperation in this matter.

Yours very truly,



Jerry A. Weant, CPL
Landman

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STEVENS & TULL, INC. P.O. BOX 11005 MIDLAND, TEXAS 79702 915-699-1410

INVOICE DATE	INVOICE NUMBER		NET AMOUNT
9/23/97	33705ck	Bonus Consideration for SE/4 SE/4 Section 25, T-20-S, R-38-E, Lea County, New Mexico	1,171.22
CHECK DATE 9/24/97	CHECK NUMBER 33705	VENDOR NUMBER 52280	AMOUNT OF CHECK 1,171.22

STEVENS & TULL, INC.
P.O. BOX 11005 MIDLAND, TEXAS 79702
PH. 915-699-1410

NORWEST BANK TEXAS, MIDLAND, N.A.
MIDLAND, TEXAS

CHECK NO.
33705

DATE 9/24/97

PAY*****1,171 DOLLARS AND*****22 CENTS *1,171.22*

PAY TO THE ORDER OF:

Marathon Oil Company
P.O. Box 552
Midland, TX 79702-0552

STEVENS & TULL, INC.

⑈033705⑈ ⑆16303895⑆

⑈0500959189⑈

JAMES R. LEETON, JR.

*P. O. Box 10561
Midland, Texas 79702
(915) 683-0803*

September 26, 1997

Via Facsimile No. 699-1113

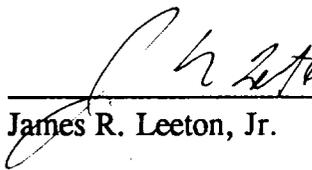
Stevens & Tull, Inc.
Attention: Mr. Bob Stevens
P. O. Box 11005
Midland, Texas 79702

Re: *September 9, 1997 Proposal to Drill DK #6 Well, Lea County, New Mexico.*

Dear Mr. Stevens:

I respectfully decline to join in the drilling of the DK #6 Well.

Very truly yours,



James R. Leeton, Jr.

JRLjr:wvs

MICHAEL T. MORGAN

*306 West Wall, Suite 700
Midland, Texas 79701
(915) 683-0803*

September 26, 1997

Via Facsimile No. 699-1113

Stevens & Tull, Inc.
Attention: Mr. Bob Stevens
P. O. Box 11005
Midland, Texas 79702

Re: *September 9, 1997 Proposal to Drill DK #6 Well, Lea County, New Mexico.*

Dear Mr. Stevens:

I respectfully decline to join in the drilling of the DK #6 Well.

Very truly yours,



Michael T. Morgan

MTM:wvs

STEVENS & TULL, INC.

P.O. Box 11005

MIDLAND, TEXAS 79702

915/699-1410

October 10, 1997

Michael T. Morgan
306 West Wall, Suite 700
Midland, Texas 79701

James R. Leeton, Jr.
P.O. Box 10561
Midland, Texas 79702

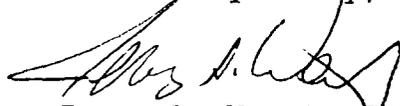
Re: Assignment of Oil & Gas Lease
SE/4 SE/4 & W/2 SE/4 Sec. 25,
T-20-S, R-38-E, N.M.P.M.,
Lea County, New Mexico
South D-K Prospect

Gentlemen:

As per your conversation with Doug Tull of our office, Steven & Tull, Inc. hereby offers to purchase an Assignment of Oil & Gas Leases from both of you covering all of your leasehold interest in the captioned land for a total cash consideration of \$1,500.00 (\$750.00 each), being \$200.00 per net acre times 7.5 net acres.

If this offer is acceptable, please acknowledge by executing the enclosed Assignment of Oil and Gas Leases and return same to our office. Please have your wives join in the execution of this assignment and print their names in the appropriate places. Upon receipt of same, we shall deliver you each checks for the above amounts. This offer shall remain open until 5:00 P.M. on Thursday, October 16, 1997. Should you have any questions, please contact our office.

Yours very truly,



Jerry A. Weant, CPL
Landman

TRANSMISSION VERIFICATION REPORT

TIME : 10/10/1997 16:35
NAME : STEVENS & TULL:1A ;
FAX : 9156991113
TEL : 9156991410

DATE, TIME	10/10 16:35
FAX NO./NAME	MORGAN & LEETON
DURATION	00:01:19
PAGE(S)	04
RESULT	OK
MODE	STANDARD ECM

