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Manzano Oil Corporation

P.O. Box 2107  
Roswell, New Mexico 88202-2107  
(505) 623-1996  
FAX (505) 625-2620

November 10, 1998

Certified Mail  
Return Receipt Requested

Olivia Gutierrez  
P.O. Box 1433  
Lovington, NM 88260

Re: Quarry #1 Well  
Lot 15 Section 3, 16S-36E  
Lea County, New Mexico

Dear Ms. Gutierrez:

We are proposing the drilling of the Quarry #1 well in Lot 15 of Section 3, T-16-S, R-36-E, Lea County, New Mexico. The legal location for the well is 3526' FSL and 2095' FEL and will be drilled to a depth of 11,800' to test the Strawn Formation.

You have previously been extended an opportunity to lease your mineral rights by Manzano Oil Corporation and having not reached a lease agreement with you, we now request your participation in the above described well. Your election to participate shall be evidenced by your execution of an AFE and Joint Operating Agreement, naming Manzano Oil Corporation as operator, and payment of your proportionate share of the drilling cost.

We would appreciate your notifying us as to your election on or before December 3, 1998 as we anticipate commencing the well around that date. Should you respond affirmatively, Manzano will provide a Joint Operating Agreement along with an invoice for your drilling cost.

Thank you for your attention to this matter, and let me know if you should have any questions in this regard.

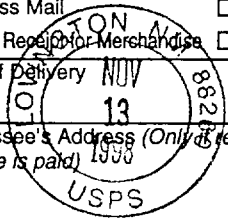
Sincerely,

  
Debbi Jeffers

Encl: AFE dated September 1, 1998

is your RETURN ADDRESS completed on the reverse side?

<b>SENDER:</b> <ul style="list-style-type: none"><li>Complete items 1 and/or 2 for additional services.</li><li>Complete items 3, 4a, and 4b.</li><li>Print your name and address on the reverse of this form so that we can return this card to you.</li><li>Attach this form to the front of the mailpiece, or on the back if space does not permit.</li><li>Write "Return Receipt Requested" on the mailpiece below the article number.</li><li>The Return Receipt will show to whom the article was delivered and the date delivered.</li></ul>		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: Olivia Gutierrez P.O. Box 1433 Lovington, NM 88260		4a. Article Number P 391 738 172	
		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
		7. Date of Delivery NOV 13 1998	
5. Received By: (Print Name)		8. Addressee's Address (Only if requested and fee is paid)	
6. Signature: (Addressee or Agent) X Jesus Gutierrez			



Thank you for using Return Receipt Service.

PS Form 3811, December 1994 Domestic Return Receipt

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Postmark or Date

Quarry, AP