

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

Ignacio and Apolonia Arciniega P.O. Box 1845 Lovington, NM 88260

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

Dear Mr. and Mrs. Arciniega:

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

SENDER: Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b. Print your name and address on the reverse of this form so that we card to you. Attach this form to the front of the mailpiece, or on the back if space permit. Write "Return Receipt Requested" on the mailpiece below the article The Return Receipt will show to whom the article was delivered and delivered.	ce does not le number.	I also wish to rece following services extra fee): 1.	(for an e's Address d Delivery
3. Article Addressed to: Ignacio and Apolonia Arciniega P.O. Box 1845 Lovington, NM 88260	4a. Article Number P 391 738 176 4b. Service Type Registered XX Certified Express Mail VING Insured Return Receiphor Merchandiss COD 7. Date of Delivery		
5. Received By: (Print Name) 6. Signature: (Addressee or Agent) XFol: Charlenge PS Form 3811, December 1994 USP ³ Quant - FR	8. Addresse and fee is 2595-97-8-0179	Domestic Retu	/