

**Blaine Hess
Oil Properties
Post Office Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 facsimile**

January 26, 2000

Ms. Lynda Pratt Rast
1202 Marlee Lane
Arlington, Texas 75219

Re: Oil and Gas Lease Offering,
Covering your mineral interest
NE/4SE/4 of Section 34,
T-16-S, R-38-E, N.M.P.M.
Lea County, New Mexico,
Containing 40.00 gross acres
And 0.25 net acres, more or less

Dear Ms. Rast:

Paladin Energy Corp. has purchased the WW Hamilton A No. 2 well that is currently temporarily abandoned. In this respect, Paladin is acquiring oil and gas leases so that they may re-enter the well and make a completion attempt in the Devonian formation.

Therefore, on behalf of Paladin Energy Corp., we submit an offer covering your mineral interest in the captioned lands of \$50.00 per net mineral acre bonus consideration for an eighteenth (18) month oil and gas lease that provides for a three-sixteenths (3/16ths) royalty interest on production.

Please consider this proposal as we are anxious to finalize our plans for this project. Should you have any questions, please contact me at the above phone number. Thank you.

Yours truly,

Blaine Hess

Bh/arh

**Blaine Hess
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Post Office Box 326
Roswell, New Mexico 88202-0326
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March 16, 2000

Ms. Lynda Pratt Rast
1202 Marlee Lane
Arlington, Texas 76014

Re: Lease Acquisition
Lea County, New Mexico

**NE/4SE/4 of Section 34, T-16-S, R-38-E, N.M.P.M.
containing 40.00 gross acres and .25 net acres,
more or less
Lea County, New Mexico**

Dear Ms. Rast:

Please find enclosed for your approval and signature the Paid-Up Oil and Gas Lease form, including a 10 day working sight draft in the amount of \$50.00.

The basic terms of the lease are a primary term of two years, royalty on production of 1/4th and bonus payment of \$200.00/net mineral acre, inclusive of paid up-rentals.

Please review the lease form and confirm that the information is correct. If the information is correct, please execute the lease and have your signature notarized in the spaces provided. Also please endorse the draft and submit it along with the executed lease to your bank for collection. If you have any additional questions, please call me at (505) 623-5400.

Thank you for your prompt attention to this matter.

Sincerely,



Blaine Hess