

devon
SFS OPERATING, INC.

20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102-8260

Telephone: (405) 552-4633
Fax: (405) 552-8113

November 2, 2000

Matador Petroleum Corporation
Suite 158, Pecan Creek
8340 Meadow Road
Dallas, TX 75231-3751

Attn: Mark A. Virant

**Re: Laura State "13" Com No. 2
E/2 Section 13-T21S-R34E
Lea County, New Mexico**

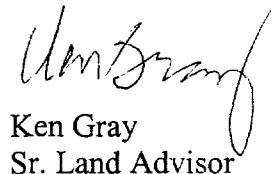
Dear Mark:

Devon SFS Operating, Inc. ("Devon") is in receipt of your letter dated October 20, 2000 proposing the referenced well, along with your proposed form of Joint Operating Agreement ("JOA"). Exhibit "A" attached to the JOA appears to credit a portion of Devon's leasehold interest within the spacing unit to Nearburg Exploration Company, L.L.C.

Please be advised that Devon should be credited with a 25% WI under your proposed well as a previously existing Area of Mutual Interest with Nearburg Exploration Company, L.L.C. has terminated.

Feel free to contact me if there are any questions.

Yours very truly,


Ken Gray
Sr. Land Advisor

KG:mb\matador.3

cc: Nearburg Exploration Company, L.L.C.
3300 North "A" Street, Suite 120
Building 2
Midland, TX 79705
Attn: Duke Roush

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 12573 Exhibit No. **7**
Submitted By:
Matador Petroleum Corp.
Hearing Date: January 11, 2001