

TMBR/Sharp

**Drilling, Inc.**

Drawer 10970
Midland, Texas 79702-7970
915-699-5050

Via Federal Express
Airbill No. 8297 4167 5428

January 22, 2002

James D. Huff
Lake Brenda Estates
506 County Road 2436
Mincola, Texas 75773

Re: Well Proposal
TMBR/Sharp Drilling Inc.'s Blue Fin "25" Well No. 1
N/2 Section 25, T16S, R35E, N.M.P.M.,
Lea County, New Mexico

Dear Mr. Huff:

TMBR/Sharp Drilling, Inc. hereby proposes to drill its Blue Fin "25" Well No. 1 at a standard well location in Unit E to a total depth of approximately 13,200 feet to be dedicated to a standard 320-acre gas spacing unit consisting of the N/2 of Section 25, T16S, R35E, N.M.P.M., Lea County, New Mexico, to test for production from any formation/pool currently spaced on 320-acre gas spacing units.

Based upon our most recent information, James D. Huff has a 14.6875% interest in this spacing unit based upon its working interest ownership of 4.50 acres in the W/2 NE/4 and 42.50 acres in the E/2 NE/4 of said Section 25.

Please find enclosed a copy of TMBR/Sharp Drilling, Inc.'s AFE which sets forth its estimate of the cost of drilling and completing this well. At this point, we have obtained the control of 81.7365% of the spacing unit.

Should you elect to participate, please sign the attached AFE and return it to me and upon our receipt our proposed Joint Operating Agreement will be forwarded to you for your execution.

Yours truly,

TMBR/Sharp Drilling, Inc.

Jeffrey D. Phillips
President

Enclosure

