

Lynx Petroleum Consultants, Inc.

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Hobbs, New Mexico 88240
505 392-6950

April 17, 1985

Texaco USA
P.O. Box 3109
Midland, Texas 79702

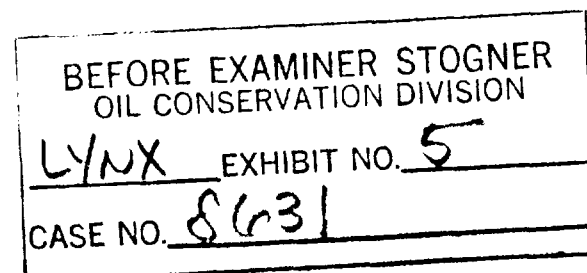
RE: Geraldine Doughty #1

Dear Mr. John Clark,

In previous correspondence dated January 15, 1985 Lynx Petroleum offered Texaco an offer to participate in a Queen completion in the referenced well or farmout your acreage. Your letter dated March 28, 1985 stated Texaco was not interested under the terms as outlined.

Lynx Petroleum is now requesting a farmout on Texaco's acreage covering the S/2 SW/4 Section 25, T-16S, R-36E, Lea County, New Mexico from surface to 4100'. This acreage would be included in a 160 acre proration unit to be dedicated to a Queen zone in the Geraldine Doughty #1. Lynx Petroleum is offering the following terms:

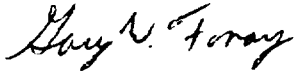
- 1) Texaco would deliver a 75% net lease to Lynx and retain an option to convert any overriding royalty to a 25% WI at payout.
- 2) Lynx would commence recompletion operations on the Geraldine Doughty to test the Queen horizon within 120 days of a signed agreement. If the test is successful, Lynx would earn all rights from surface to 4100'.



If the above proposal is not acceptable, Lynx Petroleum plans to force pool all interests necessary to form a 160 acre proration unit comprising the SW/4 of section 25 to allow a Queen test.

Your timely consideration of this matter will be appreciated.

Sincerely,

A handwritten signature in cursive script, reading "Gary W. Fonay".

Gary W. Fonay
Vice-President

GWF/leb