

file

October 15, 1987

Mrs. Majorie Cone Kastman  
Kastman Oil Company  
P. O. Box 5930  
Lubbock, Texas 79408

RE: Proposed Devonian Test  
Erwin No. 1  
EAST MORTON PROSPECT  
Lea County, New Mexico

Dear Mrs. Kastman:

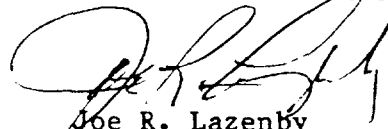


Pursuant to our conversation this date, it is my understanding that Fern Cone will convey her interest in the N/2 Section 3, T-15-S, R-35-E, Lea County, New Mexico, to Kastman Oil Company. Further, Kastman Oil Company, subject to reviewing Mitchell's geological information on the prospect, will timely elect to join a working interest unit covering the N/2 of Section 3, T-15-S, R-35-E, Lea County, New Mexico, for its proportionate part of costs, or grant a lease on its unleased minerals on the terms as outlined in my letter of October 2, 1987.

If this is your understanding of our conversation, please acknowledge your agreement in the space provided below and return a copy of this letter to the undersigned. Upon our receipt of your concurrence, we will be in touch with Mr. Castello to arrange a time for reviewing the geological data.

Very truly yours,

MITCHELL ENERGY CORPORATION

  
Joe R. Lazenby  
District Landman

JRL/jm

AGREED TO THIS \_\_\_\_ DAY OF OCTOBER, 1987.

KASTMAN OIL COMPANY

BY: \_\_\_\_\_  
MARJORIE CONE KASTMAN

Before Examiner Stagner  
OIL CONVEYANCE DIVISION  
Exhibit No. 27  
Case No. \_\_\_\_\_