

GRIMM OIL COMPANY

P. O. BOX 35 - 309 FIRST NATIONAL BANK BUILDING
ABILENE, TEXAS 79604

JACK F. GRIMM

April 26, 1988

OFFICE 677-6663
677-9881

Billy J. Smith
B & W Oil Company
R - 252 N. Haldeman Road
Artesia, New Mexico 88210

Dear Sir,

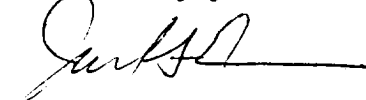
This letter will serve as my authority to assign to you the operating rights to the following wells located in Chaves County, New Mexico:

Jack F. Grimm #1 Federal-21
Jack F. Grimm #1 Federal-28
Jack F. Grimm #3 Federal-28

All these wells are located in the Vest Ranch Queen Sand Field. The effective date of the transfer of the operator's rights to you is April 1, 1988.

Regarding the Amerada-Hess .25 working interest and the Fannin Energy, Inc., .15 working interest in the Federal-21 lease only, they have elected not to sell. These two interests represent 40% of the working interest in the Federal-21 lease only.

Sincerely yours,



JACK F. GRIMM

JFG:jm

*Will send copy of
Operating rights if
Necessary.*

RECEIVED

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