



Michael A. Albosta
Coordinator, Gas Supply
Natural Gas and Gas Products Department

Conoco Inc.
10 Desta Drive, Suite 550E
Midland, Texas 79705
(915) 686-5553

December 22, 1992

Robert N. Enfield
P.O. Box 2431
Santa Fe, New Mexico 87504-2431

Attn: Robert Enfield

Re: Gas Purchase Proposal
Hudson "31" Fed #1 Lease
Lea County, New Mexico

Dear Robert:

Conoco has tested the above referenced well and would like to discuss terms for possible connection to Conoco's Maljamar Gas Plant.

Management is not enthused about continuing to connect high nitrogen gas, as with this well (see attached analysis); however, I believe we would buy the gas on certain conditions.

Firstly, in order to minimize our investment, we would suggest that you lay approximately 1/4 mile south to the HEYCO Atlantic 5 battery, at which Conoco would set a meter. Secondly, Conoco would amend the Hudson 5,6,7 contract #12044 to add this new lease and to allow Conoco to charge Enfield any penalties imposed on Conoco due to not being able to meet its plant residue BTU specification.

I have supplied historical 1992 netbacks for this lease assuming it was under the contract referenced above.

Please call to discuss at your earliest convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael A. Albosta".

Michael A. Albosta
Coordinator - Gas Supply