



THE UNIVERSITY OF TEXAS SYSTEM

University Lands Accounting Office

West Texas Operations

P.O. Box 579, Austin, Texas 78767-0579

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May 26, 2004

SECOND REQUEST

Attention: Land/Lease Records
Centurion Gas Corporation
P.O. Box 11065
Midland, TX 79702-8065

06/15/05 Gp.

RE: UT Lease No. 26637: SE/4 Sec 15, Blk 12, Andrews Co. TX

Attached please find a copy of the Lease Agreement pertaining to the above-described lease(s). Because your Lease Agreement does not contain a re-working provision as found in our more current lease forms, a cessation of production from the lease could result in its automatic termination. Since September 1955, every lease of University Lands has included a reworking provision, which provides that in the event of a cessation of production, the lease will not terminate so long as lessee commences additional drilling or reworking operations within sixty (60) days thereafter and those operations continue in good faith and in workmanlike manner without interruptions and result in the production of oil or gas. In order to preclude the risk of automatic termination of the lease in the event of a stoppage in production, and to provide certainty to the parties in the event of such a cessation, we recommend that you amend your Lease Agreement to add this provision.

Section 66.70 of the Texas Education Code provides for the amendment of an oil and gas lease to include certain provisions upon submission of an application and the related application fee. In addition to the 60-day reworking provision, the amendment also includes Shut-In Royalty and In-Kind Royalty provisions.


The Board for Lease of University Lands has voted to allow amendments of these old leases without the payment of the usual fees for a limited time. Should you be interested in taking advantage of the opportunity to amend your lease to include these provisions, or if you wish to discuss the procedures for and requirements of such amendment, please contact Georgia Pruitt via email at gpruitt@utsystem.edu, or by telephone at (432) 688-0446.

Any amendment of the lease would not affect your royalty obligations or other fees and payments as set out in your present lease.

Centurion Gas Corporation
May 26, 2004
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We hope that you will take advantage of this opportunity in order to avoid problems in the future.

Sincerely,

A handwritten signature in cursive script that reads "Patsy Neidig".

Patsy Neidig
Supervisor, Land Records and Revenue

PN/GLP/saw
Enclosure
(2004-7639)