

DOYLE HARTMAN

Oil Operator

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February 11, 2000

John H. Hendrix Corporation
110 Marienfeld, Suite 400
P.O. Box 3040
Midland, TX 79702

Michael L. Klein
500 W. Texas, Suite 1230
Midland, TX 79701

Attn: John H. Hendrix

Re: Settlement Proposal Corresponding to NMOCD Case No. 12343
John H. Hendrix Corporation's Proposed Eva Blinebry "B" No. 1
NE/4SW/4 Section 34, T-23-S, R-37-E
Lea County, New Mexico

Gentlemen:

Reference is made to John H. Hendrix Corporation's (Hendrix's) recent compulsory pooling action corresponding to Hendrix's proposed 6300-foot Yeso test well to be drilled in the NE/4SW/4 Section 34, T-23-S, R-37-E, Lea County, New Mexico. Reference is also made to that certain \$2143/acre purchase offer made by Plains Petroleum Corporation (Plains) for the purchase of Doyle Hartman's undeveloped Yeso rights, as to the W/2 Section 34, T-23-S, R-37-E.

Since Hendrix apparently wishes to promptly conclude a deal corresponding to the Hartman interest in the NE/4SW/4 Section 34, T-23-S, R-37-E, as evidenced by its previously unannounced compulsory pooling filing, we hereby propose the following equal-value property exchange, which value, as to Hendrix, is based on the Hendrix, et al ownership listed below, and as to Hartman, on the market value of our undeveloped Yeso acreage in the W/2 Section 34, T-23-S, R-37-E, as established by Plains' \$2143/acre purchase offer:

HARTMAN TO HENDRIX, ET AL

All of Hartman's rights, title, and interest as to that 200-acre portion of the Eva Blinebry "B" lease consisting of the NE/4NE/4 and SW/4 Section 34, T-23-S, R-37-E, which acreage

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possesses an established market value of \$121,883.25 ($.35546875 \times (120 + (.5)(80)) \times 2143 = 121,883.25$).

HENDRIX, ET AL TO HARTMAN

All of Hendrix, et al's rights, title and interest as to the following Lea County, New Mexico properties:

1. Hendrix-operated
Thomas "A" No. 1
SE/4SW/4 Section 17
T-24-S, R-37-E
(Assumed Hendrix, et al WI = 100%)
2. Hartman-operated
Emery King "NW" Nos. 1 and 4
S/2NW/4 Section 1
T-23-S, R-36-E
(WI = 16.6667%)
3. Hartman-operated
Emery King "NW" Nos. 2 and 6
S/2NW/4 Section 1
T-23-S, R-36-E
(ORRI = .683590%)
4. Hartman-operated
Emery King "NW" No. 5
NW/4 Section 1
T-23-S, R-36-E
(WI = 12.5%)
5. Hartman-operated
Emery King "SE" Nos. 1, 2, 3, 4, 5
SE/4 Section 1
T-23-S, R-36-E
(WI = 16.319442%)

6. Hartman-operated
Hobbs Nos. 4 and 5
(surface to base of Eumont)
SW/4 Section 18
T-20-S, R-37-E
(WI = 8.3333%)
7. Gruy-operated
Mattie James Lease
NE/4 Section 10
T-22-S, R-36-E
(WI = 10.0%)
8. Hartman-operated
Elliott "B-6" No. 1
(surface to base of Eumont)
W/2SW/4 Section 6
T-21-S, R-37-E
(WI = 12.5%)
9. Hartman-operated
R.W. Cowden Lease
R.W. Cowden "A" Lease
R.W. Cowden "B" Lease
R.W. Cowden "C" Lease
(surface to base of Jalmat)
W/2SE/4, SW/4 Section 30
W/2NE/4, NW/4 Section 31
T-23-S, R-37-E
(ORRI = .3666220%)

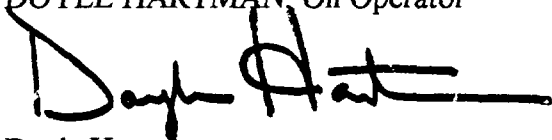
In conclusion, as to the acreage to be assigned by Hartman to Hendrix, et al, and Hendrix, et al to Hartman, the equal-value dollar amount of the property to be assigned has been previously established by Plains' \$2143/acre purchase offer for Hartman's rights in the W/2 Section 34, T-23-S, R-37-E. Moreover, the specific tracts that are to be assigned by Hartman to Hendrix, et al include the 40-acre drill site for the proposed Eva Blinbry "B" No. 1 well, as well as the tracts offered by Hendrix, et al to Hartman, as per Hendrix's exchange proposal letter dated February 2, 2000.

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In consideration of the imminently-scheduled hearing date of February 17, 2000, as well as your apparent eagerness to immediately commence the drilling of your proposed Eva Blinebry "B" No. 1 well, please let us promptly hear from you.

Very truly yours,

DOYLE HARTMAN, Oil Operator

A handwritten signature in black ink, appearing to read "Doyle Hartman", with a long horizontal stroke extending to the right.

Doyle Hartman

rCS
wp7\corresp.dh\hendrixBlinebry4

cc: New Mexico Oil Conservation Division
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