

DOYLE HARTMAN

Oil Operator

500 NORTH MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

(915) 682-7616 FAX

February 2, 2000

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

Attn: John H. Hendrix
Ronnie H. Westbrook

Re: John H. Hendrix Corporation's
Letter of February 2, 2000
(Hand Delivered at 2:09 p.m.)

Gentlemen:

Reference is made to the first paragraph of your letter of February 2, 2000, which was hand-delivered to us at 2:09 p.m., February 2, 2000. Reference is also made to that certain assignment of overriding royalty from Texaco Exploration and Production Inc. to John H. Hendrix Corporation covering the W/2 Section 34, T-23-S, R-37-E, Lea County, New Mexico, which was filed of record, at the Bureau of Land Management, in Santa Fe, New Mexico, on August 1, 1997.

Obviously, from the tone of the first paragraph of the above-referenced February 2, 2000 letter, John H. Hendrix Corporation apparently wishes for us to believe that, at all times, for the past four years, it has been eager to develop the Yeso (Paddock, Blinbry, Tubb, Drinkard) as to the W/2 Section 34, T-23-S, R-37-E, Lea County, New Mexico, despite the fact that (1) negotiations corresponding to John H. Hendrix Corporation's purchase of Texaco's 12.5% overriding royalty interest, under the W/2 Section 34, T-23-S, R-37-E, Lea County, New Mexico, were ongoing until August, 1997,

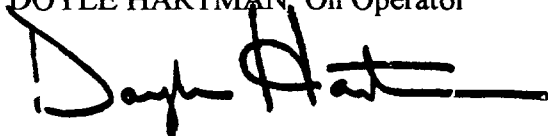
John H. Hendrix Corporation
February 2, 2000
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(2) oil pricing, at the end of 1998, hit a 13-year low, before beginning its recovery in 1999, and (3) John H. Hendrix Corporation did not make a subsequent assignment of the subject overriding royalty interest to the other members of the Hendrix group (Michael L. Klein, Ronnie H. Westbrook, Daniel L. Veirs) until April, 1999.

Although Doyle Hartman drilled and completed 3.75 net wells in the 2nd half of 1998, since we did not most recently hear from John H. Hendrix Corporation regarding Yeso development in the W/2 Section 34, until November 8, 1999, it is most probable that John H. Hendrix Corporation, like most operators, was not highly enthusiastic, during the very-significant oil price slump of 1998 and 1999, about performing development work on leases with very-slow-payback highly-marginal economics.

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

wp7\corresp.dh\hendrix\Blinebry2

cc: New Mexico Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87505
Attn: Michael Stogner
Lori Wrotenbery

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

Ronnie H. Westbrook
P.O. Box 3171
Midland, TX 79702

John H. Hendrix Corporation
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Campbell, Carr, Berge & Sheridan, P.A.
110 N. Guadalupe, Suite 1 (87501)
P.O. Box 2208
Santa Fe, NM 87504-2208
Attn: William F. Carr
Paul R. Owen

James A. Davidson
214 W. Texas, Suite 710
Midland, TX 79701

Larry A. Nermyr
HC-57
Box 4106
Sydney, MT 59270

James E. Burr
3803 Wedgewood Court (79707)
P.O. Box 8050
Midland, TX 79708-8050

Ruth Sutton
2826 Moss
Midland, TX 79705

ARCO Permian
600 N. Marienfeld (79701)
P.O. Box 1610
Midland, TX 79702
Attn: Lee Scarborough, Landman

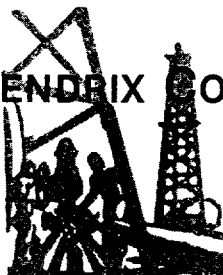
Gallegos Law Firm
460 St. Michaels Dr., Bldg. 300
Santa Fe, NM 87505
Attn: J.E. Gallegos
Michael Condon

John H. Hendrix Corporation
February 2, 2000
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DOYLE HARTMAN, Oil Operator (Midland)
Don Mashburn
Steve Hartman
Sheila Potts
Linda Land

DOYLE HARTMAN, Oil Operator (Dallas)

JOHN H. HENDRIX CORPORATION



MAILING ADDRESS
P.O. BOX 3040
MIDLAND, TX 79702-3040

(915) 684-6631
FAX (915) 684-7317
110 N. MARIENFELD, SUITE 400
MIDLAND, TEXAS 79701-4412

February 2, 2000

VIA HAND-DELIVERY

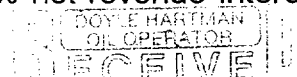
Doyle Hartman
Oil Operator
500 N. Main
Midland, TX 79701

RE: Exchange Proposal
Eva Blinebry "A" & "B" Leases
W/2 Section 34, T23S - R37E
Lea County, New Mexico

Dear Mr. Hartman:

In reference to your letter dated January 31, 2000, regarding Proposed Voluntary Plan of Cooperation and Development, John H. Hendrix Corporation first proposed jointly developing this lease in February, 1996. That and subsequent drilling proposals by Hendrix have been ignored by Doyle Hartman, Oil Operator. You should understand, therefore, that we do not consider waiting 4 years to drill a well to be extreme eagerness on our part. If a convenient time to commence development has not been found in the last four years, we think it unlikely to occur soon.

That issue aside, Hendrix, et al is interested in a possible exchange of interests. We therefore counter-propose that Hendrix, et al assign to Hartman all working interest rights in the NE/4 NW/4, NW/4 SW/4, and SE/4 SW/4 of Section 34. In exchange Hartman would assign to Hendrix, et al, all its working interest rights in the NW/4 NW/4, the S/2 NW/4, the NE/4 SW/4 and SW/4 SW/4. On a net acreage basis, Hendrix, et al, would be assigning 63.671875 net acres to Hartman; and Hartman would be assigning 63.984366 net acres to Hendrix, et al. This exchange would be an exchange of working interest rights only. Each party would deliver a proportionate 75% net revenue interest. The ARCO and Nermyr rights will be unaffected.



FEB 02 2000

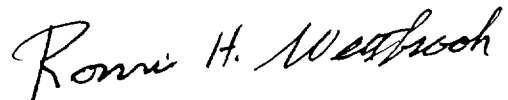
Doyle Hartman

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February 2, 2000

In light of our scheduled February 17, 2000 hearing, we look forward to your prompt response.

Very truly yours,

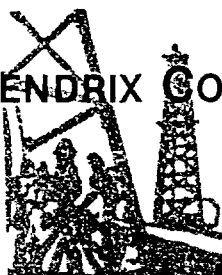
A handwritten signature in cursive script that reads "Ronnie H. Westbrook".

Ronnie H. Westbrook

DLV/ah

cc: Davidson

JOHN H. HENDRIX CORPORATION



MAILING ADDRESS
P.O. BOX 3040
MIDLAND, TX 79702-3040

(915) 684-6631
FAX (915) 684-7317
110 N. MARIENFELD, SUITE 400
MIDLAND, TEXAS 79701-4412

February 2, 2000

This is an acknowledgment that a letter was received by Doyle Hartman's Midland Office from John H. Hendrix Corporation.

By: Christine Spangler
Time: 2:09
Date: 2-2-00

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0034
Expires: July 31, 1995

RECEIVED
BUR. OF LAND MGMT.
N.M.S.O. SANTA FE
AM AUG 01 1997
7:49, 10:11, 12:11, 2:31, 4:51, 6:11 PM

**ASSIGNMENT OF RECORD TITLE INTEREST IN A
LEASE FOR OIL AND GAS OR GEOTHERMAL RESOURCES**

Mineral Leasing Act of 1920 (30 U.S.C. 181 et seq.)
Act for Acquired Lands of 1947 (30 U.S.C. 351-359)
Geothermal Steam Act of 1970 (30 U.S.C. 1001-1025)
Department of the Interior Appropriations Act, Fiscal Year 1981 (42 U.S.C. 6508)

Lease Serial No.
LC 065722; ~~800805~~
Lease Effective Date
(Anniversary Date)
New Serial No.

Type or print plainly in ink and sign in ink.

PART A: ASSIGNMENT

1. Assignee* John H. Hendrix Corporation
Street 110 N. Marienfeld, Ste 400
City, State, ZIP Code Midland, TX 79701-4412

*If more than one assignee, check here ☐ and list the name(s) and address(es) of all additional assignees on the reverse of this form or on a separate attached sheet of paper.

This record title assignment is for: (Check one) ☐ Oil and Gas Lease, or ☐ Geothermal Lease

Interest conveyed: (Check one or both, as appropriate) ☐ Record Title, ☒ Overriding Royalty, payment out of production or other similar interests or payments

2. This assignment conveys the following interest:

Land Description <small>Additional space on reverse, if needed. Do not submit documents or agreements other than this form; such documents or agreements shall only be referenced herein.</small>	Percent of Interest			Percent of Overriding Royalty or Similar Interests	
	Owned	Conveyed	Retained	Reserved	Previously reserved or conveyed
a	b	c	d	e	f
Township 23 South, Range 37 East Section 34: W/2 containing 320 acres, more or less, in Lea County, New Mexico INSOFAR AND ONLY INSOFAR AS TO THOSE DEPTHS BELOW THE BASE OF THE SAN ANDRES FORMATION.	12.50% of 8/8 on Oil	all	none	none	none
	6.25% of 8/8 on Gas				

FOR BLM USE ONLY—DO NOT WRITE BELOW THIS LINE

UNITED STATES OF AMERICA

This assignment is approved solely for administrative purposes. Approval does not warrant that either party to this assignment holds legal or equitable title to this lease.

☐ Assignment approved for above described lands;

☐ Assignment approved for attached land description

Assignment approved effective _____

☐ Assignment approved for land description indicated on reverse of this form.

By _____
(Authorized Officer)

(Title) 11/26
(Date)

PART B: CERTIFICATION AND REQUEST FOR APPROVAL

1. The Assignor certifies as owner of an interest in the above designated lease that he/she hereby assigns to the above assignee(s) the rights specified above.
2. Assignee certifies as follows: (a) Assignee is a citizen of the United States; an association of such citizens; a municipality; or a corporation organized under the laws of the United States or of any State or territory thereof. For the assignment of NPR-A leases, assignee is a citizen, national, or resident alien of the United States or association of such citizens, nationals, resident aliens or private, public or municipal corporations; (b) Assignee is not considered a minor under the laws of the State in which the lands covered by this assignment are located; (c) Assignee's chargeable interests, direct and indirect, in each public domain and acquired lands separately in the same State, do not exceed 246,080 acres in oil and gas leases (of which up to 200,000 acres may be in oil and gas options), or 300,000 acres in leases in each leasing District in Alaska of which up to 200,000 acres may be in options, if this is an oil and gas lease issued in accordance with the Mineral Leasing Act of 1920, or 51,200 acres in any one State if this is a geothermal lease; (d) All parties holding an interest in the assignment are otherwise in compliance with the regulations (43 CFR Group 3100 or 3200) and the authorizing Acts; (e) Assignee is in compliance with reclamation requirements for all Federal oil and gas lease holdings as required by sec. 17(g) of the Mineral Leasing Act; and (f) Assignee is not in violation of sec. 41 of the Mineral Leasing Act.
3. Assignee's signature to this assignment constitutes acceptance of all applicable terms, conditions, stipulations and restrictions pertaining to the lease described herein.

For geothermal assignments, an overriding royalty may not be less than one-fourth (1/4) of one percent of the value of output, nor greater than 50 percent of the rate of royalty due to the United States when this assignment is added to all previously created overriding royalties (43 CFR 3241).

I certify that the statements made herein by me are true, complete, and correct to the best of my knowledge and belief and are made in good faith.

Executed this 1st day of JULY, 19 97

Executed this 26th day of JUNE, 19 97

Name of Assignor as shown on current lease Texaco Exploration and Production Inc.
Please type or print

Assignor _____
or _____
Attorney-in-fact _____
(Signature) J. K. HENDRICKSON

Assignee John H. Hendrix
or _____
Attorney-in-fact Vice President
(Signature) _____

P. O. Box 46513

(Assignor's Address)

Denver

CO

80201-6513

(City)

(State)

(Zip Code)

John H. Hendrix Corporation
P. O. Box 3040
Midland, TX 79702-3040

Public reporting burden for this form is estimated to average 30 minutes per response, including the time for reviewing instructions, gathering and maintaining data and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management, (Alternate) Bureau Clearance Officer, (WO-771), 1849 C Street, N.W., Washington, D.C. 20240, and the Office of Management and Budget, Paperwork Reduction Project (1004-0034), Washington, D.C. 20503.

Title 18 U.S.C. Sec. 1001 makes it a crime for any person knowingly and willfully to make to any Department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

43565

ASSIGNMENT OF OVERRIDING ROYALTY INTEREST

THE STATE OF NEW MEXICO }
COUNTY OF LEA } KNOW ALL MEN BY THESE PRESENTS

THAT JOHN H. HENDRIX CORPORATION, P. O. Box 3040, Midland, TX 79702-3040, hereinafter referred to as "Assignor", for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby confessed and acknowledged, does hereby grant, bargain, sell, transfer, convey and assign unto the following parties, their heirs, successors and assigns, hereinafter referred to as "Assignees", the interest set out below opposite their respective names:

Michael L. Klein 500 West Texas, Suite 1230 Midland, TX 79701	47.0000%
Ronnie H. Westbrook 3920 Tanforan Midland, TX 79707	2.0000%
Daniel L. Veirs 1209 West Cuthbert Avenue Midland, TX 79701-4121	4.0000%
Total Interest Assigned:	52.0000%
Interest Retained:	47.0000%
	100.0000%

in and to that certain overriding royalty interest described in Exhibit "A" attached to and made a part hereof, being that interest acquired by Assignor by virtue of that certain Assignment of Record Title Interest from Texaco Exploration and Production Inc., Assignor, to John H. Hendrix Corporation, Assignee, dated July 1, 1997, not recorded in Lea County, but filed with the Bureau of Land Management in Santa Fe, New Mexico.

This Assignment and all rights, reservations and covenants in connection herewith shall be binding upon the parties hereto, their heirs, successors and assigns, and their successive assigns, and the covenants hereof shall run with the land and leases.

To have and to hold the overriding royalty interest hereby assigned unto the said Assignees, their heirs, successors and assigns in accordance with the terms of this Assignment. For the same consideration above recited, Assignor agrees to warrant and defend title to the interests such Assignor has assigned Assignees by, through and under such Assignor, but not otherwise.

Witness the execution hereof this 20th day of April, 1999.

ASSIGNOR

JOHN H. HENDRIX CORPORATION

By: John H. Hendrix
Name: JOHN H. HENDRIX
Title: PRESIDENT

West Texas Intermediate
1995 to Present

