

BK EXPLORATION CORPORATION

810 S. Cincinnati Ave., Suite 208 • Tulsa, OK 74119-1612

Phone: (918) 582-3855 • Fax: (918) 582-3865 • Email: BKX@Webzone.net

April 25, 2000

Certified Z 161 436 289

APR 28 2000

James Minor Alexander
P O Box 58
Abilene TX 79604-0058

RE: Proposed Well AFE and JOA, SE/NE/4 of Section 34 T-23-S R-28-E, Eddy County, New Mexico

Dear Mr. Alexander:

As you are aware, BK Exploration Corporation ("BKX") has been attempting to obtain an oil and gas lease from you in the captioned land. Since we have not received a response from you regarding our attempt, it is implied that you have no interest in leasing your minerals to BKX under the proposed terms. Your lack of response further implies that you may desire to participate in our proposed well, so BKX is pleased to enclose for your review and approval an Authority for Expenditure ("AFE") and a Joint Operating Agreement ("JOA").

It has been the intent of BKX to obtain voluntary joinder from all mineral owners within the subject tract to create a 40 acre spacing unit to explore for hydrocarbons in the Delaware formation. As previously mentioned, your lack of response implies that you may desire to participate in this Delaware project rather than lease your 0.625 mineral acres to BKX.

The enclosed AFE is an estimate of the costs to be incurred to reenter the Pardue "34" Well No. 1 in the referenced location. This well was plugged and abandoned in 1993, at which time your previous lease under the well expired. It is our intent to reenter this well at the surface, then drill a new hole to encounter and test the Delaware formation. We are proposing that all operations be governed under the enclosed JOA.

Upon your review and approval of the enclosed material, please sign both copies of the AFE and the JOA (in the presence of a notary and 2 witnesses), then return one copy of each to our office.

In the event that you elect not to lease, and not to participate with your minerals in this well project, BKX has tentatively scheduled a compulsory pooling hearing for June 1, 2000 before the State of New Mexico in Santa Fe in an effort to combine, or pool, all of the minerals not voluntarily committed to this 40 acre spacing unit. You will be furnished with a notice of this hearing, under separate cover, in advance of the actual hearing date.

If you have any questions or comments regarding this proposal, please contact me at the letterhead address. Your consideration of leasing to, or participation with, BKX in this well project is appreciated. Thank you.

Sincerely,

BK EXPLORATION CORPORATION

Brad D Burks

Brad D. Burks, President

BDB

Enclosures

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Case No. 12410 Exhibit No. 4

Submitted by:

BK Exploration Company

Hearing Date: June 1, 2000

*is I have
said before
my price is
25% Royalty*

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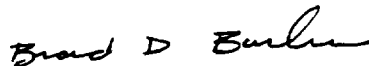
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If you have any questions or comments regarding this proposal, please contact me at the letterhead address. Your consideration of leasing to, or participation with, BKX in this well project is appreciated. Thank you.

Sincerely,

BK EXPLORATION CORPORATION



Brad D. Burks, President

BDB

Enclosures

BK EXPLORATION CORPORATION

810 South Cincinnati, Suite 208

Tulsa, Oklahoma 74119

(918) 582-3855 • FAX (918) 582-3865

March 22, 2000

James Minor Alexander
P O Box 58
Abilene TX 79604-0058

RE: 2-22-2000 Proposed Oil & Gas Lease, SE/NE/4 Section 34 T-23-S R-28-E Eddy County, New Mexico

Dear Mr. Alexander:

Please recall that BK Exploration Corporation furnished you (and your spouse) with an oil and gas lease proposal letter dated 2-22-2000 in the captioned acreage. Based on our title examination of Eddy County records, your interest in the captioned acreage is $1/48^{\text{th}}$ of 30 acres, or stated otherwise as 0.625 net acres. A lease form and a lease bonus check were attached to the 2-22-00 proposal letter for your consideration.

To date, we have not received a copy of the 2-22-2000 lease form approved by you, and are left to assume that you have no desire in approving the lease form under the proposed terms (2 years, 20% royalty, \$100 per net acre bonus).

After careful consideration on our part, we must continue to offer the same lease terms and lease bonus to you as before. Therefore, we respectfully request that you give additional consideration to our offered terms. The lease terms proposed on 2-22-00 by us are not ideal for our potential drilling project, but are minimally acceptable. Our drilling project is located next to a well that was plugged and abandoned in 1993. Any lease terms better, for you, than those proposed would prevent the drilling of our project, mainly because of the risk versus calculated reward of our project.

We have enclosed another set of oil and gas lease forms in case the previous set furnished you is not available. Please give more thought to our position and reconsider the proposed terms. The enclosed forms are identical to those previously attached to the 2-22-2000 letter. If you have any questions, please call me at your convenience.

If our office does not receive an approved lease form from you by April 21, 2000, we will assume that you continue to not accept the proposed terms. Since we need your acreage committed to a pooled unit prior to drilling, we will furnish you with an invitation to participate in our drilling project on a voluntary basis. Should you not accept our invitation to participate in the well with your mineral interests, we have an avenue in the State of New Mexico to plea for compulsory pooling of your mineral interests. If such a pooling is granted, a penalty can be assessed against future revenue pertaining to your interest in this drilling project.

In case you have already approved and mailed the lease form by the time you receive this letter, please accept my apologies in advance. Thank you for your consideration of our proposal.

Yours very truly,

BK EXPLORATION CORPORATION

Brad D. Burks, President

BDB

Enclosures

BK EXPLORATION CORPORATION

810 South Cincinnati, Suite 208

Tulsa, Oklahoma 74119

(918) 582-3855 • FAX (918) 582-3865

February 22, 2000

James Minor Alexander and Jerry Alexander
P O Box 58
Abilene TX 79604

RE: Proposed Oil & Gas Lease, SE/NE/4 Section 34 T-23-S R-28-E Eddy County, New Mexico

Dear Mr. and Mrs. Alexander,

BK Exploration Corporation, a family owned independent oil company, desires to obtain an oil and gas lease from you and your spouse in the captioned area. Per our recent conversations with Philip ("Phil") E. Guitar and other Guitar family members, we are enclosing for your review and approval an Oil & Gas Lease form (Producer's 88 New Mexico Form 342P) and a lease bonus check in the amount of \$62.50.

The enclosed lease form and lease bonus check are based on the terms agreeable by Phil Guitar and the Pardue family in Carlsbad, which are as follows:

- 2 year lease term, beginning 2-22-2000;
- \$100 per net acre in the SE/4 NE/4 of Section 34 T-23-S R-28-E;
- 20% royalty to be paid to each lessor according to their net acreage in the SE/4 NE/4.

Our title work indicates that you and your spouse own, as community property, an undivided 1/48 mineral interest in 30 acres of the SE/4 NE/4. This amount of interest is equal to 0.625 net acres owned by you and your spouse. Applying the \$100 per net acre lease bonus, we arrived at the check amount of \$62.50.


The Guitar and Pardue families share in the mineral ownership of this 30 acres. A total of 135 acres is owned by the 2 families in Section 34, but it was agreed among Phil Guitar, Bruce Pardue, and BK Exploration that 30 acres was sufficient at this time under the proposed lease terms.

Please review the enclosed lease forms, which we trust is a form that you are familiar with using. Should you consider your interest ownership to be solely owned by you, and not community property with your spouse, please insert on both forms the following statement above the signature lines: "12) First named lessor is sole owner of the leased minerals, which is not considered community property with my spouse."

Upon your acceptance of the form and the check, please: (1) ensure that both you and your spouse sign both lease forms (even if line 12 is inserted) in the presence of a notary, and (2) return one copy of your signed lease form to our office in the self-addressed, stamped envelope.

An identical copy of this lease form is being provided to all of the other Guitar family members and to Pardue Limited Company in Carlsbad as of this date. Should you have any questions or comments, please call me at the letterhead phone. Your consideration and approval of this lease proposal is genuinely appreciated. Thank you.

Yours very truly,


Brad D. Burks, President

BDB

Enclosures

