

c

DOYLE HARTMAN
Oil Operator
3811 TURTLE CREEK BLVD., SUITE 200
DALLAS, TEXAS 75219

(214) 520-1800
(214) 520-0811 FAX

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Via Facsimile (915) 571-5063 and FedEx

April 1, 1998

Pioneer Natural Resources USA, Inc.
303 W. Wall, Suite 101
P.O. Box 3178
Midland, TX 79702-3178

Attn: Richard C. Winchester

Re: 6-Month Modified "Producers 88" Lease
McCasland 18 Fee No. 11 Well
NE/4SW/4 Section 18, T-20-S, R-39-E, N.M.P.M.
Lea County, New Mexico

Gentlemen:

Reference is made to your proposed McCasland 18 Fee No. 11 well which well is scheduled to be drilled as an 8,000' Abo formation oil test at an orthodox location consisting of 1,980' FSL and 1,980' FWL of Section 18, T-20-S, R-39-E, N.M.P.M., Lea County, New Mexico.

In regard to the proposed McCasland 18 Fee No. 11 well, pleased find enclosed an executed free 6-month 25%-royalty oil and gas lease covering Pioneer's proposed 40-acre Abo drill site, which executed lease is on the modified "Producers 88" lease form that was submitted to us by your agent Bobby Floyd on July 10, 1997.

Since we have now provided to Pioneer, on Pioneer's proposed lease form, an executed lease covering the proposed 40-acre drill site, it is hereby understood that the compulsory pooling action now pending before the New Mexico Oil Conservation Division (Case No. 11932) corresponding to the McCasland 18 Fee No. 11 well, as it relates to our mineral interest, will be immediately withdrawn. Moreover, it is further understood that our executed lease to Pioneer, as enclosed

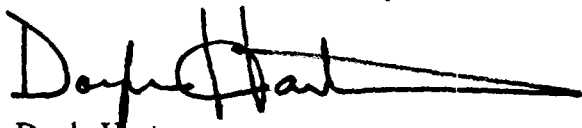
EXHIBIT "C"

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herewith, is also subject to us being furnished with all pertinent well information and data including but not limited to the information described on Exhibit "A" to the subject lease.

Very truly yours,

DOYLE HARTMAN, Oil Operator



Doyle Hartman

enclosures

rcs
wpdocs\corresp.dh\mccasl.and

cc: M. Craig Clark
500 W. Texas, Suite 1175
Midland, TX 79701
Via Facsimile (915) 682-6773 and FedEx

M. Craig Clark
c/o Hinkle, Cox, Eaton, Coffield & Hensley, L.L.P.
218 Montezuma (87501)
P.O. Box 2068
Santa Fe, NM 87504
Via Facsimile (505) 982-8623 and FedEx

Michael E. Stogner, Chief Hearing Officer
New Mexico Oil Conservation Commission
2040 S. Pacheco
Santa Fe, NM 87505
Via Facsimile (505) 827-8177 and FedEx

J.E. Gallegos
Gallegos Law Firm
460 St. Michaels Drive, Building 300
Santa Fe, NM 87505

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Michael J. Condon
Gallegos Law Firm
460 St. Michaels Drive, Building 300
Santa Fe, NM 87505

OIL & GAS LEASE

THIS AGREEMENT made this 1st day of April, 1998 between Doyle Hartman and wife, Margaret Hartman

of 3811 Turtle Creek Blvd., Suite 200, Dallas, Texas 75219

herein called lessor (whether one or more) and Pioneer Natural Resources USA, Inc., P.O. Box 3178, Midland, TX 79702-3178

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, ~~injecting gas, water, other fluids, and oil into subsurface strata~~, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

NE/4 SW/4 Section 18, T-20-S, R-39-E

Said land is estimated to comprise 40 acres whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of 6 months from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, 25% of that produced and saved from said land, same to be delivered at the wells or to the credit of lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of 25% of the gas used, provided that on gas sold on or off the premises, the royalties shall be 25% of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut-in, and thereafter at annual intervals, lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if lessee shall correct such error within 30 days after lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve lessee of the obligation to pay royalties on actual production pursuant to the provisions or paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of the wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land shall become incapable of producing for any cause, this lease shall not terminate if lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas, and water from said land, except water from lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by lessee on said land, including the right to draw and remove all casing. When required by lessor, lessee will bury all pipelines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barr now on said land without lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the right of lessee; and no such change or division shall be binding upon lessee for any purpose until 30 days after lessee has been furnished by certified mail at lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original lessor. If any such change in ownership occurs through the death of the owner, lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge lessee of any obligations hereunder and, if lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which lessee or any assignee thereof shall properly comply or make such payments.

9. Should lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule, or regulation of governmental authority, then while so prevented, lessee's duty shall be suspended, and lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while lessee is so prevented shall not be counted against lessee, anything in this lease to the contrary notwithstanding.

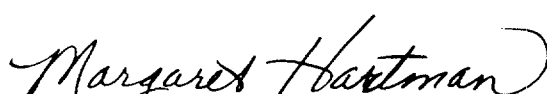
10. Lessor ~~hereby warrants and agrees to defend the title to said land~~ and agrees that lessee at its option may discharge any tax, mortgage or any other lien upon said land, and in the event lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of lessee's rights under the warranty, if this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender the lease, in whole or in part, to lessor or his heirs, successors and assigns by delivering or mailing a release thereof to the lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.



DOYLE HARTMAN

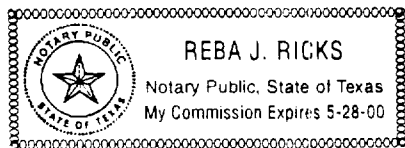


MARGARET HARTMAN

STATE OF TEXAS

COUNTY OF DALLAS

This instrument was acknowledged before me on this 1st day of April, 1998 by Doyle Hartman and Margaret Hartman.



Reba J. Ricks
Notary Public State of Texas
My Commission Expires 5-28-00

Attached to and made a part of that certain Oil & Gas Lease dated April 1, 1998
from Doyle Hartman, et ux, Lessor and Pioneer Natural Resources USA, Inc., Lessee.

Notwithstanding anything stated herein to the contrary, it is understood and agreed as follows:

12. This lease shall terminate at the end of the primary term, subject to being extended by Lessee complying with the provisions of Paragraph 2 hereof, as to any part of the above described land that is not included in a "producing well spacing unit" as prescribed by the New Mexico Oil Conservation Division. In addition, this lease shall terminate at the end of the primary term as to such producing well spacing units as to all rights in each such unit 100 feet below the deepest producing perforation. Lessor or Lessee may file an instrument reflecting such termination.
13. Lessor shall have the option of selling his net part of all production to the same purchasers and under the same terms as agreed to by Lessee. Lessee shall promptly give all information relative to such proposed sales to Lessor (including copies of all contracts) and Lessor shall have 90 days in which to agree to such terms or make other arrangements for the sale of his net part of all production. If necessary in making such arrangements, Lessee shall furnish to Lessor free of cost all well data including, but not limited to, copies of all logs.
14. No part of this lease shall be maintained in force solely by the payment of shut-in gas royalty for a period in excess of 2 years past the expiration of the primary term (as the same may be extended under paragraph 12 above).

EXHIBIT "A"

Attached to and made a part of that certain lease from Doyle and Margaret Hartman to Pioneer Natural Resources USA, Inc. dated April 1, 1998 and covering NE/4 SW/4 Section 18, T-20S, R-39-E, Lea County, New Mexico.

GEOLOGICAL AND GEOPHYSICAL DATA REQUIREMENTS

Hartman will require the following data on the subject well(s) to be furnished for its examination:

A. REPORTS AND NOTIFICATIONS

A daily progress report by 8:30 a.m. telecopied to (915) 682-7616 and (214) 520-0811, with a follow-up sent by mail. Said report shall include footage drilled, present operations, shows or indications of oil and/or gas, formation tops picked, results of coring, drill stem tests, API Well Number, cumulative cost and NGPA gas category as soon as available.

Sufficient advance notice of DST's, cores and electric logging should be called to the person(s) listed below in order that Hartman representative may be present at wellsite should Hartman so desire. Advance notice is also required if the well is to be plugged and abandoned or if production casing is to be set.

Name	Office	After Hours & Weekends
Steve Hartman	915/684-4011	915/694-6176
_____	_____	_____
_____	_____	_____

All such notices and well data should be sent to the following address:

Steve Hartman	Doyle Hartman
500 N. Main Street	3811 Turtle Creek Ste. 200
Midland, TX 79701	Dallas, TX 75219
915/684-4011	214/520-1800
915/694-1713 (fax)	214/520-0811 (fax)

B. WELL REQUIREMENTS

	COPIES	
	LAND DEPARTMENT (Telecopied daily to number above)	FINAL (Mailed to address above)
Prognosis		2
State regulatory agency forms, including permits, plats, completion and initial production forms	2	
Drill stem test charts and analysis	2	3
Core analysis reports (if taken)		3
Hydrocarbon (mud) logs	1	2
Electric logs*	3	3
Reproducible Film for Induction logs		2
Sepias for all other logs		2
LIS Format Digital Tape of the Log Data		2
Final Well Summary Sheets (daily reports and completed well)		3
Paleo Reports (where applicable)		3

* Electric logs shall include a minimum of 1) Dual Induction Laterlog-RXO and 2) CNL with Bore Hole Compensated Density Log-Gamma Ray - Caliper.

C. SAMPLE REQUIREMENTS

1. Representative formation samples taken at 30 foot intervals from the base of the surface casing down to total depth.
2. Representative core samples (if taken).

D. SUBSEQUENT REQUIREMENTS

All secondary recovery, workover and recompletion information, including but not limited to:

Daily production reports for 90 days & monthly production reports thereafter
Reports and Charts of all BHP tests
Reports and results of all rework operations

Two copies of each shall be sent to the individuals listed above.

E. OTHER REQUIREMENTS

None

All of the tests and operations required in this exhibit shall be done at leasee's sole risk and expense.

Hartman may conduct a velocity survey, run a dipmeter or any additional testing which does not mechanically affect the well(s), at its sole risk and expense, and shall notify lessor of its intentions to perform same.

In the event any well(s) drilled pursuant to the agreement shall be drilled on a unit or contemplated unit which includes any of the lease acreage covered hereby, all of the provisions of this exhibit shall apply.