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September 28, 1992

Mr. Gene Shumate, President
Siete Oil and Gas Corporation
200 Petroleum Building
Roswell, New Mexico 88201

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION
SIETE OIL & GAS CORP. EXHIBIT NO. 6
CASE NO. 10618 and 10619

Re: Purchase and Sale Agreement -- Strata Production Company Halcon State #2 Well State of New Mexico Lease K-4169 insofar as it covers the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 26, Township 19 South, Range 29 East, N.M.P.M., Eddy County, New Mexico

Dear Gene:

This letter sets forth the terms and conditions of our agreement regarding the purchase and sale of the Halcon State #2 Well. The terms of our agreement are as follows:

1. Ownership: To the best of Strata's knowledge and belief, the working interest in the Halcon State #2 Well is owned as follows:

| Parties | Before Payout of Non-Consent (Leasehold Operating Rights) | Before Payout of Non-Consent (Net Revenue Interest) | After Payout of Non-Consent (Leasehold Operating Rights) | After Payout of Non-Consent (Net Revenue Interest) |
|---|---|---|--|--|
| Strata Production Company and Working Interest Participants (other than General Energy Operating, Ltd. and Randolph M. Richardson (interest acquired from Sun only) | 83.272887% | 70.205141% | 76.804431% | 64.766453% |
| Randolph M. Richardson (interest acquired from Sun only) | 0.000000% | 0.000000% | 5.555600% | 4.659113% |
| Widow and/or heirs or devisees of E.J. Rousuck | 0.000000% | 0.000000% | .912856% | .779615% |
| General Energy Operating, Ltd. | 16.727113% | 14.285603% | 16.727113% | 14.285603% |
| TOTAL | 100.000000% | 84.490744% | 100.000000% | 84.490784% |

Payout as used hereinabove refers to the point in time at which the non-consent penalty has been recouped. The non-consent penalty is based on recoupment of 100% of surface equipment and operating costs, and 300% of drilling, reworking and completion costs.

2. Payout Status: To date, to the best of Strata's knowledge and belief, approximately 80% of the costs and expenses incurred in connection with the Halcon State #2 Well have been recovered.
3. Assignment: For the consideration described hereinbelow, Strata and other participants ("Assignors") in the Halcon State #2 Well shall assign unto Siete all of their right, title and interest in and to the Halcon State #2 Well including all equipment, fixtures and other appurtenances associated with the well. The assignment shall cover the leasehold operating rights in, to and under the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 26, Township 19 South, Range 29 East, N.M.P.M., but shall be limited in depth to the interval between 4,000 and 4,400 feet. The assignment shall be in the form attached hereto as Exhibit A.
4. Consideration: Siete shall pay to Strata, on behalf of the Assignors, at Closing \$40,000.00 for 100% of the before payout leasehold operating rights in, to and under the Halcon State #2 Well, subject to the depth limitations described above. If a lesser interest is delivered at Closing, then the purchase price shall be proportionately reduced to reflect the before payout leasehold operating rights which are not delivered. The entire amount shall be paid to Strata and Strata shall be responsible for distribution of such amount to the other Assignors.
5. Warranties: This Agreement and the assignments contemplated hereby shall be without warranties of any kind, express or implied, except that title shall be warranted by, through and under Assignors. The Halcon State #2 Well and all fixtures, equipment and other appurtenances thereto are sold **AS IS AND WHERE IS, WITH ALL FAULTS, AND IN THEIR PRESENT CONDITION AND STATE OF REPAIR WITHOUT WARRANTY OF MERCHANTABILITY, CONDITION OF FITNESS FOR A PARTICULAR PURPOSE AND ANY AND ALL WARRANTIES, WHETHER EXPRESS OR IMPLIED, ARE HEREBY EXPRESSLY DENIED.**
6. Indemnity: Upon Closing, Siete shall take control of the Halcon State No. 2 Well and assume all obligations that are attributable to the interest to be acquired, and Siete agrees to indemnify, defend and hold harmless Assignors, their agents and representatives from and against any and all claims, liabilities, losses, costs and expenses (including, without limitation, court costs, reasonable expenses of litigation and reasonable attorneys' fees) that are attributable to the interest covered by this Agreement and that arise after the Closing. Assignors agree to indemnify, defend and hold harmless Siete, its agents and

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EXHIBIT A

ASSIGNMENT, BILL OF SALE AND CONVEYANCE

This Assignment, Bill of Sale and Conveyance ("Assignment") is made effective November 1, 1992 by the undersigned parties ("Assignors") to Siete Oil and Gas Corporation ("Assignee").

WITNESSETH

WHEREAS, Assignors own certain undivided interest in, to and under State of New Mexico Oil and Gas Lease K-4169 which covers the following lands in Eddy County, New Mexico:

Township 19 South, Range 29 East, N.M.P.M.
Section 26: W $\frac{1}{2}$ E $\frac{1}{2}$, NW $\frac{1}{4}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$
Containing 320 acres, more or less.

WHEREAS, Assignors desire to assign certain interest in, to and under the above-described lease and lands, including certain personal property, material and equipment located thereon, and Assignee desires to purchase and acquire such interest.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Assignors do hereby grant, assign and convey unto Assignee all of Assignors' right, title and interest in and to the following:

1. The Halcon State No. 2 Well and all material, equipment and other appurtenances associated with such well which are described at Exhibit A hereto.
2. The leasehold operating rights owned by Assignors in, to and under the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 26, Township 19 South, Range 29 East, N.M.P.M., limited in depth to the interval between and including 4,000 feet and 4,400 feet beneath the surface. This shall include specifically the right to produce oil and/or gas from such interval and/or inject fluids and/or gas into such interval in connection with the recovery of oil and/or gas.
3. All of Assignors' rights and obligations under any operating agreements to which the above-described interest are subject, and in and to the operating rights and participating interest created and existing under and by virtue of any operating agreements to which the interest assigned hereby are subject, and in and to the operating rights and participating interest created and existing under and by virtue of such operating agreements, participating agreements and other contracts and

agreements to the extent derived from or pertaining to the interest described hereinabove.

The interests herein assigned are subject to the following:

1. All royalties, overriding royalty interest and other burdens on production appearing of record as of the effective date, proportionate to the interest assigned hereby.
2. The terms, provisions, and obligations of State of New Mexico Oil and Gas Lease K-4169.
3. All presently existing agreements and contracts and any easements, rights-of-way, and all oil, casinghead gas and gas sales and purchase agreements relating to the interest hereby assigned.

This Assignment may be executed in any number of counterparts, and each such counterpart hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute for all purposes one Assignment.

This Assignment is executed on the various dates indicated hereinbelow, but effective for all purposes as of ~~November 1, 1992~~ at 7:00 a.m. Mountain Standard Time.

JANUARY 1, 1993

ASSIGNORS:

STRATA PRODUCTION COMPANY

By:

Mark B. Murphy, President

ACKNOWLEDGMENT

STATE OF NEW MEXICO)

) ss.

COUNTY OF CHAVES)

The foregoing instrument was acknowledged before me this ____ day of _____, 1992, by Mark B. Murphy, President of Strata Production Company, a New Mexico corporation, on behalf of said corporation.

Notary Public

My Commission Expires:

EACH OF THE ADDITIONAL ASSIGNORS SHALL HAVE THEIR OWN SEPARATE SIGNATURE PAGE.