

DOYLE HARTMAN
Oil Operator
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Via Fax (713) 646-4305 and U.S. Mail

August 11, 1995

Scurlock Permian Corporation
333 Clay Street, Suite 2900 (77002)
P.O. Box 4648
Houston, TX 77210-4648

Attn: John Keffer
Manager Crude Oil Trading

Re: Designation of Scurlock Permian as DHOO's Crude Oil Purchaser
Myers Langlie Mattix Unit
Lea County, New Mexico

Gentlemen:

Reference is made to our phone conversation yesterday that ended at 4:25 p.m., wherein I requested that Scurlock Permian Corporation immediately become the designated purchaser of Doyle Hartman, Oil Operator's 4.145% net revenue share of crude oil production from the OXY USA, Inc.-operated Myers Langlie Mattix Unit waterflood project located in Lea County, New Mexico. From a review of our letter to Enron Oil Trading and Transportation Company (Enron) of August 3, 1995 (copy enclosed), and Enron's reply letter of August 8, 1995 (copy enclosed), as well as my telephone conversation with you yesterday, it should be apparent that starting with the production month of April, 1993, a portion of Doyle Hartman, Oil Operator's Myers Langlie Mattix Unit crude oil has been improperly controlled by OXY USA, Inc. (OXY), without OXY having authority from Doyle Hartman, Oil Operator to take our share of such Myers Langlie Mattix Unit oil production.

In April, 1993, at the time that OXY took improper control of a portion of our Myers Langlie Mattix Unit crude oil production, OXY was not operator of the Myers Langlie Mattix Unit and most certainly was not owner of Hartman's Myers Langlie Mattix Unit oil production. In addition, in mid-1993, Doyle Hartman was involved in negotiations with OXY concerning the trade to OXY of our 4.86% Myers Langlie Mattix Unit leasehold interest in exchange for OXY assigning to us its 160-acre State "N" Eumont lease consisting of the SW/4 Section 2, T-21-S, R-36-E, Lea County,

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New Mexico, which negotiations verify that OXY, in 1993, was very aware of our 4.86% Myers Langlie Mattix Unit leasehold ownership. During the subject 1993 trade negotiations, OXY's representatives indicated to our landman, Mr. Alan Smith, that OXY was highly desirous of acquiring our 4.86% Myers Langlie Mattix Unit working interest. However, in late 1993, just prior to OXY acquiring Texaco's Myers Langlie Mattix Unit interest, OXY changed its position as to the acquisition of our Myers Langlie Mattix Unit interest and it is now obvious that OXY decided not to acquire our Myers Langlie Mattix Unit interest because it was obtaining operations of the Myers Langlie Mattix Unit by acquiring Texaco's interest Myers Langlie Mattix Unit interest and also possibly because OXY saw no further economic advantage to holding record title to our 4.86% Myers Langlie Mattix Unit leasehold interest since it had been able, without our permission, to control our Myers Langlie Mattix Unit crude oil production without owning record title.

Moreover, from a review of the summary of Hartman MLMU revenues by purchaser, enclosed herewith, it is also apparent, that since 1993, OXY has failed to pay Doyle Hartman, Oil Operator, and our various royalty owners, a competitive oil price that includes a crude oil price bonus although such price bonuses have been paid in the Permian Basin for approximately the past two years. For this reason, we want to ensure that Scurlock Permian will be paying a competitive oil price as to our Myers Langlie Mattix Unit crude oil production including the payment of a price bonus.

In the event that OXY improperly refuses to allow Scurlock Permian to be designated as Doyle Hartman's official Myers Langlie Mattix Unit crude oil purchaser, you are to inform OXY that, for the following reasons, Scurlock Permian will be purchasing Doyle Hartman, Oil Operator's Myers Langlie Mattix Unit crude oil:

- 1) In April 1993, OXY improperly took control of our Myers Langlie Mattix Unit crude oil without possessing proper authority or record ownership and OXY has no legal authority to attempt to specify which entity is designated as Doyle Hartman, Oil Operator's oil purchaser for the MLMU.
- 2) OXY has failed to pay Doyle Hartman, Oil Operator and our royalty owners a competitive oil price including a crude oil price bonus although such bonuses, for some time, have been common in the Permian Basin, which failure by OXY to pay such bonus renders the ongoing operations of the Myers Langlie Mattix Unit even more non-commercial and further cements

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the October 1, 1993 contractual termination of the Myers Langlie Mattix Unit agreement due to the failure of the Myers Langlie Mattix Unit to produce oil in quantities sufficient to yield revenues in excess of operating expenses.

Yours very truly,

DOYLE HARTMAN, Oil Operator



Doyle Hartman

enclosures (3)

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cc: Minerals Management Service
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