

DOYLE HARTMAN

Oil Operator

500 N. MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

February 16, 1990

RECEIVED

FEB 20 1990

OIL CONSERVATION DIV.
SANTA FE

FEDERAL EXPRESS/CERTIFIED RETURN RECEIPT REQUESTED

Oxy USA, Inc.
Post Office Box 50250
Midland, Texas 79710
Attention: Mr. C. R. Jolley

Case 9884

Re: Undeveloped Eumont Acreage
Sections 5 and 8
T-20-S, R-37-E
Lea County, New Mexico

Gentlemen:

Reference is made to the enclosed letter to us from William F. Carr (your NMOCD attorney) dated February 14, 1990 and which was received by us today (February 16, 1990). Reference is also made to our considerable recent efforts (including our various correspondence and meetings with Oxy) to see that all presently non-producing non-dedicated Eumont gas acreage situated within Section 5 and Section 8, T-20-S, R-37-E is included in an efficient and uniform sized Eumont gas proration unit.

Today, when we received Mr. Carr's letter of February 14, 1990, we were shocked to learn of Oxy's proposed 200-acre Laughlin "B" Eumont proration unit consisting of the NE/4 NE/4 Section 8, T-20-S, R-37-E and the SE/4 Section 5, T-20-S, R-37-E. During our numerous recent correspondence pertaining to the re-development of the Eumont interval in Section 5 and Section 8, T-20-S, R-37-E, never did Oxy submit to us a formal proposal suggesting additional Eumont development work corresponding to its Laughlin "B" lease.

As you are well aware, on several occasions, we have informed Oxy that we will very shortly be assigned Oryx's (Sun's) 40-acre (25%) interest in Oxy's currently existing 160-acre Laughlin "B" Eumont proration unit consisting of the SE/4 Section 5, T-20-S, R-37-E. Despite our previous notice of ownership in Oxy's existing 160-acre Laughlin "B" Eumont proration unit, to this day, we have not been consulted by Oxy about our thoughts or approval pertaining to Oxy's newly proposed 200-acre Eumont proration unit.

Furthermore, by a Hand-Delivered letter to Oxy dated February 14, 1990, which was written in response to Oxy's letter to us dated February 9,

1990 (received by us, February 14, 1990), at Oxy's invitation, we promptly and clearly raised the level of our purchase offer corresponding to Oxy's presently non-producing non-dedicated Eumont rights in the 40-acre tract consisting of the NE/4 NE/4 Section 8, T-20-S, R-37-E from an initial level of \$64,000.00 (\$1600.00/acre) to a very substantial cash consideration of \$130,000.00 (\$3250.00/acre). In Oxy's letter of February 9, 1990 (received by us on February 14, 1990), you turned down our cash offer of \$64,000.00 as being an "insufficient consideration", but, in closing your letter of February 9, 1990, you most certainly did go on to state: "If you wish to reconsider your offer ..., please let me know." Also enclosed with your letter of February 9, 1990 was a copy of Oxy's economic evaluation of the re-development potential of the subject 40-acre non-producing non-dedicated Eumont tract consisting of the NE/4 NE/4 Section 8 including your note to us that Oxy would not consider, for the 40-acre tract, "any offers for any less than \$130,000.00".

It is very obvious Oxy's letter of February 9, 1990 did reject our initial \$64,000.00 cash offer, but it also clearly invited us to re-submit a new offer. Moreover, your letter of February 9, 1990 also set a value for your Eumont acreage in the SE/4 Section 5 and NE/4 NE/4 Section 8 at \$130,000.00/40-acre tract (\$3250.00/acre), and by virtue of our Hand-Delivered letter to you dated February 14, 1990, we have promptly and unconditionally accepted Oxy's offer to purchase Oxy's Eumont rights as to the NE/4 NE/4 Section 8 for \$130,000.00. Therefore, in consideration of the foregoing, and as previously stated in our letter to you of February 14, 1990, "...we respectfully request that you prepare the necessary instruments of transfer and set a prompt date for closing so that we can give notice of this trade prior to our hearing before the NMOCD on March 7, 1990."

In addition, in light of (1) our presently pending Britt "B-8" Com No. 1 Eumont proration unit hearing before the NMOCD, (2) your now clearly binding legal obligation to sell to us your Eumont gas pool rights in the NE/4 NE/4 of Section 8 for \$130,000.00, and (3) your failure to properly inform us as an interest owner in the SE/4 Section 5 of your plans to further develop the Eumont gas pool interval in the SE/4 Section 5, T-20-s, R-37-E, we hereby give you notice of our official opposition to Oxy's newly proposed 200-acre Eumont proration unit. However, as a result of our announced opposition to your 200-acre proration unit proposal, and in accordance with your recently completed appraisal of your Eumont rights in the SE/4 Section 5 and the NE/4 NE/4 Section 8, T-20-S, R-37-E, we further submit an amended offer to purchase Oxy's 120-acre Eumont interest in the SE/4 Section 5 for an additional \$400,000.00 (i.e., (\$130,000.00/40 acres) X 120 acres = \$390,000.00).

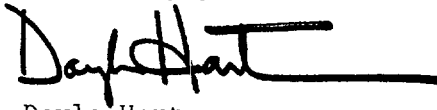
Our amended offer to purchase (in accordance with your letter of February 9, 1990), your Eumont rights in the SE/4 Section 5 at your

Oxy USA, Inc.
February 16, 1990
Page 3

appraised value of approximately \$130,000.00/40-acre tract will eliminate any problems caused for you by our here-in announced opposition to your just-announced 200-acre proration unit and will also allow us to re-drill and complete (with both a competent wellbore and modern completion), our 40-acre Eumont interest consisting of the NE/4 SE/4 Section 5.

Again, because of our previously announced Britt "B-8" Com No. 1 proration unit hearing before the NMOCD on March 7, 1990, please let us promptly hear from you.

Very truly yours,

A handwritten signature in black ink, appearing to read "Doyle Hartman", with a long horizontal stroke extending to the right.

Doyle Hartman

DH/ps
1862:Oxy0216

cc: Oxy USA, Inc.
Post Office Box 50250
Midland, Texas 79710
Attention: Mr. Charles Dickenson

J. E. Gallegos
Gallegos Law Firm
141 East Palace Avenue
Santa Fe, New Mexico 87501

Dan Nutter
105 East Alicante
Santa Fe, New Mexico 87501

Wm. P. Aycock
1207 West Wall
Midland, Texas 79701

James A. Davidson
Post Office Box 494
Midland, Texas 79702

Oryx Energy Company
Post Office Box 2880
Dallas, Texas 75221-2880
Attention: Ms. Joyce Hagar

Oryx Energy Company
Post Office Box 2880
Dallas, Texas 75221-2880
Attention: Mr. Chuck Carpenter

✓ State of New Mexico
Energy, Minerals & Natural Resources Department
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87503
Attention: Mr. Wm. J. LeMay,
Division Director, State Engineer

State of New Mexico
Energy, Minerals & Natural Resources Department
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87503
Attention: Mr. Victor T. Lyon
Chief Engineer

Mr. William F. Carr
Campbell and Black, P. A.
Post Office Box 2208
Santa Fe, New Mexico 87504-2208

Chevron USA, Inc.
Post Office Box 670
Hobbs, New Mexico 88240
Attention: Mr. A. W. Bohling

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
WILLIAM P. SLATTERY
PATRICIA A. MATTHEWS

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

February 14, 1990

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Doyle Hartman
Post Office Box 10426
Midland, Texas 79702

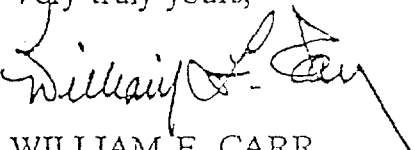
Re: Application of OXY USA, INC., for Compulsory Pooling, a Non-Standard
Gas Proration Unit and Simultaneous Dedication, Lea County, New Mexico

Dear Mr. Hartman:

This letter is to advise you that OXY USA, INC., has filed an application with the New Mexico Oil Conservation Division seeking an order pooling all mineral interests in a 200-acre non-standard gas proration unit in the Eumont Gas Pool, comprised of the SE/4 of Section 5 and the NE/4 NE/4 of Section 8, Township 20 South, Range 37 East, N.M.P.M., Lea County, New Mexico. OXY proposes to simultaneously dedicate this unit to its Laughlin "B" No. 5 Well located 330 feet from the South line and 2310 feet from the East line of Section 5, Township 20 South, Range 37 East, N.M.P.M., Lea County, New Mexico, which is currently producing from the Eumont Gas Pool and the Laughlin "B" No. 1 Well located 1980 feet from the South and East lines of said Section 5, which will be plugged back and recompleted in the Eumont Gas Pool.

This application has been set for hearing before a Division Examiner on March 7, 1990. You are not required to attend this hearing, but as an interest owner who may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

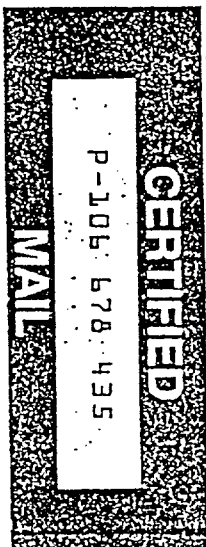
Very truly yours,


WILLIAM F. CARR
ATTORNEY FOR OXY USA, INC.
WFC:mlh

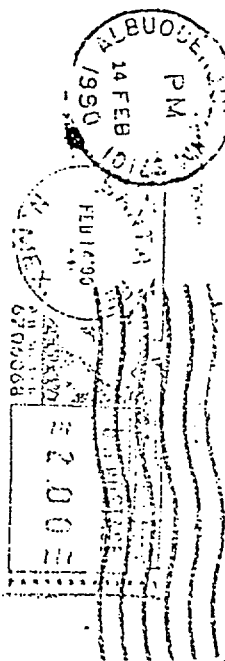
RECEIVED

FEB 16 1990

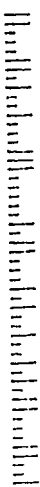
CAMPBELL & BLACK, P.A.
LAWYERS
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208



Doyle Hartman
Post Office Box 10426
Midland, Texas 79702



1st Notice
2nd Notice
Return



DOYLE HARTMAN

Oil Operator

500 N. MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

February 14, 1990

HAND DELIVERED

Oxy USA, Inc.
Post Office Box 50250
Midland, Texas 79710

Attention: Mr. C. R. Jolley

Re: Purchase Offer
NE/4 NE/4 Section 8
T-20-S, R-37-E
Lea County, New Mexico

Dear Mr. Jolley:

Reference is made to the meeting in your office this morning between Mr. Charles Dickenson and myself, wherein we discussed our purchase offer to Oxy of February 2, 1990 corresponding to Oxy's 40-acre non-producing, non-dedicated Eumont tract located in the NE/4 NE/4 Section 8, T-20-S, R-37-E, Lea County, New Mexico. Reference is also made to your letter to us dated February 9, 1990 including your attached copy of your economic analysis (copy enclosed), wherein you turned down our offer to purchase for \$64,000.00 Oxy's Eumont rights in the NE/4 NE/4 of Section 8, T-20-S, R-37-E, but wherein you did set a value of \$130,000.00 for your Eumont rights as to the subject tract.

In communications between Oxy and ourselves during the past several weeks, you have indicated that Oxy considers our offer to purchase its non-producing non-dedicated Eumont gas rights in the NE/4 NE/4 Section 8, T-20-S, R-37-E, for \$64,000.00 (\$1600.00/acre), as being an "insufficient consideration". Oxy has also expressed little interest in farming out to us its Eumont Gas Pool rights and moreover has indicated no interest in trading its 40-acre Eumont tract consisting of the NE/4 NE/4 of Section 8 in exchange for our 40-acre Eumont tract consisting of the NE/4 SE/4 Section 5.

Therefore, in order to promptly facilitate the full development of the Eumont Gas Pool interval in Section 8, T-20-S, R-37-E so that all presently non-producing non-dedicated Eumont acreage situated within Section 8 can be dedicated to an active and efficient Eumont proration unit, we hereby increase our offer for Oxy's 40-acre Eumont rights in the NE/4 NE/4 Section 8 to a cash consideration of \$130,000.00 which is the amount that you have indicated that Oxy must be offered before agreeing to sell its interest in the subject tract. Not only does \$130,000.00 meet your asking price for the tract, but based on our own

Oxy USA, Inc.
February 14, 1990
Page 2

recent experience, we know that this new offer is in excess of recently established competitive market values being that we just recently purchased from another major oil company, in a sealed bid sale, a 40-acre interest in an excellent producing Eumont gas proration unit. The cash consideration paid for the recently purchased 40-acre interest was \$98,715.00, which amount is 24% less than your asking price of \$130,000.00.

We thank you for your prompt reply to us of February 9, 1990. However, in the interest of time, we respectfully request that you prepare the necessary instruments of transfer and set a prompt date for closing so that we can give notice of this trade prior to our hearing before the NMOCD on March 7, 1990. Please do not hesitate to call the undersigned if you have any questions relative to this matter.

Very truly yours,

DOYLE HARTMAN



Bryan E. Jones
Landman

BEJ/lr
490:OXY0214

cc Oxy USA, Inc.
Post Office Box 50250
Midland, Texas 79710
Attention: Mr. Charles Dickenson



OXY USA INC.

Box 50250, Midland, TX 79710

February 9, 1990

Doyle Hartman
500 N. Main
P.O. Box 10246
Midland, Texas 79702

Attention: Bryan E. Jones

Re: Laughlin "B" Lease
NE/4 NE/4 Section 8
T-20-S, R-37-E
Lea County, New Mexico

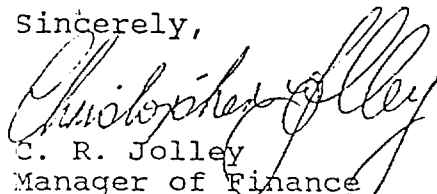
Dear Mr. Jones:

Thank you for your letter of February 2, 1990, wherein you offered \$64,000 for OXY's interest in the referenced property. Your correspondence has been forwarded to me for attention.

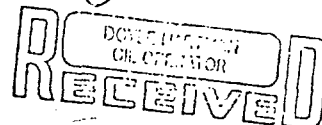
Based upon our review of the property and after discussions with operations personnel, it has been determined that we must reject your offer as being insufficient consideration. We believe the subject tract has an economic value far in excess of your offer and have evaluated forming our own 200 acre Eumont Unit including this 40 acre tract. Additionally, OXY previously rejected an offer from Chevron to include this acreage within their proposed unit.

If you wish to reconsider your offer or would like to discuss this matter further, please let me know. I look forward to hearing from you.

Sincerely,


C. R. Jolley
Manager of Finance

CRJ:jct



FEB 14 1990

PLANS Input file = :UDD:EPLM.JEB:DPLANS:DIRPUT:LAUGH40H

10 LAUGHLIN LEASE EUMONT YIS-QN-7R LEA COUNTY, NM
11 40 ACRE TRACT - NE/4, NE/4, S8-T20S-R37E - HIGH RESERVES CASE
12 WORKING INTEREST 100% IN 40 ACRE GAS UNIT - COS 85%
20 EUM.PR LAUGH40H.CUT
30 1.0000 0.87500 6 1990 .20 .071 .0 .108
40 .0105 0 0 0 0.38
50 9 .04
70 0 1 0 1
130 6441 2509
470 1
490 1
491 2
492 0.85 C.....COS
493 75.00
494 46.154
495 .20
496 0.0
915 .1667
920 .080
930 .020
950 300.0
C.....1/4 OF TOP ALLOW. - 40 ACRE GAS UNIT

ASSUME ACQUISITION OF ADDITIONAL
ACREAGE AND RECOMPLETION OF
WELL. VALUE FOR 40 ACRES ONLY.

next offer and will not
consider any offers for any
less than \$150 m

PROJECT ID --- LAUGHLIN LEASE EUMONT YTS-QH-7R LEA COUNTY, NM
 40 ACRE TRACT - NE/4, NE/4, S8-T20S-R37E - HIGH RESERVES CASE
 WORKING INTEREST 100% IN 40 ACRE GAS UNIT - COS 85%
 UNITS --- MBBLs --- MMCF
 LEASE GROSS

*** PRODUCTION SCHEDULE -- TYPICAL WELL ***

ZONE 1 (GAS)		
YEAR	GAS	CONDENSATE
1	12.0	.0
2	27.3	.0
3	25.4	.0
4	23.6	.0
5	21.9	.0
6	20.4	.0
7	19.0	.0
8	17.6	.0
9	16.4	.0
10	15.2	.0
11	14.2	.0
12	13.2	.0
13	12.2	.0
14	11.4	.0
15	10.6	.0
16	9.8	.0
17	9.1	.0
18	8.5	.0
19	7.9	.0
20	4.3	.0
TOTAL	300.0	.0
AVE DAILY		
PROD RATE	41.1	.0
BBLS/MCF		

PROJECT ID --- LAUGHLIN LEASE EUMONT YTS-ON-7R LEA COUNTY, NM
 40 ACRE TRACT - NE/4, NE/4, S8-T20S-R37E - HIGH RESERVES CASE
 WORKING INTEREST 100% IN 40 ACRE GAS UNIT - COS 85%
 UNITS --- MBBLs --- MNCf
 LEASE GROSS

*** PRODUCTION SUMMARY ***

YEAR	PRODUCTION				ADDITIONS	
	OIL	CONDENSATE	GAS	ASSOC. GAS	LIQUID	GAS
1990	.0	.0	10.2	.0	.0	255.0
1991	.0	.0	23.2	.0	.0	.0
1992	.0	.0	21.6	.0	.0	.0
1993	.0	.0	20.1	.0	.0	.0
1994	.0	.0	18.7	.0	.0	.0
1995	.0	.0	17.3	.0	.0	.0
1996	.0	.0	16.1	.0	.0	.0
1997	.0	.0	15.0	.0	.0	.0
1998	.0	.0	13.9	.0	.0	.0
1999	.0	.0	12.9	.0	.0	.0
2000	.0	.0	12.0	.0	.0	.0
2001	.0	.0	11.2	.0	.0	.0
2002	.0	.0	10.4	.0	.0	.0
2003	.0	.0	9.7	.0	.0	.0
2004	.0	.0	9.0	.0	.0	.0
2005	.0	.0	8.4	.0	.0	.0
2006	.0	.0	7.8	.0	.0	.0
2007	.0	.0	7.2	.0	.0	.0
2008	.0	.0	6.7	.0	.0	.0
2009	.0	.0	3.6	.0	.0	.0
TOTAL	.0	.0	255.0	.0	.0	255.0
Ave DAILY						
PROD RATE	.0	.0	34.9	.0	.0	34.9
BBLs/MCF						

Output file created: LAUGH40H.OUT
 Output file created by: JOHN BARNES

Description: LAUGHLIN LEASE EUMONT YTS-QN-7R LEA COUNTY, NM
40 ACRE TRACT - NE¹/₄, NE¹/₄, S8-T20S-R37E - HIGH RESERVES CASE
WORKING INTEREST 100% IN 40 ACRE GAS UNIT - COS 85%.

Price File: EUM.PR
Start Date: 6/90
Working Interest: 1.00000
Net Interest: .87500

ECONOMIC ANALYSIS

YEAR	--CAPITAL INVESTMENT--		NET OIL/ CONDEN MB	LIQUID PRICE \$/BBL	NET GWG/OWG MMCF	GAS PRICE \$/MCF	TOTAL REVENUE \$M	DIR TAX & OPER COSTS \$M	TOTAL INCOME TAXES \$M	NET CASH PROD \$M	BOOK D&D \$M	BOOK INCOME TAXES	BOOK NET INCOME \$M
	EXPLOR \$M	DEVELOP \$M											
1990	0.	71.	0.	.00	9.	1.62	14.	3.	-7.	-52.	4.	3.	5.
1991	0.	0.	0.	.00	20.	1.73	35.	6.	5.	24.	= 9.	7.	12.
1992	0.	0.	0.	.00	19.	1.87	35.	6.	5.	24.	9.	7.	13.
1993	0.	0.	0.	.00	18.	2.20	39.	7.	5.	26.	8.	9.	15.
1994	0.	0.	0.	.00	16.	2.52	41.	7.	6.	28.	7.	10.	17.
1995	0.	0.	0.	.00	15.	2.85	43.	8.	6.	29.	7.	10.	18.
1996	0.	0.	0.	.00	14.	2.97	42.	8.	6.	28.	6.	10.	18.
1997	0.	0.	0.	.00	13.	3.09	40.	8.	6.	27.	6.	10.	17.
1998	0.	0.	0.	.00	12.	3.22	39.	8.	6.	26.	6.	10.	16.
1999	0.	0.	0.	.00	11.	3.34	38.	8.	5.	25.	5.	9.	16.
2000	0.	0.	0.	.00	11.	3.48	37.	8.	5.	24.	5.	9.	15.
2001	0.	0.	0.	.00	10.	3.61	35.	8.	5.	23.	4.	9.	15.
2002	0.	0.	0.	.00	9.	3.76	34.	8.	5.	22.	4.	8.	14.
2003	0.	0.	0.	.00	8.	3.91	33.	8.	5.	21.	4.	8.	14.
2004	0.	0.	0.	.00	8.	4.07	32.	8.	4.	20.	4.	8.	13.
SUBTOT	0.	71.	0.		194.		539.	106.	67.	295.	88.	126.	218.
FUTURE	0.	0.	0.		29.		133.	35.	17.	81.	13.	29.	50.
TOTAL	0.	71.	0.	.00	223.	3.01	672.	141.	85.	376.	102.	155.	268.
Lease Gross HMOE Res:				Ave Total Inc Tax Rate:				Disc. Rate				Disc. Net Cash	
Average Price (\$/BOE):				Project Life (Years):				5%				232.	
Direct Costs (\$/BOE):				Payback Period (Years):				10%				151	
Average D&D (\$/BOE):				Payout Percent AFIT:				15%				102.	
Gross Margin (\$/BOE):				Payout Percent BFIT:				20%				70.	
Current Cost (\$/BOE):				DCF Return on Investment:				25%				49.	
												Profit. Ratio	
												4.33	
												3.19	
												2.50	
												2.05	
												1.74	

INCOME TAX ANALYSIS

YEAR	SALES LESS EXPENSES	I N C O M E T A X A N A L Y S I S										A F T E R I N T E R E S T		
		G&G, DMIC RENTALS	LEASE CANCELS	TAX DEDUCTIONS	DEPREC- IATION	DEPLE- TION	TAXABLE INCOME	STATE INCOME TAX	FEDERAL TAX RATE	TOTAL FEDERAL TAX	TOTAL INCOME TAX	OXY NET CASH	OXY NET TO COMMON	
1990	12.	0.	0.	7.	40.	1.	0.	-36.	-1.	.150	-5.	-7.	4.	
1991	29.	0.	0.	0.	0.	2.	0.	27.	1.	.150	4.	5.	10.	
1992	29.	0.	0.	0.	0.	2.	0.	27.	1.	.150	4.	5.	12.	
1993	32.	0.	0.	0.	0.	2.	0.	30.	1.	.150	4.	5.	15.	
1994	34.	0.	0.	0.	0.	2.	0.	32.	1.	.150	5.	6.	19.	
1995	36.	0.	0.	0.	0.	2.	0.	34.	1.	.150	5.	6.	22.	
1996	34.	0.	0.	0.	0.	2.	0.	33.	1.	.150	5.	6.	24.	
1997	33.	0.	0.	0.	0.	1.	0.	31.	1.	.150	5.	6.	25.	
1998	32.	0.	0.	0.	0.	1.	0.	30.	1.	.150	4.	6.	27.	
1999	30.	0.	0.	0.	0.	1.	0.	29.	1.	.150	4.	5.	29.	
2000	29.	0.	0.	0.	0.	1.	0.	28.	1.	.150	4.	5.	31.	
2001	28.	0.	0.	0.	0.	1.	0.	27.	1.	.150	4.	5.	33.	
2002	27.	0.	0.	0.	0.	1.	0.	26.	1.	.150	4.	5.	36.	
2003	26.	0.	0.	0.	0.	1.	0.	25.	1.	.150	4.	5.	38.	
2004	24.	0.	0.	0.	0.	1.	0.	24.	1.	.150	3.	4.	41.	
SUBTOT	433.	0.	0.	7.	40.	21.	0.	366.	15.		53.	67.	365.	
FUTURE	98.	0.	0.	0.	0.	3.	0.	95.	4.		14.	17.	246.	
TOTAL	531.	0.	0.	7.	40.	24.	0.	461.	18.	.184	66.	85.	611.	



MEMORANDUM

OCCIDENTAL OIL AND GAS

February 5, 1990

TO: Mr. Chris Jolley *Charles E. Dickenson*
FROM: Charles E. Dickenson
SUBJECT: NMC-899
Lease No. 6-3011170
Covering Section 8, NE/4 NE/4
20S-37E, Lea County, New Mexico

Reference is made to the letter dated February 2, 1990 and attachments from Doyle Hartman as it relates to his offer to purchase NE/4 NE/4 Section 8, insofar as it applies to the Eumont interval.

This lease has been a non-producing and a non-dedicated Eumont tract for approximately five (5) years according to Mr. Hartman and his \$16,000 per acre offer for the 40 acres is a fair extension in his opinion, particularly, since Chevron has applied for a non standard, 160 acre proration unit. In the event we do not wish to sell our Eumont rights in the said 40 acres, Hartman also plans and has, I understand, filed an application with the NMOCDC for permission to form a new Eumont gas proration unit covering N/2 NE/4, NE NW/4 of Section 8 and the SE SW/4 of Section 5 and he also intends to file an application to compulsory pool all interest owners underlying same.

Mr. Hartman has tried on a previous occasion to purchase this identical lease for a little less money and Bob Doty is aware of that offer. By copy hereof, we copy Mr. Doty with this letter from Mr. Hartman for his information and for his advice to you should you desire same as to Hartman's \$64,000 offer for the said 40 acres.

CED/df

Attachment

cc: Mr. Bob Doty (w/attachment)

7-3629150

