

DOYLE HARTMAN

Oil Operator

500 N. MAIN

P.O. BOX 10428

MIDLAND, TEXAS 79702

(915) 684-4011

October 30, 1989

CERTIFIED/RETURN RECEIPT REQUESTED

BEFORE EXAMINER CATANACH

Oil Conservation Division

Exhibit No. 6

Case No. 9994

First National Bank of Wichita
Post Office Box 1
Wichita, Kansas 67201
Attention: Trust Oil & Gas Department

Re: Purchase Offer
State "A" Lease
Surface to Base of Eumont
N/2 S/3 E/2 Section 5
T-21-S, R-36-E
Lea County, New Mexico
(80-acres)

Gentlemen:

It is our understanding that you own a 5% working interest Under the Will of William E. Perdew in the above described 80-acre State of New Mexico lease with Koch Exploration Company owning the other 95% working interest. We recently made an offer to purchase Koch's interest over the non-producing non-dedicated Eumont (gas) interval and your consideration of the following offer, which is identical, on a proportionately reduced basis, to our offer to Koch, would be very much appreciated:


- (1) \$2,631.00 cash consideration (equivalent to \$1151.00/acre for a standard 1/8th lease) for your interest covering the interval from surface to the base of the Eumont gas pool (-100 feet subsea) as to the 80-acre State of New Mexico lease B-2456 consisting of the N/2 S/3 E/2 Section 5, T-21-S, R-36-E, Lea County, New Mexico. The State "A" lease is a non-producing non-dedicated 80-acre Eumont tract that is burdened with a total of a 50% royalty (37 1/2% Overriding Royalty Interest in addition to the State of New Mexico's standard 1/8 royalty). The trust would retain all rights below a depth of -100 feet subsea including any interest in the Chevron Eunice-Monument South Waterflood Unit (description of the unit interval enclosed).
- (2) This offer is subject to title approval (which does not appear to be a problem).

First National Bank of Wichita
October 30, 1989
Page 2

In order to facilitate your evaluation of my purchase offer, please find enclosed an acreage ownership plat and a Composite Pressure-Time plot that reflects a close correlation, for almost twenty years, of the annual shut-in pressures of the surrounding Eumont gas pool wells. Your 80-acre non-producing Eumont tract is totally surrounded by producing Eumont tracts and due to the good pressure communication between the various Eumont gas completions in the area of Koch's State "A" lease (as is demonstrated by the Composite Pressure-Time plot), it must be concluded that the Eumont gas reserves underlying your State "A" lease are continuing to decline despite the fact that your lease does not contain an active Eumont gas producer. Therefore, in light of the obvious on-going drainage of your State "A" lease by offset Eumont gas wells, it is imperative that the State "A" lease undergo Eumont development at this time in order to prevent any further drainage of the subject 80-acre State of New Mexico tract. In the event that this drainage is allowed to continue, this lease will be of very little value to the trust in the near future. Also, as I am sure you are aware, the school children of the State of New Mexico are beneficiaries of the royalties that are derived from State acreage and continued drainage will mean that the beneficiaries of the state royalty will be deprived of their Eumont mineral rights.

Thank you for your consideration of this offer and because of the current advanced stage of depletion of the Eumont gas Pool (Average SIP=170 psia) and the continued drainage of the State "A" lease by offset Eumont gas wells, please let me hear from you as soon as possible. I am also enclosing multiple copies of this proposal so that you can kindly distribute them for internal use.

Very truly yours,


Doyle Hartman

DH/ps
Enclosures

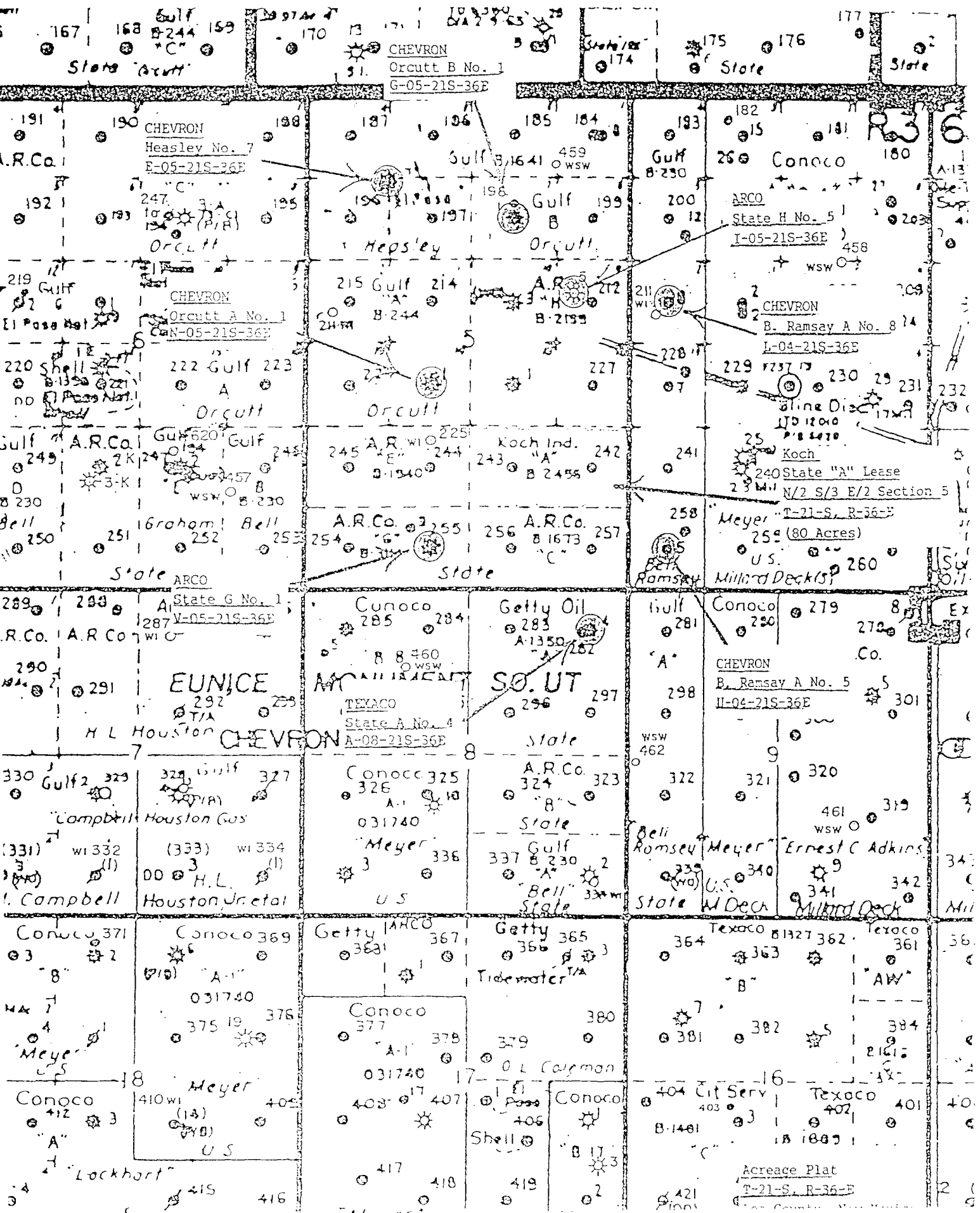
cc: James A. Davidson
Post Office Box 494
Midland, Texas 79702

Mr. William D. Bunten, President
First National Bank of Wichita
Post Office Box 1
Wichita, Kansas 67201

First National Bank of Wichita
October 30, 1989
Page 3

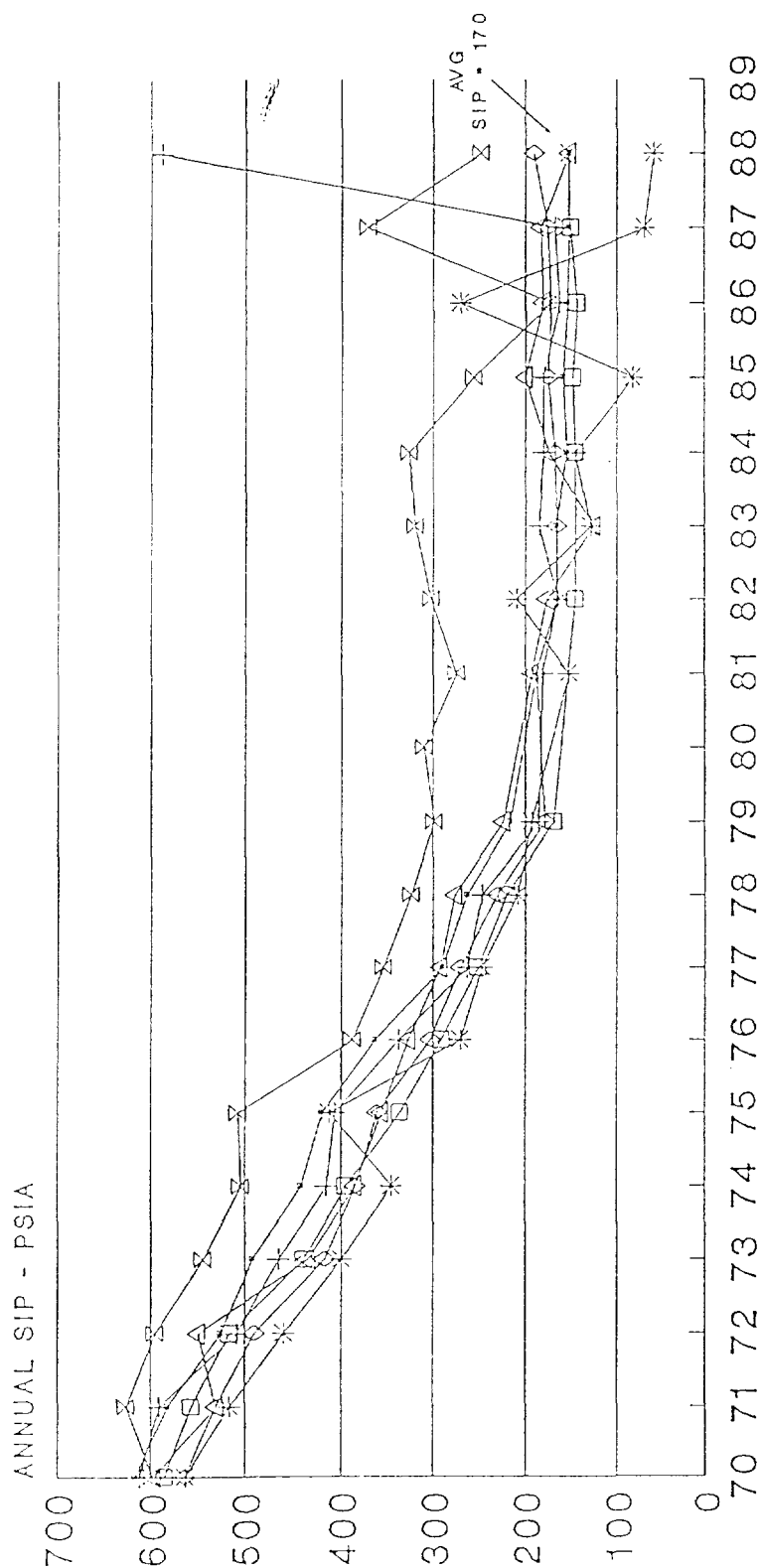
Mr. Lance Harmon, Land Manager
Koch Exploration Company
Post Office Box 2256
Wichita, Kansas 67201

Mr. H. J. Whisnand
Senior Vice President
Koch Exploration Company
Post Office Box 2256
Wichita, Kansas 67201



COMPOSITE PRESSURE-TIME PLOT

EUMONT GAS POOL: T-21-S, R-36-E



EUMSIP/25-Oct-89

ANNUAL SHUT-IN PRESSURE
EUMONT GAS POOL
SECS 4,5, & 8 T-21-S, R-36-E

| OPER | CHEVRON | CHEVRON | CHEVRON | CHEVRON |
|------|---------------|---------------|------------|-------------|
| LSE | B RAMSAY A #8 | B RAMSAY A #5 | HEASLEY #7 | ORCUTT B #1 |
| LOC | 4L-21-36 | 4U-21-36 | 5E-21-36 | 5G-21-36 |

YEAR

| | | | | |
|----|-----|-----|-----|-----|
| 70 | 617 | 612 | 562 | 585 |
| 71 | 582 | 591 | 516 | 557 |
| 72 | 525 | 508 | 459 | 516 |
| 73 | 492 | 465 | 400 | 439 |
| 74 | 442 | 415 | 345 | 395 |
| 75 | 420 | 407 | 412 | 336 |
| 76 | 363 | 337 | 270 | 291 |
| 77 | 290 | 263 | 247 | 251 |
| 78 | 263 | 247 | 208 | 220 |
| 79 | 216 | 185 | 193 | 169 |
| 80 | | | | |
| 81 | 188 | 181 | 153 | |
| 82 | 165 | 165 | 209 | 146 |
| 83 | 167 | 165 | 129 | |
| 84 | 155 | 180 | 146 | 146 |
| 85 | 159 | 180 | 82 | 149 |
| 86 | 154 | 163 | 270 | 144 |
| 87 | 152 | 168 | 69 | 151 |
| 88 | 153 | 523 | 58 | |
| 89 | | | | |

| OPER | ARCO | CHEVRON | ARCO | TEXACO |
|------|----------|-------------|------------|------------|
| LSE | STATE H | ORCUTT A #1 | STATE G #1 | STATE A #4 |
| LOC | 5I-21-36 | 5N-21-36 | 5V-21-36 | 8A-21-36 |

YEAR

| | | | | |
|----|-----|-----|-----|-----|
| 70 | | 563 | 596 | 598 |
| 71 | | 531 | 530 | 627 |
| 72 | | 490 | 549 | 595 |
| 73 | | 417 | 435 | 544 |
| 74 | | 384 | 385 | 504 |
| 75 | | 361 | 356 | 507 |
| 76 | | 303 | 327 | 388 |
| 77 | | 270 | 292 | 354 |
| 78 | | 231 | 276 | 324 |
| 79 | | 178 | 224 | 299 |
| 80 | | | | 310 |
| 81 | | 188 | 193 | 274 |
| 82 | | 166 | 177 | 302 |
| 83 | | 166 | 126 | 320 |
| 84 | | 168 | 174 | 326 |
| 85 | | 175 | 200 | 256 |
| 86 | | 172 | 180 | 172 |
| 87 | 155 | 175 | 183 | 371 |
| 88 | 153 | 191 | 153 | 248 |
| 89 | | | | |

Unitized Interval
and Revised Eumont Vertical Limits)
Chevron U.S.A., Inc.
Eunice-Monument South Unit Area
T-20-S & T-21-S, R-36-E
Lea County, New Mexico

-2-

Case No. 8397
Order No. R-7765

800X 440 PAGE 580

(3) The proposed unit area should be designated the Eunice Monument South Unit Area, (hereinafter called unit) and the horizontal limits of said unit area should be comprised of the following described lands:

TOWNSHIP 20 SOUTH, RANGE 36 EAST, NMPM

Section 25: All
Section 36: All

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 30: S/2, S/2 N/2, NE/4 NW/4 and NW/4
NE/4
Section 31: All
Section 32: All

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM

Section 2: S/2 S/2
Section 3: Lots 3, 4, 5, 6, 11, 12, 13, and 14
and S/2
Section 4 through 11: All
Section 12: W/2 SW/4
Section 13: NW/4 NW/4
Section 14 through 18: All
Section 21: N/2 and N/2 S/2
Section 22: N/2 and N/2 S/2

(4) The subject Commission Case 8397 was consolidated for hearing with Commission Cases 8398 and 8399.

(5) Said unit has been approved by the Bureau of Land Management and the Commissioner of Public Lands of the State of New Mexico subject to the approval of statutory unitization by the Oil Conservation Commission.

(6) No interested party has opposed the horizontal limits of the said unit.

(7) The horizontal limits of said unit are reasonably defined by development and have a reasonable geologic relationship to the proposed unitized formations.

(8) The vertical limits of said unit should comprise that interval underlying the unit area, the vertical limits of which extend from an upper limit described at 100 feet below mean sea level or at the top of the Grayburg formation, whichever is higher, to a lower limit at the base of the San Andres formation; the geologic markers

-3-

Case No. 8397
Order No. R-7765

having been previously found to occur at 3,666 feet and 5,293 feet, respectively, in Continental Oil Company's Meyer B-4 Well No. 23 (located at 660 feet from the South line and 1,980 feet from the East line of Section 4, Township 21 South, Range 36 East, Lea County, New Mexico) and as recorded on the Welox Acoustic Velocity Log taken on October 30, 1962, said log being measured from a Kelly drive bushing elevation of 3,595 feet above sea level.

(9) The establishment of said vertical limits requires the amendment of the vertical limits of the Eumont Gas Pool and the Eunice Monument Pool under the unit area as is the subject of Commission Case 8399 and Order No. R-7767.

(10) The "unitized formation" will include the entire oil column under the unit area permitting the efficient and effective recovery of secondary oil therefrom.

(11) No interested party has objected to the vertical interval proposed to be unitized.

(12) The unit area contains 101 separate tracts owned by 41 different working interests.

(13) As of the date of the hearing, over 90 percent of working interest owners and royalty interest owners were effectively committed to the unit.

(14) Gulf proposes to institute a waterflood project for the secondary recovery of oil and associated gas, condensate, and all associated liquifiable hydrocarbons within and to be produced from the proposed unit area, all as shown in Commission Case 8398.

(15) A technical committee was formed by the owners within the proposed unit to evaluate aspects of unitization and operation of the proposed secondary recovery operation (waterflood).

(16) The technical committee concluded that the probable range of recovery from the proposed waterflood is from 25 percent to 100 percent of ultimate primary production.

(17) Said committee further concluded that based upon response to waterflooding in similar reservoirs, 48 percent of ultimate primary or 64.2 million barrels of additional (secondary) oil would be recovered by institution of the proposed waterflood.

DOYLE HARTMAN

Oil Operator

500 N. MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

April 11, 1990

Mr. James Ralstin
Union Center, Suite 512
150 Main Street
Wichita, Kansas 67202

William E. Bloss Revocable Trust &
Barbara D. Hepworth Agency
c/o FNB Trust Oil & Gas Department
Post Office Box 1
Wichita, Kansas 67201

Re: Purchase Offer
Koch - State "A" Lease
N/2 S/3 E/2 Section 5, T-21-S, R-36-E
Lea County, New Mexico

Dear Mr. Ralstin:

Reference is made to our letter dated October 30, 1989 (copy enclosed) to First National Bank of Wichita relative to a 5% working interest in the captioned lease, formerly owned by William E. Perdew, and currently owned by Betty Dorintha Purdue Ralstin (2.50%), Barbara D. Hepworth (1.25%), First National Bank of Wichita, Trustee of the William E. Bloss Revocable Trust (1.25%).

We have reached an agreement with Koch Exploration Company (subject to approval of the conveyance documents) to purchase their 72.50% working interest in the captioned lease from the surface of the ground to the base of the Eumont Gas Pool interval.

We have also reached an agreement with the overriding royalty interest owners under said lease whereby they will reduce their overriding royalty burden so that it will be economically feasible to drill an infill Eumont well on the captioned 80-acre lease.

From previous conversations with the Trust Department of the First National Bank of Wichita, it was our understanding that they would convey our purchase offer of October 30, 1989 to you and the other heirs of William E. Perdew. To date, we have not received a response regarding our purchase offer and respectfully request you advise the undersigned if such offer has been considered.

One thing that should be considered in your evaluation is the fact that this 80-acre tract has never been developed as to the Eumont Gas Pool and has been drained for some 40 years and continues to be drained by offset wells. To prevent further drainage, the lease must be developed at the earliest possible date.

Mr. James Ralstin

April 11, 1990

Page 2

Once again it is requested you review the enclosed purchase offer and advise the undersigned of your decision regarding same. Please feel free to call me a 1-800-444-8093 if you have any questions.

Very truly yours,

DOYLE HARTMAN

A handwritten signature in dark ink, appearing to read "Bryan E. Jones", written over the typed name.

Bryan E. Jones
Landman

BEJ/lr

Enclosures

490:RALS0411

DOYLE HARTMAN

Oil Operator

500 N. MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

May 31, 1990

FNB-Wichita
Trust Oil and Gas Department
Post Office Box 1
Wichita, Kansas 67201

Attention: Mr. Elmer Pelton

Re: Koch - State "A" Lease
N/2 SE/4 Section 5
T-21-S, R-36-E
Lea County, New Mexico

Gentlemen:

Reference is made to our previous correspondence and to our telephone conversation of May 30, 1990, relative to the 1.25% working interest owned by the Barbara D. Hepworth Agency and the 1.25% working interest owned by the William E. Bloss Revocable Trust in the captioned lease.

We have now completed the acquisition of 95% of the working interest in subject lease and have enclosed herewith a copy of the assignment from Koch Exploration Company covering their 72.50% working interest. The remaining 5% working interest is owned as follows:

| | |
|----------------------------------|-------|
| James Ralstin | 2.50% |
| Barbara D. Hepworth Agency | 1.25% |
| William E. Bloss Revocable Trust | 1.25% |

And, under date of May 22, 1990, we forwarded an Assignment and draft to Mr. Ralstin for his execution. We assume Mr. Ralstin is agreeable to selling his interest to us.

Pursuant to your request, enclosed please find a conveyance from both of the entities which you represent; subject conveyance is identical to the form executed by all other parties. Also enclosed is a 10-day collection draft for each of the interests. Again, the consideration per acre is identical to that which we paid all the other owners and can be calculated as a proportion of the consideration paid to Koch (\$38,158.00). $[1.25\%/72.50\% \times \$38,158.00 = \$657.90]$ Please feel free to contact Mr. Lance Harmon and Mr. Randy Whipple at Koch's office there in Wichita if you need to confirm their sale to us.

Provided you are agreeable to selling the two interests to us, please have the appropriate officer execute the enclosed conveyances and deposit same for collection through United Bank, Midland, Texas.

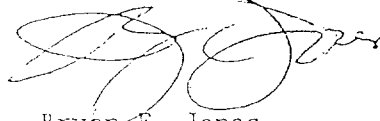
FNB-Wichita
May 31, 1990
Page 2

Additionally, we will need a copy of the agreement creating the Barbara D. Hepworth Agency, along with a copy of the William E. Bloss Revocable Trust agreement.

Thank you for your early attention to this matter and please call if you have any questions.

Very truly yours,

DOYLE HARTMAN

A handwritten signature in dark ink, appearing to read "Bryan E. Jones", written over the typed name.

Bryan E. Jones
Landman

BEJ/lr
Enclosures
490:FNB0531

ECT DIRECTLY THROUGH
UNITED BANK
P. O. BOX 11347
MIDLAND, TX 79702

UNITEDBANK

88-775/1163
116307752

May 31 19 90

Ten (10) DAYS AFTER SIGHT AND SUBJECT TO APPROVAL OF TITLE

TO THE BARBARA D. HEPWORTH AGENCY \$ 657.90
ER OF

HUNDRED FIFTY SEVEN AND 90/100----- DOLLARS

CONSIDERATION FOR Sale of 1.25% working interest in Koch - State "A" Lease, N/2 SE/4

Section 5, T-21-S, R-36-E, Lea County, New Mexico

TO: Doyle Hartman

ATTN: Bryan E. Jones

PHONE: 686-9331

THIS IS A COLLECTION ITEM
NOT A CASH ITEM



Bryan E. Jones

ECT DIRECTLY THROUGH
UNITED BANK
P. O. BOX 11347
MIDLAND, TX 79702

UNITEDBANK

88-775/1163
116307752

May 31 19 90

Ten (10) DAYS AFTER SIGHT AND SUBJECT TO APPROVAL OF TITLE

TO THE WILLIAM E. BLOSS REVOCABLE TRUST \$ 657.90
ER OF

HUNDRED FIFTY SEVEN AND 90/100----- DOLLARS

CONSIDERATION FOR Sale of 1.25% working interest in Koch - State "A" Lease, N/2 SE/4

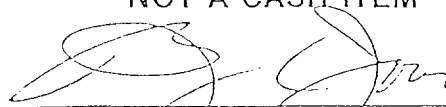
Section 5, T-21-S, R-36-E, Lea County, New Mexico

TO: Doyle Hartman

ATTN: Bryan E. Jones

PHONE: 686-9331

THIS IS A COLLECTION ITEM
NOT A CASH ITEM



Bryan E. Jones

QUIT CLAIM DEED AND ASSIGNMENT OF OIL AND GAS LEASE

WHEREAS, Koch Industries, Inc. and/or Koch Exploration Company are the owners of interest in a certain oil and lease in Lea County, New Mexico, more particularly described in Exhibit "A", attached hereto and made a part hereof; and

WHEREAS, Doyle Hartman desires to purchase all such interest as Koch Industries, Inc. and/or Koch Exploration Company may own in such lease, insofar as the same pertains to the rock unit known as the Eumont Gas Pool;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, receipt of which is hereby acknowledged, Koch Industries, Inc. and/or Koch Exploration Company, hereinafter referred to as Assignor, hereby assigns, transfers, bargains, sells, quits claim to and conveys to Doyle Hartman, hereinafter referred to as Assignee, all of Assignor's right, title and interest in and to that certain oil and gas lease described on Exhibit "A", attached hereto and made a part hereof, insofar and only insofar as such lease covers the interval from 3,350' below the surface of the earth down to the base of the rock unit generally known as the Eumont Gas Interval, more particularly described as the interval from the top of the Yates formation to the base of the Queen (top of the Grayburg) formation, more particularly described as the stratigraphic equivalent of the interval from 2,740' (top of the Yates formation) down to and including the depth of 3,695' (the base of the Queen formation and the top of the Grayburg formation) as found in the Atlantic Refining Company - State "H" No. 1 well located 3000' FSL and 1980' FEL (Unit 0) of Section 5, T-21-S, R-36-E, Lea County, New Mexico, and as recorded on the Welex Acoustic Velocity Log taken on October 30, 1962, said Log being measured from a Kelly Drive Bushing elevation of 3,595 feet above sea level.

ASSIGNOR EXPRESSLY RESERVES ANY AND ALL OTHER RIGHTS Assignor may own in such lease, including, but not limited to all rights in the Unitized Interval of the Eunice-Monument South Waterflood Unit, which begins below the depth of 100 feet below mean sea level or at the top of the Grayburg formation, whichever is higher, as more particularly described above in this Assignment.

This Assignment is intended to cover all rights of surface and subsurface user necessary for the enjoyment of any rights conveyed pursuant to this assignment, except insofar as the same may in any way interfere with Assignor's enjoyment of any and all rights reserved pursuant to this assignment.

This Assignment is MADE WITHOUT WARRANTY OF ANY KIND WHATSOEVER AND ASSIGNOR MAKES NO REPRESENTATION WHATSOEVER OF OWNERSHIP OF THE INTEREST ASSIGNED.

IN WITNESS WHEREOF, Assignor and Assignee have hereunto set their hands and seals this 17th day of May, 1990.

KOCH INDUSTRIES, INC.

By

R. G. Walton
R. G. Walton, Vice President
Exploration & Production

ATTEST:

H. A. Caldwell Secretary

KOCH EXPLORATION COMPANY

By

R. G. Walton
R. G. Walton, President

ATTEST:

R. D. Buettner Secretary

Doyle Hartman

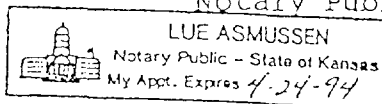
Doyle Hartman, Assignee

STATE OF KANSAS)
) ss:
COUNTY OF SEDGWICK)

The foregoing instrument was acknowledged before me this
17th day of May, 1990, by R. G. Walton, Vice President of
Exploration & Production of Koch Industries, Inc. a Kansas
Corporation, on behalf of the corporation.

Lue Asmusen
Notary Public

My commission expires:

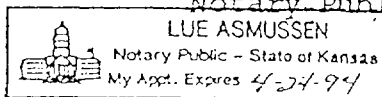


STATE OF KANSAS)
) ss:
COUNTY OF SEDGWICK)

The foregoing instrument was acknowledged before me this
17th day of May, 1990, by R. G. Walton, President of Koch
Exploration Company, a Kansas Corporation, on behalf of the
corporation.

Lue Asmusen
Notary Public

My commission expires:



STATE OF TEXAS)
) ss:
COUNTY OF)

Before me _____ a Notary Public on this
day personally appeared DOYLE HARTMAN, known to me to be the
person whose name is subscribed to the foregoing instrument,
and acknowledged to me that he executed the same for the
purposes and consideration therein expressed.

Given under my hand and official seal this ____ day of
_____, 1990.

Notary Public

My commission expires:

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF A QUIT CLAIM DEED AND
ASSIGNMENT OF OIL AND GAS LEASE FROM
KOCH EXPLORATION COMPANY, ASSIGNOR TO
DOYLE HARTMAN, ASSIGNEE

DATED May 17, 1990

Lease No. B-2456, dated January 24, 1934, from the State of
New Mexico to Stephen Chandler covering the North Half (N/2)
of the Southeast Quarter (SE/4) (subject to overriding royalty
of record and operating agreement of record), Section 5,
Township 21S, Range 36 E. containing 80 acres, more or less.
Koch Lease No. NM-03890

QUIT CLAIM DEED & ASSIGNMENT OF OIL & GAS LEASE

WHEREAS, The Barbara D. Hepworth Agency, is the owner of interest in a certain oil and gas lease in Lea County, New Mexico, more particularly described in Exhibit "A", attached hereto and made a part hereof;

AND, WHEREAS, Doyle Hartman desires to purchase all such interest as The Barbara D. Hepworth Agency may own in such lease, insofar as the same pertains to the rock unit known as the Eumont Gas Pool;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, The Barbara D. Hepworth Agency, hereinafter referred to as Assignor, hereby assigns, transfers, bargains, sells, quits claim to and conveys to Doyle Hartman, hereinafter referred to as Assignee, all of Assignor's right, title and interest in and to that certain Oil & Gas Lease described in Exhibit "A", attached hereto and made a part hereof, insofar and only insofar as such lease covers the interval from the top of the Yates formation to the base of the Queen (top of the Grayburg) formation, more particularly described as the stratigraphic equivalent of the interval from 2,740 feet (the top of the Yates formation) down to and including the depth of 3,695 feet (the base of the Queen formation and the top of the Grayburg formation) as found in the Atlantic Refining Company - State "H" No. 1 well located 3,000 feet from the South line and 1,980 feet from the East line of Section 5, T-21-S, R-36-E, Lea County, New Mexico.

ASSIGNOR EXPRESSLY RESERVES AND EXCEPTS ANY AND ALL OTHER RIGHTS which Assignor may own in such lease, including, but not limited to all rights in the unitized interval of the Eunice-Monument South Waterflood Unit, which begins at the top of the Grayburg formation, as more particularly described herein.

This Assignment is intended to cover all rights of surface and subsurface user necessary for the enjoyment of any rights conveyed pursuant to this Assignment, except insofar as the same may in any way interfere with Assignor's enjoyment of any and all rights reserved pursuant to the Assignment.

This Assignment is MADE WITHOUT WARRANTY OF ANYKIND WHATSOEVER AND ASSIGNOR MAKES NO REPRESENTATION WHATSOEVER OF OWNERSHIP OF THE INTEREST ASSIGNED.

IN WITNESS WHEREOF, Assignor and Assignee have hereunto set their hands and seals this ____ day of _____, 1990.

The Barbara D. Hepworth Agency

by: _____

Doyle Hartman, Assignee

EXHIBIT "A"

Attached to and made a part of that certain
Quit Claim Deed & Assignment of Oil & Gas
Lease from The Barbara D. Hepworth Agency,
Assignor, to Doyle Hartman, Assignee

Dated _____, 1990

State of New Mexico Lease no. B-2456, dated January 24, 1934,
from the State of New Mexico to Stephen Chandler, and covering
the N/2 SE/4 of Section 5, T-21-S, R-36-E, Lea County, New
Mexico, containing 80 acres, more or less.

QUIT CLAIM DEED & ASSIGNMENT OF OIL & GAS LEASE

WHEREAS, The First National Bank-Wichita, Trustee of the William E. Bloss Revocable Trust, is the owner of interest in a certain oil and gas lease in Lea County, New Mexico, more particularly described in Exhibit "A", attached hereto and made a part hereof;

AND, WHEREAS, Doyle Hartman desires to purchase all such interest as the First National Bank-Wichita, Trustee of the William E. Bloss Revocable Trust may own in such lease, insofar as the same pertains to the rock unit known as the Eumont Gas Pool;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, The First National-Wichita, Trustee of the William E. Bloss Revocable Trust, hereinafter referred to as Assignor, hereby assigns, transfers, bargains, sells, quits claim to and conveys to Doyle Hartman, hereinafter referred to as Assignee, all of Assignor's right, title and interest in and to that certain Oil & Gas Lease described in Exhibit "A", attached hereto and made a part hereof, insofar and only insofar as such lease covers the interval from the top of the Yates formation to the base of the Queen (top of the Grayburg) formation, more particularly described as the stratigraphic equivalent of the interval from 2,740 feet (the top of the Yates formation) down to and including the depth of 3,695 feet (the base of the Queen formation and the top of the Grayburg formation) as found in the Atlantic Refining Company - State "H" No. 1 well located 3,000 feet from the South line and 1,980 feet from the East line of Section 5, T-21-S, R-36-E, Lea County, New Mexico.

ASSIGNOR EXPRESSLY RESERVES AND EXCEPTS ANY AND ALL OTHER RIGHTS which Assignor may own in such lease, including, but not limited to all rights in the unitized interval of the Eunice-Monument South Waterflood Unit, which begins at the top of the Grayburg formation, as more particularly described herein.

This Assignment is intended to cover all rights of surface and subsurface user necessary for the enjoyment of any rights conveyed pursuant to this Assignment, except insofar as the same may in any way interfere with Assignor's enjoyment of any and all rights reserved pursuant to the Assignment.

This Assignment is MADE WITHOUT WARRANTY OF ANYKIND WHATSOEVER AND ASSIGNOR MAKES NO REPRESENTATION WHATSOEVER OF OWNERSHIP OF THE INTEREST ASSIGNED.

IN WITNESS WHEREOF, Assignor and Assignee have hereunto set their hands and seals this ____ day of _____, 1990.

First National Bank-Wichita, Trustee
of the William E. Bloss Revocable
Trust

Attest:

by: _____

Doyle Hartman, Assignee

STATE OF KANSAS

COUNTY OF SEDGWICK

The foregoing instrument was acknowledged before me this ____ day of _____, 1990, by _____, in the capacity above stated.

My Commission Expires:

Notary Public

STATE OF TEXAS

COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this ____ day of _____, 1990, by Doyle Hartman.

Notary Public

EXHIBIT "A"

Attached to and made a part of that certain
Quit Claim Deed & Assignment of Oil & Gas
Lease from First National Bank-Wichita, Trustee
of the William E. Bloss Revocable Trust,
Assignor, to Doyle Hartman, Assignee

Dated _____, 1990

State of New Mexico Lease no. B-2456, dated January 24, 1934,
from the State of New Mexico to Stephen Chandler, and covering
the N/2 SE/4 of Section 5, T-21-S, R-36-E, Lea County, New
Mexico, containing 80 acres, more or less.

DOYLE HARTMAN

Oil Operator

500 N. MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

June 18, 1990

FEDERAL EXPRESS

Mrs. Barbara D. Hepworth
110 Baxter Court
Falsen, California 95630

Re: Koch-State "A" Lease
N/2 SE/4 Section 5,
T-21-S, R-36-E
Lea County, New Mexico

Dear Mrs. Hepworth:

This letter is being written to you pursuant to the telephone conversation of June 15, 1990 that I had with Mr. Elmer Pelton of First National Bank of Wichita relative to the offers (dated October 30, 1989, April 11, 1990 and May 31, 1990) we have extended to you through the FNB-Wichita to purchase your 1.25% interest in the operating rights as to the Eumont Gas Pool in and under State of New Mexico Lease B-2456, consisting of the N/2 SE/4 of Section 5, T-21-S, R-36-E, Lea County, New Mexico.

Mr. Pelton advised me that you are not well versed as to oil and gas matters and that you needed further explanation of our offers and intentions.

State of New Mexico Lease B-2456 was issued January 24, 1934 to Stephen Chandler, who subsequently assigned the lease to R. Olsen, who subsequently assigned the lease to Winkler-Koch Engineering Company, which is now Koch Industries, Inc. During the period of time Koch owned the lease, 27.50% of same was assigned to various individuals, with 1.25% of same currently being owned by you. We have purchased a total of 97.50% of the operating rights as to the Eumont Gas Pool in and under State of New Mexico Lease B-2456, including the 72.50% owned by Koch Industries and the 2.50% owned by Mr. James Ralstin.

Inasmuch as our acquisition of the 97.50% interest was limited to the Eumont Gas Pool interval, all remaining rights are still owned by the conveying parties, including their interest in the Chevron-operated Eunice Monument South Waterflood Unit. Subject waterflood zone lies below the Eumont Gas Pool interval and we have not acquired any interest in same as to State of New Mexico Lease B-2456.

As we explained in each of our offertory letters dated October 30, 1989, April 11, 1990 and May 31, 1990, the subject 80-acre lease (B-2456) has

Mrs. Barbara D. Hepworth

June 18, 1990

Page 2

never been developed as to the Eumont Gas Pool, and has been drained by offsetting Eumont wells for approximately 40 years. As working interest owners in lease B-2456, we (Doyle Hartman, Barbara Hepworth and FNB - Wichita, Trustee) could be held liable to the State of New Mexico (the mineral owner) for any continuing drainage suffered by our lease. For this reason, we immediately proposed development of the subject 80-acre lease once we completed our acquisition from Koch and the other agreeing parties.

Our purchase offer to you is for an identical and proportional amount of money that we have paid the other owners of operating rights. For example, we paid Koch \$38,158.00 for its 72.50% working interest and the \$657.90 we offered you is identical on a per acre basis and proportional on an overall basis. $[\$38,158 / (80 \times .725) = \$657.90; \$657.90 / (80 \times .0125) = \$657.90/\text{Acre}]$

As you are aware, we have filed an application with the New Mexico Oil Conservation Division to compulsory pool all interests within the SE/4 Section 5 and NE/4 Section 8, T-21-S, R-36-E, including the 80-acre State of New Mexico Lease B-2456, under which you own 1.25% working interest. Your options are as follows:

- 1) To join and pay your proportionate part of drilling, completing and equipping our proposed State "A" Com No. 5 well, which we estimate will cost approximately \$416,917.00 to drill and complete, plus your proportionate part of another \$46,305.00 to connect the well to an available pipeline facility (Authorization for Expenditure and Detail Well Estimate enclosed);
- 2) To sell your interest to us, per the offers we have previously made;
- 3) To have your interest subjected to the compulsory pooling order we envision will be issued by the New Mexico Oil Conservation Division, which order will probably contain a 200% penalty provision, meaning that we will have the right to recover out of production 100% of our cost of drilling, completing, equipping and operating the proposed State "A" Com No. 5 well, plus a penalty of 200% of such cost to be assessed against those owners not voluntarily agreeing to participate in the well. Additionally, we intend to ask for 100% reimbursement of the fair market drilling and completion value of our currently producing State "A" No. 4 well, which will be simultaneously dedicated to the 320-acre Eumont Gas Pool proration unit which we propose to form. To the State "A" No. 4 well, we have assigned a value of \$195,782.00, (AFE and Detail Well Estimate enclosed) which we will also recover out of production.

Mrs. Barbara D. Hepworth

June 18, 1990

Page 3

Thus, if you decide to voluntarily join in our proposed venture, your 1.25% working interest will be assessed a total estimated cost of \$8,238.23 $[(\$416,917 + \$46,305 + \$195,782) \times .0125 = \$8,238.23]$. If you decide to voluntarily participate in our proposed development, you will need to sign the enclosed AFE and return same to the undersigned along with your check in the amount of \$8,238.23, and we will then forward our standard form Operating Agreement for your execution prior to commencing the well. If you decide to have your interest subjected to the compulsory pooling statutes of the State of New Mexico, you need not respond to us in any manner. Finally, if you decide to sell your 1.25% working interest in the Eumont Gas Pool rights, please notify the undersigned immediately, as our hearing before the New Mexico Oil Conservation Division is scheduled for June 27, 1990.

Very truly yours,

DOYLE HARTMAN

A handwritten signature in dark ink, appearing to read 'Bryan E. Jones', is written over the typed name.

Bryan E. Jones
Landman

BEJ/lr
Enclosures
490:HEPW0618

cc First National Bank - Wichita
Attention: Mr. Elmer Pelton
Post office Box 1
Wichita, Kansas 67201
FEDERAL EXPRESS

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT
P.O. Box 1210, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances measured from the outer boundaries of the section

| | | | | | |
|---|--|-----------------------------|---|--|--|
| Operator DOYLE HARTMAN | | Lease State "A" Com | | Well No. 5 | |
| Use Letter Q | Section 5 | Township 21 South | Range 36 East | County Lea | |
| Actual Footage Location of Well: <div style="display: flex; justify-content: space-between;"> 1650 feet from the South line and 845 feet from the East line </div> | | | | | |
| Ground level Elev. 3586.2 | Producing Formation Yates - 7R - Queen | | Pool Eumont (Y-7R-QN) Pro Gas | Dedicated Acreage: 320 Acres | |

1. Outline the acreage dedicated to the subject well by colored pencil or bakelite marks on the plat below.

2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force pooling, etc.?
☒ Yes ☐ No If answer is "yes" type of consolidation **Force Pooling**

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, force pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.

Detail Inset
 State A Com No. 5
 Location

Proposed - Hartman
 State "A" Com No. 5
 Infill Eumont Well
 1650' FSL & 845' FEL
 Section 5, T-21-S
 R-36-E

OPERATOR CERTIFICATION
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.
 Signature: *[Signature]*
 Printed Name: **Michael Stewart**
 Position: **Engineer**
 Company: **Doyle Hartman**
 Date: **6-6-90**

SURVEYOR CERTIFICATION
 I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.
 Date Surveyed: **June 4, 1990**
 Signature & Seal of Professional Surveyor:
[Signature]
 Certified by: **JOHN W. WEST, 676**
RONALD J. EIDSON, 3239

Proposed State A Com Proration Unit
 SE/4 Section 5
 NE/4 Section 8 **Section 5, T-21-S, R-36-E**

Section 8, T-21-S, R-36-E

EXISTING - Hartman
 State "A" Com No. 4
 (State "A" No. 4)
 660' FNL & 660' FEL
 Section 8, T21S, R36E

DOYLE HARTMAN
OIL OPERATOR
500 N. MAIN STREET
MIDLAND, TEXAS

Revised 5-15-82

AUTHORIZATION FOR EXPENDITURE AND DETAIL WELL ESTIMATE

LEASE NAME State "A" Com WELL NO. 5 W.I. 100%
COUNTY Lea STATE New Mexico FIELD Eumont (Gas)
LOCATION: NE/4 SE/4 Section 5, T-21-S, R-36-E

| DRILLING INTANGIBLES: | | | | PRODUCER | DRY HOLE |
|--|-----------------------------|--------------------|-------------------------|----------|----------|
| 1. Drilling Cost | 3850 | Feet @ \$11.00 | Per Foot | 42350 | 42350 |
| 2. Day Work | 2 days @ \$3500/day | | | | |
| 3. Coring Service | | Well Surveys | OH Logs | 7000 | 7000 |
| 4. Bits and Reamers | | | | 10200 | 10200 |
| 5. Testing | | | | | |
| 6. Directional Drilling | | | | | |
| 7. Fuel | | Water | | 8000 | 5500 |
| 8. Mud | 4700 | Mud Logging | 1800 | 6500 | 6500 |
| 9. Cementing Service | | Cement | Floats 12000 | 12000 | 3200 |
| 10. Company Labor | | Contract Labor | | 1500 | 1500 |
| 11. Surface Damages and Right-of-Way | | | | 2500 | 2500 |
| 12. Digging Pits | | Filling Pits | | 500 | 500 |
| 13. Pit Lining | | | | 300 | 800 |
| 14. Roads & Bridges | 1500 | Dredging & Grading | 7500 | 9000 | |
| 15. Acidizing | 6500 | Fracturing | 145000 Perforating 2000 | 153500 | |
| 16. Plugging | | | | | 4500 |
| 17. Trucking Cost | | | | 3000 | 1500 |
| 18. Development Superintendence | 12/7 days @ \$ 500 /day | | | 6000 | 3500 |
| 19. Rental Equipment | BOP, frac tanks | | | 5300 | 1300 |
| 20. Swabbing and Testing | | | | 6500 | |
| 21. Legal and Professional Expenses: | | | | | |
| | Product Price Determination | NGPA file | | 750 | |
| | Regulatory Hearings | State filing | Other Location Stake | 1200 | 1200 |
| 22. Abstracts and Title Opinions | | | | 7500 | 7500 |
| 23. Geological, Geophysical and Land Support | | | | 2200 | 2200 |
| 24. Other Costs | | | | | |
| 25. Contingency @ 10 % | | | | 28630 | 10175 |
| Total Intangibles | | | | 314930 | 111925 |

| WELL EQUIPMENT: | | | | | |
|--|------|-----------------------|----------------|--------|--------|
| 26. Casing | 450 | Ft. of 9-5/8" @ 12.00 | Per Ft. (Used) | | |
| | 3850 | Ft. of 7" @ 8.50 | Per Ft. (L.S) | | |
| | | Ft. of @ | Per Ft. | 38125 | 5400 |
| 27. Tubing | 3800 | Ft. of 2-3/8" @ 2.30 | Per Ft. | 8740 | |
| 28. Casing Head | | | | 1350 | 1350 |
| 29. Xmas Tree or Pumping Connections | | | | 5600 | |
| 30. Pumping Unit | | | | 15000 | |
| 31. Engine/Motor Controller and Power System | | | | 7800 | |
| 32. Sucker Rods | | | | 4000 | |
| 33. Pump | | | | 1800 | |
| 34. Tank Battery | | | | 3500 | |
| 35. Separator or Dehydration Equip. | | | | 3300 | |
| 36. Metering Equipment | | | | | |
| 37. Flow Lines | | | | 2100 | |
| 38. Guards and Fences | | | | 800 | |
| 39. Other Costs | | Anchors | | 600 | |
| 40. Contingency @ 10 % | | | | 9272 | 675 |
| Total Tangibles | | | | 101987 | 7425 |
| TOTAL COST OF WELL | | | | 416917 | 119350 |
| Share at % | | | | | |

REMARKS:

Originated by Mike Stewart Title Engineer Date 5-22-90
Approved _____ Title _____ Date _____

BOYLE HARTMAN
OIL OPERATOR
500 N. MAIN STREET
MIDLAND, TEXAS

AUTHORIZATION FOR EXPENDITURE AND DETAIL GATHERING SYSTEM ESTIMATE

LEASE / SYSTEM NAME: State "A" Gathering - State A Com No. 5

LOCATION: SE/4 Section 5 & NE/4 Section 8 T-21-S R-36-E COUNTY: Lea STATE: NM

WORK REQUIRED: Ditch, Lay & Burv 6" SDR Poly Gas Gathering Line to NNG 10" Line No. 107

CONNECTION LENGTH: 3000' SIZE LINE REQUIRED: 6" SDR Polyethylene

GATHERING SYSTEM

INTANGIBLES:

| | | | | | | |
|---|--------|--------|---------|---------|------|--------|
| 1. Row & Damages | 181.82 | Rods @ | 25 | Per Rod | 4545 | |
| | | Rods @ | | Per Rod | | 4545 |
| 2. Survey & Stake Row | | | | | | |
| 3. Location - Roads - Meter Sites - Compressor Sites | | | | | | |
| 4. Installation Cost - Pipe | 3000 | Fl. Cl | 6" poly | @ | 2.75 | Per Ft |
| | | Fl. Cl | | @ | | Per Ft |
| | | Fl. Cl | | @ | | Per Ft |
| | | Fl. Cl | | @ | | Per Ft |
| | | | | | | 8250 |
| 5. Installation Cost - Meters | | | | | | 2300 |
| 6. Installation Cost - Compressors/Separators/Dehydrators | | | | | | |
| 7. Installation Cost - Other | | | | | | |
| 8. Line Inspection Service | | | | | | |
| 9. X-Ray Services | | | | | | |
| 10. Cathodic Protection Service | | | | | | |
| 11. Trucking | | | | | | |
| 12. Rental Equipment | | | | | | |
| 13. Legal Services | | | | | | 150 |
| 14. Superintendence | | | | | | |
| 15. Consultant Services | | | | | | |
| 16. Other Costs | | | | | | |
| 17. Contingency @ | 10 | % | | | | 1525 |
| Total Intangibles | | | | | | 16770 |

GATHERING SYSTEM EQUIPMENT:

| | | | | | | |
|---------------------------------------|------|--------|----------|--------|------|-------------|
| 18. Pipe | 3000 | Fl. Cl | 6" poly | @ | 4.00 | Per Ft |
| | | Fl. Cl | | @ | | Per Ft |
| | | Fl. Cl | | @ | | Per Ft |
| | | Fl. Cl | | @ | | Per Ft |
| | | | | | | 12000 |
| 19. Tanks | | | | | | |
| 20. Separation Equipment | | | | | | |
| 21. Drips | | | | | | |
| 22. Meter Runs & Meters | 1 | | 4" NNG | Inch @ | 6500 | Ea |
| | 1 | | 4" Check | Inch @ | 3650 | Ea |
| | | | | | | 10150 |
| 23. Pig Launchers & Receiver Fac | | | | | | |
| 24. Valves - 4" & Over | | | | | | 2500 |
| 25. Valves - Under 4" | | | | | | 1000 |
| 26. Fittings - Elbs, Tees, Etc | | | | | | 1200 |
| 27. Valve Boxes | | | | | | |
| 28. Road Crossings | | | | | | |
| 29. Guards and Fences | | | | | | |
| 30. Buildings & Structures | | | | | | |
| 31. Power System and Motor Controller | | | | | | |
| 32. Gas Compressors | | Stages | | Hp | | Rated MCFPD |
| 33. Gas Dehydration | | BTU's | | | | Rated MCFPD |
| 34. Other Costs | | | | | | |
| 35. Contingency @ | | % | | | | 2685 |
| Total Tangibles | | | | | | 29535 |

TOTAL COST OF SYSTEM 46305

Share At _____ %

REMARKS: Connect proposed infill Nueces State A Com #5 (1650' FSL & 845' FSL Section 5, T-21-S, R-36-E to NNG Sales Facilities on 10" Line No. 107 in NW/4 NE/4 Section 8 T-21-S, R-36-E, Lea County, New Mexico

Originated By Michael Stewart Title Engineer Date 6-4-90
Approved _____ Title _____ Date _____

ESTIMATED WELL AND PRODUCTION
FACILITIES VALUE

HARTMAN - STATE "A" NO. 4
PROPOSED STATE "A" COM NO. 4
660' FNL & 660' FEL
SECTION 8, T-21-S, R-36-E
LEA COUNTY, NEW MEXICO

| | |
|--|--------------|
| *Cost to drill, complete and equip Eumont producer with 5-1/2" production casing and all associated facilities (See attached AFE and Detail Well Estimate) | \$389,382.00 |
| *Less cost of block squeeze job and drill out to bring cement behind 5-1/2" casing to surface | < 15,500.00> |
| *Less cost of fracturing stimulation | <135,000.00> |
| *Less cost of pumping connections | < 5,600.00> |
| *Less cost of pumping unit | < 15,000.00> |
| *Less cost of motor controller & power system | < 7,800.00> |
| *Less cost of sucker rods | < 4,000.00> |
| *less cost of pump | < 1,800.00> |
| *Less cost of tank battery | < 3,500.00> |
| *Less cost of separator | < 3,300.00> |
| *Less cost of flow lines | < 2,100.00> |
| Net Value of Existing State "A" No. 4 Well & Facilities | \$195,782.00 |

Revised 5-15-82

LEASE NAME Eumont Infill Well WELL NO. W.L. 100%
(5-1/2" production casing)
COUNTY Lea STATE New Mexico FIELD Eumont
LOCATION: SE/4 Section 5 & NE/4 Section 8, T-21-S, R-36-E (320 Ac. PU)

REMARKS: _____ Share at _____ %
Estimated cost to drill, complete and equip a
pement producer with 5-1/2" production casing.

Originated by Michael Stewart Title Engineer Date 06-06-90
Approved _____ Title _____ Date _____