



Chevron U.S.A. Inc.

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Michael J. Evans
Land Representative
Permian Basin Land Division

January 23, 1991

Exchange Agreement
A.L. Christmas Lease
Arnott Ramsay #7 and #10
State A Lease
Carter - Eaves Lease
Lea County, New Mexico

Doyle Hartman
500 N. Main
Midland, Texas 79707

Attention: Mr. Bryan E. Jones

Gentlemen:

Please find enclosed an Exchange Agreement which provides for the exchange of property between Chevron, Doyle Hartman and James A. Davidson. This document differs from the preliminary draft provided under cover of letter dated December 20, 1990.

Some of the changes are intended to address the plugging of the Carter - Eaves well and the potential claim of others to title in the Christmas well.

We have also received the Assignment and the Bill of Sale that you have provided. We have indicated required changes on the forms enclosed. Once these have been revised they should be attached to the Exchange Agreement as Exhibit C-3 and C-4 respectively.

One additional change is the closing statement attached as Exhibit "E". You must complete this exhibit by filling in the values of the A.L. Christmas real property and personal property for both Mr. Hartman's and Mr. Davidson's interests.

Once the Exchange Agreement has been executed by Mr. and Mrs. Hartman and Mr. Davidson please return 2 original copies to my attention. We will then confirm closing and due diligence arrangements.

Finally, attached is a copy of our AFE to plug the Carter - Eaves well. Once it has been approved by all parties please let me know so that we can finalize plugging arrangements.

Very truly yours,


Michael J. Evans

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