

R.E. BLAIK, INC.

P.O. BOX 1375
OKLAHOMA CITY, OKLAHOMA
73101

405 236-4400

FACSIMILE 405 236-3660

January 15, 1997

Mr. Richard L. Oliver
P. O. Box 425
June Lake, CA 93529

Re: SE/4, Sec. 4-14N-4W
Oklahoma County, Oklahoma

Dear Royalty Owner:

The purpose of this letter is to set forth our proposed oil and gas development of the above captioned acreage.

To the extent record title reflects that you own a mineral interest or your name appears under a prior division order as an apparent heir and/or devisee of the estate of a record title owner within the referenced acreage, we request your consideration as set forth hereinafter.

R.E. Blaik, Inc., "Blaik," has for some time attempted to acquire the non-producing rights from the current working interest owners underlying the referenced land. All attempts in this regard have failed. We currently hold a majority of interest under the SW/4 of said Section 4 and N/2 of Section 9, lying south and adjacent to your acreage. The premise of this project stems from our belief of deeper structural closure, within the Ordovician system, which will require further delineation at depth through geophysical application.

To the extent this acreage (your mineral interest) has been held by virtue of the West Edmond Hunton Lime Unit since the early 1940's and has experienced no additional deep development or contemplations thereof by the current working interest owners, with all wells thereon being plugged and abandoned or inactive, it is our counsel's opinion that your acreage is a prime candidate for a mineral owner's demand pursuant to the implied covenant of "further development" associated with the attached oil and gas lease. With a combined effort (all mineral owners participation) the current working interest owners will simply be forced to either release, develop or defend their leasehold position, the latter of which is extremely unlikely.

It is our intent to enter into an agreement authorizing us to retain counsel and act on your behalf in this matter, and to take all necessary steps to obtain a farmout agreement, release, termination or cancellation of the existing oil and gas lease with all expenditures relative thereto to be borne by Blaik.

Though intangible, your incentive is the prospect of further development. However, should the existing oil and gas lease terminate, you shall enter into a new lease which will provide you with a 3/16th royalty in lieu of the standard 1/8th as provided under the attached oil and gas lease.

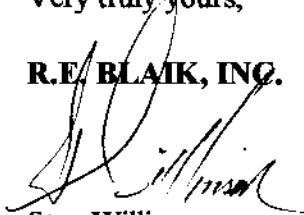
1200 N. WALKER, SUITE 204 OKLAHOMA CITY, OKLAHOMA 73103

Presently, a large portion of the respective mineral owners are supportive of this endeavor, contingent only upon their acceptance of the referenced agreement, which has been circulated for their execution and return. As your interest may have been acquired via inheritance, etc., and not perfected of record, please notate below the party or parties (descent of distribution) which your interest is derived from, and providing the aforementioned is of interest, either complete and return the following or contact the undersigned at the above telephone number at your earliest possible convenience.

I apologize for not contacting you directly, the mere numbers make it difficult, almost impossible to place a personal touch on each and every mineral owner; nonetheless, I realize this proposal may raise certain questions, and I encourage any phone calls in this regard. However, the bottom line is that our idea is simply an attempt to enhance and develop your minerals at no risk to you. I look forward to your reply.

Very truly yours,

R.E. BLAIR, INC.



Stan Williamson
Vice President

SW/nc
C:\WPWIN60\WPDOCS\LETTERS\LSE-ACRE\OKLA-CO4\SE-4-OK.

If applicable, Estate you acquired title from:

NAME: _____

PROBATE NO.: _____

COUNTY & STATE: _____

INTEREST ACQUIRED: _____

Initials **I am interested in this proposal subject to my review, approval and execution of the referenced Agreement. Please send subject Agreement to the following address**

NAME: _____

ADDRESS: _____

Should you have knowledge or know the whereabouts of relatives that currently hold mineral interests under the referenced lands, please write down their names, addresses and telephone numbers, if available. Your efforts in this regard are very much appreciated.

R.E. BLAIK, INC.
P.O. BOX 1375
OKLAHOMA CITY, OKLAHOMA
73101

405 236-4400

FACSIMILE 405 236-3660

March 13, 1997

Norman and Carolyn Oliver
2284 S. Inland Dr.
Stockton, CA 95206-9692

✓ Richard L. Oliver
P. O. Box 425
June Lake, CA 93529

Dear Carolyn: *RICHARD*

Re: SE/4, Sec. 4-14N-4W
Oklahoma County, Oklahoma

Pursuant to our recent conversation, please find enclosed herewith our Agreement which should serve to facilitate the further development of the above captioned acreage. To the extent you and Norman never received my original correspondence explaining this situation, I have enclosed a copy thereof.

Even though I have not heard from Richard, I have taken the liberty of sending him this same agreement and providing this Agreement meets with your approval, please execute same before a notary as illustrated, returning duplicate signature page to the undersigned in the self-addressed stamped envelope. The Agreement is to be retained for your records. Your earliest consideration will be appreciated. If you have questions, please do not hesitate to call. As always.

Very truly yours,

R.E. BLAIK, INC.

Stan Williamson
Stan Williamson
Vice President

SW/nc

C:\WPWIN60\WPDOCS\LETTERS\SE-ACRE\OKLA-CO4\SE-4.LTR

1200 N. WALKER, SUITE 204 OKLAHOMA CITY, OKLAHOMA 73103

AGREEMENT

THIS AGREEMENT made and entered into this _____ day of March, 1997, by and between **Richard L. Oliver**, P. O. Box 425, June Lake, CA 93529, hereinafter referred to as LESSOR, and **R.E. Blaik, Inc.**, P. O. Box 1375, Oklahoma City, Oklahoma 73101, hereinafter referred to as BLAIK.

WHEREAS, LESSOR owns certain mineral interest(s) underlying certain lands in SE/4, Sec. 4-14N-4W, Oklahoma County, Oklahoma.

WHEREAS, LESSOR wants another well drilled on these lands and desires for BLAIK to retain counsel for the purpose of making demand upon the current leasehold owners, and for the further purpose of taking all steps necessary to secure a farmout agreement or release, cancellation or termination of the existing lease(s).

NOW, THEREFORE, in consideration of mutual covenants and agreements hereinafter contained, it is hereby agreed as follows:

1. LESSOR authorizes BLAIK to retain the law firm of MAHAFFEY & GORE, a professional Corporation, Two Leadership Square, Suite 1100, Oklahoma City, Oklahoma 73102, to act as their counsel in this matter and/or to take all necessary steps to obtain a farmout agreement, release, termination or cancellation of the existing oil and gas lease(s) on the above described premises. Such power shall include, but not be limited to, the power to make demand on the current lessee, to pursue legal action in any court or before any administrative agency and exclusive power to compromise and settle any such legal action, subject only to the restrictions set forth herein.

2. It is understood that BLAIK will pay all court costs, legal fees and/or legal expenses incurred in attempting to obtain a farmout agreement or release, termination or cancellation of the existing oil and gas lease(s) on the above described premises, and that in no event shall LESSOR be liable for said amount. BLAIK reserves the right at its sole discretion, to amend or terminate any proceedings or action at any time without notice.

3. In the event a release of the existing oil and gas lease(s) is obtained, either through settlement or as a result of a judgment in litigation, it is understood that LESSOR shall execute, notarize and deliver to BLAIK the oil and gas Lease(s) set out under Exhibit "A" attached hereto and made a part hereof and incorporated herein by this reference. Said oil and gas lease(s) provides LESSOR with a 3/16th royalty in lieu of the standard 1/8th royalty as provided under the existing oil and gas lease(s). This lease provides for a term of three years and offers no other consideration, including bonus, except as provided for as performance hereinunder. In the event this Agreement is placed of-record, and House Bill 2796 effective November 1, 1996, is not amended and curative legislation enacted, Blaik reserves the right to amend said Oil and Gas Lease (Exhibit "A") such that said lease shall be re-printed (type-set only) in full compliance thereof. The amended version thereof shall not enlarge, decrease, or in any manner alter the terms of said Oil and Gas Lease. Should the county clerk refuse to file this Agreement because the Oil and Gas Lease (Exhibit "A") fails to comply to said recording statute, Lessor and Blaik authorizes the County Clerk to delete Exhibit "A" from said Agreement with full knowledge and acceptance of its existence as though it was properly recorded with said Agreement. This shall also be construed as constructive notice to all third parties.

Notwithstanding anything contained herein, should BLAIK obtain a farmout agreement of the existing oil and gas leases(s), LESSOR agrees to ratify said lease(s) and acknowledge its (their) validity for a minimum period of one year from the date of said farmout for the sole consideration of BLAIK attempting to drill or causing to be drilled an additional well in the unit.

Notwithstanding anything contained herein, BLAIK shall not be liable in any way for its failure to obtain a release, termination or cancellation of the existing lease or obtain a farmout or drill another well in this unit and the only consequence of such failure shall be termination of this Agreement.

4. Although it is agreed that BLAIK and/or counsel may deem it appropriate to sue for money damages as well as cancellation, BLAIK and/or counsel hereby agrees to neither accept nor consider any offer of settlement which does not involve either A: an unconditional release of the subject lease(s) to all or a portion of the potentially productive zones or B: an agreement by the current Lessee(s) to farmout their leasehold to BLAIK on terms acceptable to BLAIK.

5. That by execution of this Agreement, LESSOR agrees not to execute any other oil and gas lease(s) covering the aforesaid interests or to enter into any other agreement calling for the execution of an oil and gas lease(s) covering this interests with any other party except BLAIK.

6. This agreement shall be binding not only upon the parties hereto, but also upon their heirs, representatives, successors and assigns.

7. LESSOR hereby warrants and agrees to defend the title to the lands herein described, and agrees that BLAIK shall have the right at any time to redeem for LESSOR by any mortgages, taxes or other liens on the above described lands, in the event of default of payment by LESSOR, and be subrogated to the rights of the holder thereof.

8. Any money damages obtained on behalf of the LESSOR in a settlement of any litigation instituted by counsel is to be divided between the LESSOR and BLAIK in equal shares (50% each), after first deducting any and all court cost, expenses incidental to the litigation and attorney fees.

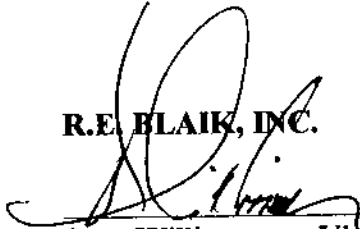
9. If, as a result of BLAIK's or counsel's actions, the current leasehold owners or a third party thereto should elect to drill another well prior to the time that BLAIK could successfully obtain a farmout, release or cancellation of LESSOR'S lease(s), BLAIK will be entitled to receive \$100.00 per net mineral acre production payment, payable out of future production from the well drilled, which production payment would be paid out of one-half (1/2) of LESSOR'S existing royalty. This production payment would be to reimburse BLAIK for its attorney fees and expenses incurred, as well as for the effort expended by BLAIK in forcing the drilling of another well in the unit.

10. LESSOR further grants BLAIK exclusive rights to administer and conduct seismic operations over and across subject lands or lands they hold title to that fall within BLAIK'S survey grid or pattern.

IN WITNESS WHEREOF, the parties hereto have fixed their hand and seal hereto on the date first above written.

LESSEE

R.E. BLAIK, INC.


Stan Williamson - Vice President

STATE OF OKLAHOMA)

)ss

COUNTY OF OKLAHOMA)

Before me, a Notary Public, in and for said County and State, on March 13, 1997, personally appeared Stan Williamson, to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as its Vice President and acknowledged to me that he executed the same as his free and voluntary act and deed, and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

My Commission Expires:
6/30/2000


Notary Public

EXECUTION AND ACKNOWLEDGEMENT PAGE

LESSOR:

x Richard L. Oliver
Richard L. Oliver

STATE OF CALIFORNIA)
COUNTY OF Riverside)ss
)

Before me, the undersigned, a Notary Public, in and for said County and State, on this 3rd day of ~~March~~ April, 1997, personally appeared **Richard L. Oliver** to me known to be the identical persons who executed the within and foregoing instrument and acknowledged to me that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.

Given under my hand and seal the day and year first above written.

My Commission Expires:
5-26-98

x Sheila Hobbs
Notary Public

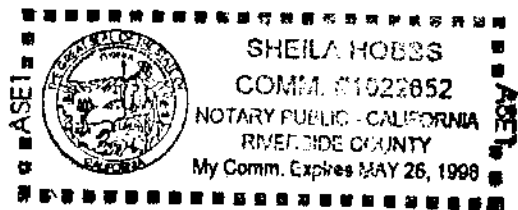


EXHIBIT "A"
OIL AND GAS LEASE
(PAID UP)

AGREEMENT, Made and entered into this _____ day of _____, 19____,
by and between _____

_____, Party of the first part, hereinafter called lessor (whether one or more),
and R.E. BLAIK, INC., P.O. Box 1375, Oklahoma City, Oklahoma 73101, _____, Party of the second part, hereinafter called lessee.

I, WITNESSETH That the said lessor, for and in consideration of ONE OR MORE DOLLARS, cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let unto the said lessee, for the purpose of investigating, exploring, by geophysical or other means, prospecting, drilling, and operating for and producing oil and all gas of whatsoever nature or kind, including all associated hydrocarbons produced in a liquid or gaseous form, also including sulphur produced in association with oil or gas, hereinafter sometimes collectively referred to as "oil and gas", injecting gas, waters, other fluids, air and other gaseous substances into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, telephone lines and other structures and things thereon to produce, save, take care of, treat, process, store and transport said oil and gas and other products manufactured therefrom the following described land, together with any reversionary rights and after-acquired interest, therein situated in the County of Oklahoma, State of Oklahoma, to-wit: _____

SE/4

of Section 4, Township 14N, Range 4W, and containing 160.0 acres, more or less.

It is agreed that this lease shall remain in force for a term of Three (3) years from date (herein called primary term) and as long thereafter as oil and gas, or either of them, is produced from said land by the lessee.

In consideration of the premises the said lessee covenants and agrees:

1st. To deliver to the credit of lessor free of cost, in the pipe line to which it may connects its wells, the 3/16ths part of all oil (including but not limited to condensate and distillate) produced and saved from the leased premises.

2nd. To pay lessor for gas (including casinghead gas) and all other substances covered hereby, a royalty of 3/16ths of the net proceeds realized by lessee from the sale thereof, less a proportionate part of the production, severance and other excise taxes and the cost incurred by lessee in delivering, processing, compressing or otherwise making such gas or other substances merchantable, said payments to be made monthly. If gas from any well or wells on the premises capable of producing gas in commercial quantities is not sold or used off the premises or in the manufacture of gas for a period of one (1) year or more, during which time there is no other production from the leased premises, then lessee shall pay or tender as royalty for such annual period a sum of one dollar (\$1.00) per net acre within ninety (90) days after the end of such annual period.

If, at the expiration of the primary term, Lessee is conducting operations for drilling, completing or reworking a well, this lease nevertheless shall continue as long as such operations are prosecuted or additional operations are commenced and prosecuted (whether on the same or successive wells) with no cessation of more than 90 days, and if production is discovered, this lease shall continue as long thereafter as oil or gas, are produced. In addition, if at any time or times after the primary term, there is a total cessation of all production, for any cause (subject to the force majeure provisions), this lease shall not terminate if lessee commences or resumes any drilling or reworking operations, or production, within ninety (90) days after such cessation. Drilling operations or mining operations shall be deemed to be commenced when the first material is placed on the leased premises or when the first work, other than surveying or staking the location, is done thereon which is necessary for such operations.

Lessee is hereby granted the right at any time and from time to time to unitize the leased premises or any portion or portions thereof, as to all strata or any stratum or strata, with any other lands as to all strata or any stratum or strata, for the production primarily of oil or primarily of gas with or without distillate. However, no unit for the production primarily of oil shall embrace more than 160 acres, or for the production primarily of gas with or without distillate more than 640 acres; provided that if any governmental regulation shall prescribe a spacing pattern for the development of the field or allocate a producing allowable based on acreage per well, then any such unit may embrace as much additional acreage as may be so prescribed or as may be used in such allocation of allowable. Lessee shall file written unit designations in the county in which the leased premises are located. Operations upon and production from the unit shall be treated as if such operations were upon or such production were from the leased premises whether or not the well or wells are located thereon. The entire acreage within a unit shall be treated for all purposes as if it were covered by and included in this lease except that the royalty on production from the unit shall be as below provided, and except that in calculating the amount of any shut in gas royalties, only the part of the acreage originally leased and then actually embraced by this lease shall be counted. In respect to production from the unit, lessee shall pay lessor, in lieu of other royalties thereon, only such proportion of the royalties stipulated herein as the amount of his acreage placed in the unit, or his royalty interest therein on an acreage basis bears to the total acreage in the unit.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein whether state hereinabove as whole or partial interest, then the royalties herein provided shall be paid to the lessor only in the proportion which his interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for its operations thereon, except water from wells of lessor.

When requested by the lessor, lessee shall bury his pipe lines below plow depth.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises, without the written consent of the lessor.

Lessee shall pay for all damages caused by its operations to growing crops on said land.

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

Any structures and facilities placed on the leased premises by lessee for operations hereunder and any well or wells on the leased premises drilled or used for the injection of salt water or other fluids may also be used for lessee's operations on other lands in the same area.

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns. However, no change or division in ownership of the land or royalties shall enlarge the obligations or diminish the rights of lessee. No change in the ownership of the land or royalties shall be binding on the lessee until after the lessee has been furnished with a written transfer or assignment or a true copy thereof. In case lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion arising subsequent to the date of assignment.

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules and Regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or such failure is the result of any such Law, Order, Rule or Regulation.

This lease shall be effective as to each lessor on execution hereof as to his or her interest and shall be binding on those signing, notwithstanding some of the lessors above named may not join in the execution hereof. The word "Lessor" as used in this lease means the party or parties who execute this lease as lessor, although not named above.

Lessee may at any time and from time to time, surrender this lease as to any part or parts of the leased premises by delivering or mailing a release thereof to lessor, or by placing a release of record in the proper County.

Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right any time to redeem for lessor by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof.

This is a paid-up lease. In consideration of the cash payment acknowledged above, lessor agrees that lessee is not obligated to commence or continue any operations during the primary term.

If at any time within the primary term of this lease and while the same remains in force and effect, lessor receives any bona fide offer, acceptable to lessor, to grant an additional lease (top lease) covering all or part of the aforescribed lands, lessee shall have the continuing option by meeting any such offer to acquire such top lease. Any offer must be in writing, and must set forth the proposed lessee's name, bonus consideration and royalty consideration to be paid for such lease, and include a copy of the lease form to be utilized which form should reflect all pertinent and relevant terms and conditions of the top lease. Lessee shall have fifteen (15) days after receipt, from lessor, of a complete copy of any such offer to advise lessor in writing of its election to enter into an oil and gas lease with lessor on equivalent terms and conditions. If lessee fails to notify lessor within the aforesaid fifteen (15) day period of its election to meet any such bona fide offer, lessor shall have the right to accept said offer.

IN TESTIMONY WHEREOF, we sign this the _____ day of _____, 19____

_____, SS # _____
Lessor

_____, SS # _____
Lessor

_____, SS # _____
Lessor

_____, SS # _____
Lessor

STATE OF OKLAHOMA,
County of _____

ss

(ACKNOWLEDGMENT FOR INDIVIDUAL)

This instrument was acknowledged before me on this _____ day of _____, 19____, by _____

(Signature of notarial officer)

TITLE

(Seal)

(My commission expires _____)

EXECUTION AND ACKNOWLEDGEMENT PAGE

LESSOR:

Richard L. Oliver
Richard L. Oliver

As Lessor I shall sign this document with the stipulation and understanding this project will cost me no out of pocket money

STATE OF CALIFORNIA

COUNTY OF Riverside)
)ss

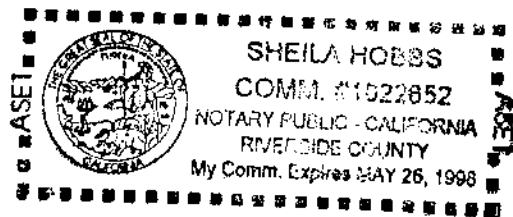
Professor Richard L. Oliver 4/3/97

Before me, the undersigned, a Notary Public, in and for said County and State, on this 3rd day of ~~March~~ ^{April} 1997, personally appeared Richard L. Oliver to me known to be the identical persons who executed the within and foregoing instrument and acknowledged to me that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.

Given under my hand and seal the day and year first above written.

My Commission Expires
5-26-98

Sheila Hobbs
Notary Public



R.E. BLAIK, INC.
P.O. BOX 1375
OKLAHOMA CITY, OKLAHOMA
73101

405 236-4400

FACSIMILE 405 236-3660

August 6, 1997

TO ALL ROYALTY OWNERS UNDER THE REFERENCED AGREEMENTS

Re: VARIOUS AGREEMENTS BETWEEN
R.E. BLAIK, INC. AND
MILDRED A. WHISTLER, ET AL.
S/2, Sec. 4-14N-4W
Oklahoma County, Oklahoma

Ladies and Gentlemen:

To bring you all up to date, enclosed you will find a copy of our Spacing Application and Notice of Hearing filed under Cause CD No. 970-001186 with the Oklahoma Corporation Commission relative to the above captioned lands. The hearing has been continued pending the results and conclusion of our geophysical survey, estimated to be completed by the middle of September.

Call me should you require further assistance or information. As always,

Very truly yours,

R.E. BLAIK, INC.

Stan Williamson
Vice President

1200 N. WALKER, SUITE 204 OKLAHOMA CITY, OKLAHOMA 73103

8/9/97

From: Prof. Richard L. Oliver
P.O. Box 425
June Lake Co. 93529

To: Mr. Stan Williamson
Vice President
R.E. Blaik, Inc.
1200 N. Walker
Suite 204
Oklahoma City, Oklahoma 73103

Subject: SE 1/4 Sec. 4-N-4W
Oklahoma County, Oklahoma

Dear Sir,

Regarding your Letter of January 15, 1997
I am curious about the progress of your proposed
oil and gas development of above captioned
property

Sincerely yours,

Prof. Richard L. Oliver