

CAPATAZ OPERATING, INC.

P.O. Drawer 10549

Midland, Texas 79702

(432)620-8820 / fax (432)620-8842/ capataz1@sbcglobal.net

Jones

02/09/05

RECEIVED

FEB 14 2005

OIL CONSERVATION
DIVISION

Mr. Mark Fesmire
State of New Mexico
Director Oil Conservation Division
1220 South St. Francis
Santa Fe, New Mexico 87505

Re: Case No. 13255
Order No. R-12157
Compulsory Pooling
Sec. 2, T20S-R38E
Lea County, New Mexico

Dear Director Fesmire;

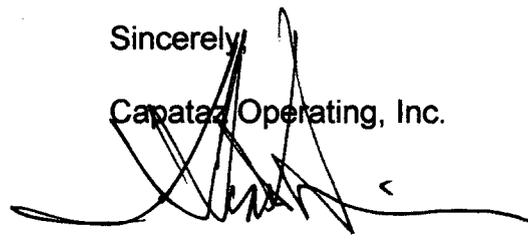
Pursuant to the captioned compulsory pooling order CAPATAZ OPERATING, INC. hereto provides the New Mexico Oil Conservation Division with our cost summary for the drilling and completion of the White Owl #1. The well expenses are reflected in the attached "**Phase/Well Expense History**" and are itemized by cost category. The expenses are current and complete through February 9, 2005. All further costs, expenses and revenue will be accounted for by this office and upon payout of all expenses allowed by the terms of the compulsory pooling the Division will be notified and the pooled owners will be accorded the rights ordered in the referenced pooling order.

5/1/05 - SM

Should you have any questions regarding the attached or any other matters related to this issue kindly contact H. Scott Davis at the above address or telephone number.

Sincerely,

Capataz Operating, Inc.



H. Scott Davis
President

CAPATAZ OPERATING INC.

Phase/Well Expense History

For Properties 000093- to 000093-

For Dates: All Dates

Using JIB and R/D Processing Dates

Acct Date	Prod/Post	Purchaser/Vendor	Product Service Date	Unit Price	Volume Invoice #	Gross Description	Taxes	Deductions	Net
Property	93	WHITE OWL							
PROSPECT COSTS									
0130-000		LEGAL							
							Current Period:		34,514.66
							Inception To Date:		34,514.66
0199-000		PROSPECT COSTS - OTHER							
							Current Period:		506.75
							Inception To Date:		506.75
0231-000		LEGAL-POOLING							
							Current Period:		2,133.20
							Inception To Date:		2,133.20
		PROSPECT COSTS							
							Current Period:		37,154.61
							Inception to Date:		37,154.61
LEASEHOLD COSTS									
0220-000		LAND SERVICES							
							Current Period:		613.13
							Inception To Date:		613.13
0230-000		TITLE EXAMINATION & RECORDING							
							Current Period:		29,083.53
							Inception To Date:		29,083.53
0240-000		GEOLOGICAL / GEOPHYSICAL EXPENSE							
							Current Period:		1,217.05
							Inception To Date:		1,217.05
0299-000		LEASEHOLD COSTS - OTHER							
							Current Period:		68.04
							Inception To Date:		68.04
		LEASEHOLD COSTS							
							Current Period:		30,981.75
							Inception to Date:		30,981.75
LEASE & WELL EQUIPMENT									
0310-000		SURFACE CASING							
							Current Period:		3,070.68
							Inception To Date:		3,070.68
0312-000		INTERMEDIATE CASING							
							Current Period:		20,535.10
							Inception To Date:		20,535.10
0315-000		PRODUCTION CASING							

CAPATAZ OPERATING INC.

Phase/Well Expense History

For Properties 000093- to 000093-

For Dates: All Dates

Using JIB and R/D Processing Dates

Continuing with Property: 93

WHITE OWL

<i>Acct Date</i>	<i>Prod/ Post</i>	<i>Purchaser/Vendor</i>	<i>Product Service Date</i>	<i>Unit Price</i>	<i>Volume Invoice #</i>	<i>Gross Description</i>	<i>Taxes</i>	<i>Deductions</i>	<i>Net</i>
								Current Period:	97,009.74
								Inception To Date:	97,009.74
0318-000		CENTRALIZER/FLOAT EQUIPMENT						Current Period:	1,534.01
								Inception To Date:	1,534.01
0325-000		TUBING						Current Period:	39,682.20
								Inception To Date:	39,682.20
0330-000		WELLHEAD EQUIPMENT						Current Period:	4,581.18
								Inception To Date:	4,581.18
0336-000		PIPELINE						Current Period:	26,727.70
								Inception To Date:	26,727.70
0340-000		TANK BATTERY						Current Period:	18,889.63
								Inception To Date:	18,889.63
0350-000		PUMPING UNIT & ENGINE						Current Period:	27,141.56
								Inception To Date:	27,141.56
0352-000		ARTIFICIAL LIFT DEVICES						Current Period:	5,908.29
								Inception To Date:	5,908.29
0355-000		VALVES, FITTINGS & CONNECTIONS						Current Period:	19,916.44
								Inception To Date:	19,916.44
0399-000		LEASE & WELL EQUIPMENT - OTHER						Current Period:	4,000.00
								Inception To Date:	4,000.00
		LEASE & WELL EQUIPMENT						Current Period:	268,996.53
								Inception to Date:	268,996.53
INTANGIBLE DEVELOPMENT COSTS									
0402-000		DAMAGES						Current Period:	177.00
								Inception To Date:	177.00
0404-000		WELL CONTROL INSURANCE						Current Period:	2,304.20
								Inception To Date:	2,304.20

CAPATAZ OPERATING INC.

Phase/Well Expense History

For Properties 000093- to 000093-

For Dates: All Dates

Using JIB and R/D Processing Dates

Continuing with Property: 93

WHITE OWL

Acct Date	Prod/ Post	Purchaser/Vendor	Product Service Date	Unit Price	Volume Invoice #	Gross Description	Taxes	Deductions	Net
0405-000		LOC AND ROAD EXPENSES							
							Current Period:		27,523.01
							Inception To Date:		27,523.01
0406-000		LOCATION & ROAD - COMPLETION							
							Current Period:		1,932.44
							Inception To Date:		1,932.44
0407-000		SURVEYOR							
							Current Period:		4,492.50
							Inception To Date:		4,492.50
0410-000		CEMENT & CEMENTING SERVICES							
							Current Period:		21,896.74
							Inception To Date:		21,896.74
0411-000		CEMENT & CEMENTING -COMPLETION							
							Current Period:		26,785.18
							Inception To Date:		26,785.18
0413-000		FLUID CALIPER							
							Current Period:		624.75
							Inception To Date:		624.75
0414-000		FLOAT EQUIPMENT							
							Current Period:		2,770.77
							Inception To Date:		2,770.77
0415-000		MUD & CHEMICALS							
							Current Period:		17,165.57
							Inception To Date:		17,165.57
0417-000		RATHOLE/MOUSEHOLE							
							Current Period:		1,634.53
							Inception To Date:		1,634.53
0418-000		NEW BATTERY PAD							
							Current Period:		5,725.85
							Inception To Date:		5,725.85
0421-000		PORTA POT							
							Current Period:		2,630.84
							Inception To Date:		2,630.84
0425-000		WIRELINE LOGGING							
							Current Period:		29,841.48
							Inception To Date:		29,841.48
0426-000		WATER							
							Current Period:		18,475.50
							Inception To Date:		18,475.50

CAPATAZ OPERATING INC.

Phase/Well Expense History

For Properties 000093- to 000093-

For Dates: All Dates

Using JIB and R/D Processing Dates

Continuing with Property: 93

WHITE OWL

Acct Date	Prod/ Post	Purchaser/Vendor	Product Service Date	Unit Price	Volume Invoice #	Gross Description	Taxes	Deductions	Net
0428-000		FREEPOINT SURVEY							
								Current Period:	3,524.20
								Inception To Date:	3,524.20
0429-000		DIRECTIONAL DRLG							
								Current Period:	95,283.00
								Inception To Date:	95,283.00
0430-000		DRILLING							
								Current Period:	215,889.69
								Inception To Date:	215,889.69
0432-000		CASING CREWS							
								Current Period:	5,911.55
								Inception To Date:	5,911.55
0433-000		LAYDOWN CREW							
								Current Period:	2,762.81
								Inception To Date:	2,762.81
0435-000		RIG FUEL							
								Current Period:	25,427.47
								Inception To Date:	25,427.47
0436-000		TECHNICAL CONSULTANT							
								Current Period:	2,896.51
								Inception To Date:	2,896.51
0437-000		MUDLOGGING							
								Current Period:	16,475.80
								Inception To Date:	16,475.80
0438-000		LOG & PERF							
								Current Period:	50,221.40
								Inception To Date:	50,221.40
0439-000		WELLSITE GEOLOGIST							
								Current Period:	8,027.50
								Inception To Date:	8,027.50
0440-000		SUPERVISION & CONSULTING							
								Current Period:	15,518.93
								Inception To Date:	15,518.93
0441-000		DRLG/COMPLETION AD OVERHEAD							
								Current Period:	4,144.74
								Inception To Date:	4,144.74
0442-000		COMPLETION UNIT							
								Current Period:	66,660.90
								Inception To Date:	66,660.90

CAPATAZ OPERATING INC.

Phase/Well Expense History

For Properties 000093- to 000093-

For Dates: All Dates

Using JIB and R/D Processing Dates

Continuing with Property: 93

WHITE OWL

Acct Date	Prod/Post	Purchaser/Vendor	Product Service Date	Unit Price	Volume Invoice #	Gross Description	Taxes	Deductions	Net
0443-000		SUPERVISION & EXPENSES-DRLG							
								Current Period:	2,522.24
								Inception To Date:	2,522.24
0445-000		BITS & REAMERS							
								Current Period:	24,347.26
								Inception To Date:	24,347.26
0448-000		CLOSED LOOP-CENTRIFUGE							
								Current Period:	23,665.00
								Inception To Date:	23,665.00
0453-000		SUPERVISION EXPENSES							
								Current Period:	334.95
								Inception To Date:	334.95
0456-000		SUPERVISION & EXPENSES-COMPLET							
								Current Period:	2,212.00
								Inception To Date:	2,212.00
0460-000		TOOL RENTALS - DRILLING							
								Current Period:	12,506.54
								Inception To Date:	12,506.54
0461-000		RENTAL EQUIPMENT							
								Current Period:	52,398.51
								Inception To Date:	52,398.51
0462-000		TOOL RENTALS - COMPLETION							
								Current Period:	16,315.76
								Inception To Date:	16,315.76
0463-000		PIPE INSPECTION							
								Current Period:	1,209.83
								Inception To Date:	1,209.83
0468-000		FRAC TANK RENTAL							
								Current Period:	12,630.77
								Inception To Date:	12,630.77
0469-000		TRACER TAG							
								Current Period:	4,462.50
								Inception To Date:	4,462.50
0470-000		STIMULATION							
								Current Period:	228,950.52
								Inception To Date:	228,950.52
0471-000		WATER COMPLETION							
								Current Period:	10,243.54
								Inception To Date:	10,243.54

CAPATAZ OPERATING INC.

Phase/Well Expense History

For Properties 000093- to 000093-

For Dates: All Dates

Using JIB and R/D Processing Dates

Continuing with Property: 93

WHITE OWL

<i>Acct Date</i>	<i>Prod/ Post</i>	<i>Purchaser/Vendor</i>	<i>Product Service Date</i>	<i>Unit Price</i>	<i>Volume Invoice #</i>	<i>Gross Description</i>	<i>Taxes</i>	<i>Deductions</i>	<i>Net</i>
0473-000		PIPELINE CONSTRUCTION							
								<i>Current Period:</i>	1,560.00
								<i>Inception To Date:</i>	1,560.00
0474-000		ROUSTABOUT							
								<i>Current Period:</i>	9,553.03
								<i>Inception To Date:</i>	9,553.03
0475-000		FLUID DISPOSAL							
								<i>Current Period:</i>	1,348.90
								<i>Inception To Date:</i>	1,348.90
0476-000		RIG MOBILIZATION							
								<i>Current Period:</i>	32,627.50
								<i>Inception To Date:</i>	32,627.50
0480-000		WELDING							
								<i>Current Period:</i>	3,015.01
								<i>Inception To Date:</i>	3,015.01
0482-000		TRUCKING							
								<i>Current Period:</i>	6,059.92
								<i>Inception To Date:</i>	6,059.92
0483-000		TRUCKING-COMPLETION							
								<i>Current Period:</i>	3,401.16
								<i>Inception To Date:</i>	3,401.16
0484-000		COMPLETION WATER							
								<i>Current Period:</i>	2,563.98
								<i>Inception To Date:</i>	2,563.98
0486-000		DEWATER PITS							
								<i>Current Period:</i>	559.91
								<i>Inception To Date:</i>	559.91
0490-000		SOLIDS DISPOSAL							
								<i>Current Period:</i>	580.62
								<i>Inception To Date:</i>	580.62
0491-000		CLOSED LOOP							
								<i>Current Period:</i>	1,204.00
								<i>Inception To Date:</i>	1,204.00
0497-000		ANCHORS							
								<i>Current Period:</i>	705.73
								<i>Inception To Date:</i>	705.73
		INTANGIBLE DEVELOPMENT COSTS						<i>Current Period:</i>	1,131,704.04
								<i>Inception to Date:</i>	1,131,704.04

CAPATAZ OPERATING INC.

Phase/Well Expense History

For Properties 000093- to 000093-

For Dates: All Dates

Using JIB and R/D Processing Dates

Continuing with Property: 93

WHITE OWL

<i>Acct Date</i>	<i>Prod/Post</i>	<i>Purchaser/Vendor</i>	<i>Product Service Date</i>	<i>Unit Price</i>	<i>Volume Invoice #</i>	<i>Gross Description</i>	<i>Taxes</i>	<i>Deductions</i>	<i>Net</i>
------------------	------------------	-------------------------	-----------------------------	-------------------	-------------------------	--------------------------	--------------	-------------------	------------

LEASE OPERATING COSTS

0520-000	CONTRACT PUMPING AND GAUGING						<i>Current Period:</i>	952.50		
							<i>Inception To Date:</i>	952.50		
0527-000	CHRISTMAS GIFTS(PUMPERS)						<i>Current Period:</i>	17.85		
							<i>Inception To Date:</i>	17.85		
0535-000	SIGNS						<i>Current Period:</i>	41.31		
							<i>Inception To Date:</i>	41.31		
0538-000	WATCHMAN						<i>Current Period:</i>	700.00		
							<i>Inception To Date:</i>	700.00		
0540-000	OPERATING SUPPLIES						<i>Current Period:</i>	94.24		
							<i>Inception To Date:</i>	94.24		
0570-000	SALT WATER DISPOSAL						<i>Current Period:</i>	1,849.86		
							<i>Inception To Date:</i>	1,849.86		
0571-000	TRUCKING						<i>Current Period:</i>	181.51		
							<i>Inception To Date:</i>	181.51		
0573-000	ROUSTABOUT - CONTRACT						<i>Current Period:</i>	111.43		
							<i>Inception To Date:</i>	111.43		
0574-000	CHEMICALS						<i>Current Period:</i>	0.00		
							<i>Inception To Date:</i>	0.00		
0597-000	INSURANCE-GENERAL LIABILITY						<i>Current Period:</i>	364.67		
							<i>Inception To Date:</i>	364.67		

LEASE OPERATING COSTS

<i>Current Period:</i>	4,313.37
<i>Inception to Date:</i>	4,313.37

WORKOVER EXPENSES

0669-000	STIMULATION	<i>Current Period:</i>	0.00
		<i>Inception To Date:</i>	0.00

CAPATAZ OPERATING INC.

Phase/Well Expense History

For Properties 000093- to 000093-

For Dates: All Dates

Using JIB and R/D Processing Dates

Continuing with Property: 93

WHITE OWL

<i>Acct Date</i>	<i>Prod/Post</i>	<i>Purchaser/Vendor</i>	<i>Product Service Date</i>	<i>Unit Price</i>	<i>Volume Invoice #</i>	<i>Gross Description</i>	<i>Taxes</i>	<i>Deductions</i>	<i>Net</i>
------------------	------------------	-------------------------	-----------------------------	-------------------	-------------------------	--------------------------	--------------	-------------------	------------

0671-000 TRUCKING & WATER

Current Period: 0.00
Inception To Date: 0.00

0673-000 CHEMICALS & SOLVENTS

Current Period: 0.00
Inception To Date: 0.00

WORKOVER EXPENSES

Current Period: 0.00
Inception to Date: 0.00

Phase/Well Totals

Current Expenses: 1,473,150.30
ITD Expenses: 1,473,150.30

Property Totals

Current Expenses: 1,473,150.30
ITD Expenses: 1,473,150.30

Report Totals:

Current Expenses: 1,473,150.30
ITD Expenses: 1,473,150.30

Leasehold

2,409.00

Total Well Cost

\$1,475,559.36