

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION  
FOR THE PURPOSE OF CONSIDERING:**

**CASE NO.** \_\_\_\_\_

**APPLICATION OF XERIC OIL & GAS CORPORATION  
FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

**AFFIDAVIT OF** \_\_\_\_\_

**STATE OF TEXAS                    }**  
  }  
**COUNTY OF MIDLAND            }**

Before me, the undersigned authority, personally appeared LISA MORRISS DESHAW and RANDY C. HALL, who being duly sworn, stated:

A. Our names and our qualifications as experts are as follows:

LISA MORRISS DESHAW  
Education:        Petroleum Landman  
Experience:       Sixteen (16) years

RANDY C. HALL  
Education:        Petroleum Geologist  
Experience:       Nineteen (19) years

B. We are over the age of majority and are competent to make this Affidavit.

We have been responsible for and involved in preparing the necessary documents for submittal to the New Mexico Oil Conservation Division for this case.

We are each personally knowledgeable and familiar with the facts and circumstances of this case and the following factual statements.

C. Our expert opinions are based on the following facts and events:

**CHRONOLOGICAL SUMMARY OF SIGNIFICANT EVENTS**

1. Xeric Oil & Gas Corporation ("Xeric") has a working interest ownership in the oil and gas minerals underlying the NE/4 of Section 19, T-20-S, R-39-E, NMPM, Lea County, New Mexico.
2. Xeric proposes to drill and complete its DUNCAN #1 well, at a standard oil (gas) well location and to test any and all formations in the pooled interval from the surface to the base of the Abo formation.
3. Based upon an oil & gas title opinion, Xeric believes that the following individuals and entities are owners of an unleased mineral interest in the subject spacing unit in the following percentages:

NAME	PERCENTAGE
Alice T. Bannatyne	9/320
The Heirs or devisees of Harald Muller, dec'd and Helen Muller, dec'd	9/320
William J. Foster	9/640
Mary C. Foster Geddes	9/640
Concord Oil Company	1/192

*Case 13,084  
Exhibit A*

4. Despite its good faith efforts, Xeric has been unable to lease the foregoing parties.
5. Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Xeric needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.
6. In accordance with Division Rule 1207.A(2) attached are the following exhibits in support of this case:

Exhibit A: map outlining the spacing unit to be pooled which is the NE/4NE/4 of Section 19, T-20-S, R-39-E;

Exhibit B: a list of the names and last known addresses of all parties to be pooled with the nature and percent of their interest;

Exhibit C: written evidence of attempts to reach voluntary agreement;

Exhibit D: geologic displays of the Abo formation to be tested which forms the basis for the opinion that the maximum 200% risk factor penalty is justified;

Exhibit E: type log for the principal formations. This is expected to be an oil well on 40 acre oil (gas) well spacing but pooling should include all from the surface to the base of the Abo formation and include but are not limited to the DK- Drinkard Abo Pool;

Exhibit F: a copy of Ernest & Young average well costs overhead rates of \$4,000/month drilling and \$400/month producing well rates which we request be authorized for this case;

Exhibit G: copy of Division form C-102 showing the well location;

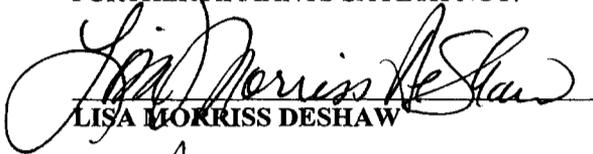
Exhibit H: copy of the AFE in the amount of \$515,900.00 completed well costs for this well which I conclude is fair reasonable and current for wells of this type in this area.

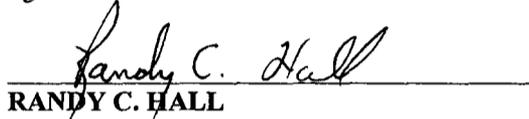
7. We recommend that a compulsory pooling order be entered which provides that:
  - (a) Xeric Oil & Gas Corporation be named Operator;
  - (b) Provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;
  - (c) In the event a working interest owner fails to elect to participate, then provision be made to recover out of the production, the costs of drilling, completing, equipping and operating the well, including a risk factor penalty of 200%; and
  - (d) Provision for overhead rates of \$4,000 per month drilling and \$400 per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS;

- D. We have formed the following opinions based upon our respective expertise and upon the foregoing chronology of events:
  - (1) That approval of Xeric Oil & Gas Corporation's application in this Case is necessary in order to consolidate the interest ownership within this spacing unit for the drilling, completing and producing the subject well, will not violate correlative rights and will help prevent waste and promote the conservation of natural resources.
  - (2) That the New Mexico Oil Conservation Division should enter an order pooling all mineral interests from the surface to the base of the Abo formation underlying the NE/4NE/4 of Section 19, T-20-S, R-39-E, NMPM, Lea County, New Mexico, forming a standard 40 acre spacing and proration unit for any and all formations and/or pools developed on 40 acre spacing within said vertical extent, which presently includes but is not necessarily limited to the D-K Abo Pool to dedicate this pooled unit to its DUNCAN well number 1 to be drilled and completed at a standard oil (gas) well location within said spacing unit including the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation

of applicant as the operator of the well and a 200% charge for risk involved in drilling and completing said well. Said 200% charge for risk based on the fact that the primary objectives for drilling the Duncan #1, the both the Carter "19" #1 and the #2 wells are the Drinkard and the Abo formations which are the only producing zones in the D-K field in the adjacent south Section 30. However, the Carter "19" #1 was non-commercial after acidizing the Abo section. The Drinkard section was subsequently acidized and fracture treated resulting in approximately 98% water production. The Tubb formation was also acidized and fracture treated which was estimated to be 80% water production. The Blinebry formation was then also acidized and fracture treated and has been producing at a marginal rate of approximately 20 barrels of oil per day. All zones in the Carter "19" #1 appear to be marginal at best. The Carter "19" #2 was drilled for the same primary objectives as the Carter "19" #1. The Abo formation was completed open hole at a rate of approximately 25 barrels oil per day with 100 barrels water per day. At current oil prices and water disposal costs, this zone also appears to be uneconomical.

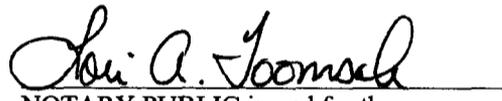
FURTHER AFFIANTS SAYETH NOT:

  
LISA MORRISS DESHAW

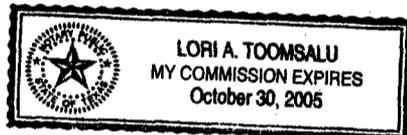
  
RANDY C. HALL

STATE OF TEXAS        }  
                                  }  
COUNTY OF MIDLAND }

SUBSCRIBED AND SWORN TO before me this 16th day of June, 2003, by LISA MORRISS DESHAW and RANDY C. HALL.

  
NOTARY PUBLIC in and for the  
STATE OF TEXAS

My Commission Expires:



**EXHIBIT "A" to that certain  
Application of Xeric Oil & Gas Corporation for Compulsory Pooling  
Lea County, New Mexico  
dated June 13, 2003**

<p>U.S.M.I. e.etal(S) d Res 3-8-2001 2007 A.E.D.A. McCasland(S)</p>	<p>DAI-28-81 2-15-2003 Am. Petro Lawson TO 7120</p>	<p>Robt. W. Holmes, etal (3/10/2002) Xeric 11-7-2003 Interfirst Ft Worth Tr R.A.E, D.M. McCasland (S) McCasland L.P. (S)</p>	<p>Som B. Fletcher 2003 Xeric 5-1-2005 L.E.L.E. Moore Fed McCasland L.P. (S)</p>
<p>Apache R.Copps 3-15-2003 Xeric etal 9-24-2000 Leonora R.A.E, D.M. McCasland(S) Xeric, etal Mooney" etal PIS "paige"</p>	<p>Xeric 12-1-2004 9-9-11-000 U.S. EnerQuest 5-1-2003 5-15-2003 2-23-2001 Leonora McCasland Fed 2-22-2002 Enerquest 5-6-2005 9-13-2001 Magnolia exc. Bli. Farm. Xeric 3-13-2001 J. Stradley, M.I. L. Roberts</p>	<p>Verdad O.E.G 6-23-2002 2-7-2001 EnerQuest 1-26-2002 6-13-2003 5-1-2003 NE J.E.E L.E. Moore Fed EnerQuest 5-6-2005 5-1-2005 10-25-2003 Xeric O.E.G 6-10-2003 5-30-2004 Xeric Producers M. R.A.E, Bourbon, etal, D.M. McCasland (S)</p>	<p>Xeric 5-1-2005 J.E.E L.E. Moore Fed Allison Chap. Ener. 17282 Hob4 C Proter MIEula House McCasland L.P. (S) Chevron 7-1-2002 V 516, 125 State M.I. R.A.E, D.M. McCasland(S)</p>
<p>Trilogy Ginger MC Trilogy, etal Yates Pet etal 4-18-2001 Perry 3-23-2001 leake 7164 U.S. A.F. Casland(S)</p>	<p>Texas Crude HBP 0634 C Burnett Caroline Devey TO 7500 07A10-17 B1 U.S. M.I. Xeric O.E.G 9-9-2003 2 (M) 5-21-2004 10-2-2004 Xeric 1-A Tex Cr Carter "Carter"</p>	<p>Xeric O.E.G 5-16-2004 6-13-2004 10-2-2004 Min. divided Xeric O.E.G "Robinson Jones" R.A.E, D.M. McCasland (S)</p>	<p>Chevron P30 V 5109 Xeric Julio St. State, M.I. 20 Mark Prod. Cont'l. 1-1-72(2) 078540 E.Chaparral Chaparral Ener. 3-1-90 60364 120 U.S. M.I. R.A.E, D.M. McCasland(S)</p>
<p>leake Op. Ph. C. (P/B) 036 Disc. Triple mo Timbers leake Conoco Conoco Fed S) TO 7850 ix Corp. 2002 5108</p>	<p>Mewbourne Oil Carter BRG Pet 0634 Dual Heidrix Jones Fed Conoco HBP 079540 U.S. Conoco HBP</p>	<p>Mewbourne Oil (Rush Wolf) IP 4711 01 173 37 "Ralph, Est" F115 D.M. McCasland(S) F147 (Cont'l) Mewb- Oil 079540 (Tex. Inc.) Conoco Fed Wilshire Blime Disc. Federal U.S. R.A.E, D.M. McCasland(S)</p>	<p>Tex. Crude HBP 0634 C D.M. McCasland(S) Alice M. Thomp- son, M.I. Yucca Ener. (5-1-96) 29 Conoco Yucca Ener. Conoco Fed 079540 (U.S.) Cont'l HBP 079540 U.S. D.M. McCasland, etal (S)</p>
	<p>Conoco HBP</p>	<p>Tex Crude Conoco HBP</p>	<p>(Yates Pet) Mirage Ener, Inc</p>

**EXHIBIT "B" to that certain  
Application of Xeric Oil & Gas Corporation for Compulsory Pooling  
Lea County, New Mexico  
dated June 13, 2003**

<b><u>MINERAL OWNER/ ADDRESS</u></b>	<b><u>FRACTIONAL INTEREST</u></b>	<b><u>TYPE INTEREST</u></b>
Alice T. Bannatyne Address: Unknown	9/320	Mineral/Royalty
The Heirs or devisees of Harald Muller, dec'd and Helen Muller, dec'd Address: Unknown	9/320	Mineral/Royalty
William J. Foster Address: Unknown	9/640	Mineral/Royalty
Mary C. Foster Geddes Address: Unknown	9/640.	Mineral/Royalty
Concord Oil Company Alamo National Building 105 South St. Mary's Street, Suite 1500 San Antonio, TX 78205	1/192	Mineral/Royalty

**EXHIBIT "C" hereby attached to and made a part of that certain  
AFFIDAVIT OF APPLICATION OF XERIC OIL & GAS CORPORATION  
FOR COMPULSORY POOLING dated June 13, 2003**

**WRITTEN ATTEMPTS TO LOCATE MISSING MINERAL OWNERS**

1) ALICE T. BANNATYNE

Premise: Last document filed of record in Lea County, New Mexico by Alice T. Bannatyne, an "Affidavit of Surviving Spouse" dated November 4, 1960, stated that when her husband, Matthew Bannatyne died, he was a resident of San Francisco County, California. Furthermore, the notary public omitted the portion of the acknowledgment which indicates the county name. Therefore, we have no indication from the document as to Mrs. Bannatyne's address as of the date of this Affidavit.

Attempts:

- 1) Checked the local area phone books for Lovington and Hobbs, New Mexico area.
- 1) Researched the records of the office of the County Clerk of Lea County, New Mexico;
- 2) Ran her name on the 1996 and 1999 Phone Directory called "Select Phone CD" on CD Rom on computer, using the disks for all parts of the U.S.; also, ran her name on MSN White Pages on the internet.
- 3) Ran her name on CD Rom on computer program entitled Social Security Death Benefit Records, November 1994 Edition.
- 4) Wrote to the Clerk of the Superior Court in San Francisco California on January 23, 1997 requesting a search of their probate records for a copy of the Will and Final Decree for the Estate of Alice T. Bannatyne, aka Ms. M. S. Bannatyne for the period beginning 1960 (the date of the Affidavit of Surviving Spouse) and ending 1970.

Results:

- 1) Located no Alice t. or Matthew Bannatyne in local phone books for Hobbs or Lovington, New Mexico.
- 2) Found no more recent document filed by the Bannatynes than that described in the Premise above.
- 3) Located no one by that name on any of the computer disks for the 1996 and 1999 Directories, nor on the MSN White Pages.
- 4) Located only one Alice Bannatyne who died in 1985 in Cheboygan, Michigan; I phoned the Cheboygan County Probate Court and requested all probate information available. The Probate Court sent me a copy of the Petition and Order for Assignment, Estate Not Exceeding \$2,500, which indicated that the full name of the deceased was Alice R. Bannatyne and not Alice T. Bannatyne who signed the Affidavit of Surviving Spouse referenced above. However, I did write a letter of inquiry dated August 27, 1996 to the son of Alice R. Bannatyne, being Terry B. Bannatyne, as indicated in the Petition I received from Cheboygan County Probate Court. Per his call in response to my letter, Terry Bannatyne indicated that his parents did not own mineral interest in Lea County, New Mexico and his father was not named Matthew Bannatyne, thereby disclaiming the association to the Alice T. Bannatyne who is the owner we seek.
- 5) The Clerk of the Superior Court in San Francisco California responded to our request of January 23, 1997 and indicated that

they found no record of a will or probate filed in their county for Alice T. Bannatyne for the years 1960 through 1970.

2) HARALD MULLER AND HELEN MULLER, husband and wife

Premise: The last document signed by Harald Muller found filed of record in Lea County, New Mexico, was an Oil and Gas Lease dated November 16, 1983 and was notarized in San Francisco County, California.

Attempts:

- 1) Checked the local area phone books for Lovington and Hobbs, New Mexico area.
- 2) Researched the records of the office of the County Clerk of Lea County, New Mexico.
- 3) Ran his and her name on the 1996 and 1999 Phone Directory called "Select Phone CD" on CD Rom on computer, using the disks for all parts of the U.S.; also, ran his and her name on MSN White Pages on the internet.
- 4) Ran his and her name on CD Rom on computer program entitled Social Security Death Benefit Records, November 1994 Edition.
- 5) Wrote to the Clerk of the Superior Court in San Francisco California on September 17, 1996 requesting a search of their probate records for a copy of the Will and Final Decree for the Estate of Harald Muller, aka Harold Muller, indicating the date of death and the social security number of the deceased as indicated by the Social Security Death Benefit Records report.
- 6) Wrote to the Clerk of the Superior Court in San Francisco California on January 23, 1997 requesting a search of their probate records for a copy of the Will and Final Decree for the Estate of Helen Muller, aka Mrs. Harald Muller, for the period of 1983 to present.

Results:

- 1) Located no Helen or Harald Muller in local phone books for Hobbs or Lovington, New Mexico;
- 2) Found no more recent document filed by the Mullers than that described in the Premise above.
- 3) Located no one by the name of Harald or Helen Muller on any of the computer disks for the 1996 and 1999 Phone Directory, or on the MSN White Pages on the internet per my search on June 13, 2003; however, I did locate a Mrs. Harald Muller in San Francisco, California. Secondly, by inquiry letter dated August 27, 1996 to Mrs. Harald Muller at 124 Saint Charles, San Francisco, California 94132, I requested she contact me in this regard. I received no response to this letter. Therefore, I wrote to her a second time on January 13, 1997 sent by certified return receipt mail. She responded by contacting me by phone and advised me that she was not Helen Muller and that she owned no mineral interest in New Mexico.
- 4) Located only one Harald Muller who died in September of 1983 in San Francisco, California.
- 5) The Clerk of the Superior Court in San Francisco, California responded to our request of September 17, 1996 and indicated that they found no copy of a will or probate filed in their county for Harald Muller for the years beginning 1985 to present.
- 6) The Clerk of the Superior Court in San Francisco, California responded to our request of January 23, 1997 and indicated that they found no copy of a will or probate filed in their county for Helen Muller for the years beginning 1983 to present.

3) WILLIAM J. FOSTER

Premise: The last document found filed of record in Lea County, New Mexico, which was signed by William J. Foster and Mary Foster Geddes was a Quitclaim Deed from the Estate of William H. Foster to themselves as his legal heirs, recorded in Book 420, page 36 of the Oil and Gas Records. In the document, it lists an address for William J. Foster, being 6303 Wood Drive, Oakland, California 94611.

Attempts:

- 1) Checked the local area phone books for Lovington and Hobbs, New Mexico area.
- 2) Researched the records of the office of the County Clerk of Lea County, New Mexico.
- 3) Ran his name on the 1996 and 1999 Phone Directory called "Select Phone CD" on CD Rom on computer, using the disks for all parts of the U.S.; also, ran his name on MSN White Pages on the internet.
- 4) Sent offer to lease letter dated July 12, 1996 to last known address as indicated in the Premise above.

Results:

- 1) Located no William J. Foster in local phone books for Hobbs and Lovington, New Mexico.
- 2) Found no more recent document filed by the Fosters than that described in the Premise above.
- 3) Located on the Phone Directories a William J. Foster (at 2723 S. Hillrise Drive, Walnut Creek, California 91789) and wrote a letter of inquiry on September 29, 1996, requesting he contact me by phone in this regard. Since I received no response to this letter, I followed up by sending another copy of the letter by certified return receipt mail. I later received a phone call from this William J. Foster, who indicated his father was not named William Hartry Foster and he did not own any mineral interest in Lea County, New Mexico. Therefore, it was determined that he was not the same William J. Foster who inherited this interest from his parents William H. Foster and Hilda C. Foster.
- 4) Received no response to our offer letter dated July 12, 1996 sent to the last known address.

4) MARY C. FOSTER GEDDES

Premise: The last document found filed of record in Lea County, New Mexico, which was signed by William J. Foster and Mary Foster Geddes was a Quitclaim Deed from the Estate of William H. Foster to themselves as his legal heirs, recorded in Book 420, page 36 of the Oil and Gas Records. In the document, it lists an address for William J. Foster, being 6303 Wood Drive, Oakland, California 94611.

Attempts:

- 1) Checked the local area phone books for Lovington and Hobbs, New Mexico area.
- 2) Researched the records of the office of the County Clerk of Lea County, New Mexico.
- 3) Ran her name on the 1996 and 1999 Phone Directory called "Select Phone CD" on CD Rom on computer, using the disks for all parts of the U.S.; also, ran her name on MSN White Pages on the internet.
- 4) Called each "M. Geddes" listed on the 1996 and 1999 Phone Directories for the Pacific Coast.

Results:

- 1) Located no William J. Foster in local phone books for Hobbs and Lovington, New Mexico.
- 2) Found no more recent document filed by the Fosters than that described in the Premise above.
- 3) Found no listing on 1996 and 1999 Phone Directory for Pacific Coast area for a Mary Geddes. However, found five listings for an "M. Geddes".
- 4) Talked to one of the "M. Geddes" listed on the 1996 Phone Directory, who indicated she was not Mary Geddes; and left messages on answering machines for the remainder of "M. Geddes" found. Received no response to my messages.

5) CONCORD OIL COMPANY

Premise:

Concord Oil Company was contacted at the address listed on Exhibit "B" attached hereto and offered the top leasing terms Xeric Oil & Gas Corporation has paid to any other mineral owner in this prospect. Concord Oil Company has refused to lease for these terms on other tracts in this area. Therefore, when we offered to lease their small interest in this tract, they refused to respond to our letters and fax in this regard and did not respond to Xeric's request that they sign an Authority for Expense (AFE) and thereby elect to participate in the drilling of this well.

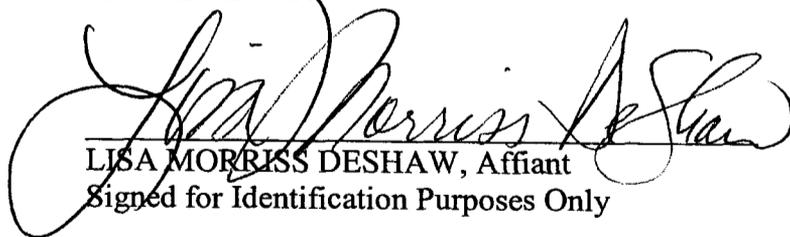
Attempts:

- 1) Sent written offer to lease on August 3, 2001 and again on September 25, 2003 by regular mail to the address listed in Exhibit "B" attached hereto which is the last known address, for top terms Xeric had offered to any other mineral owner in the area.
- 2) Sent fax to last known fax number for Concord Oil Company, attaching a copy of our September 25, 2003 offer letter and attaching a copy of the AFE for the Duncan #1 well for their review and execution and requesting a check for their share of the drilling expense as set out in the AFE. Also, sent a xerox copy of this fax via regular mail to the last known address for Concord Oil Company.

Results:

- 1) No response to either of our written offer letters to lease.
- 2) No response to our faxed memo and resend of our latest offer to lease, nor to our offer to allow them to participate in the drilling of the Duncan #1 well.

PREPARED BY:

  
LISA MORRISS DESHAW, Affiant  
Signed for Identification Purposes Only



**EXHIBIT "E" to that certain  
Application of Xeric Oil & Gas Corporation for Compulsory Pooling  
Lea County, New Mexico  
dated June 13, 2003**

**COMPANY: Xeric Oil & Gas Corporation**

**WELL: Carter No. 1**

**FIELD: DK Drinkard Abo**

**COUNTY: Lea STATE: New Mexico**

COPIES FROM ELECTRICAL COUNTY Lea

Field: DK Drinkard Abo  
Location: 330' FSL & 330' FWL  
Well: Carter No. 1  
Company: Xeric Oil & Gas Corporation

<b>Schlumberger</b>		<b>Platform Express: Compensated Neutron Three Detector Density / GR</b>	
330' FSL & 330' FWL		Elev.: K.B.	3575 F
		G.L.	3563 F
		D.F.	3574 F
Permanent Datum: GROUND LEVEL		Elev.:	3563 F
Log Measured From: KELLY BUSHING		12.0 F above Perm. Datum	
Drilling Measured From: KELLY BUSHING			
API Serial No. 30-025-33904	SECTION 19	TOWNSHIP 20S	RANGE 39E

Logging Date	24-MAY-1997		
Run Number	ONE		
Depth Driller	7800 F		
Schlumberger Depth	7806 F		
Bottom Log Interval	7788 F		
Top Log Interval	200 F		
Casing Drill Depth	8.625 IN	@	1573 F
Casing Schlumberger	1583 F		
Bit Size	7.675 IN		
Type Fluid in Hole	Brine		
Density	9.9 LB/G	28 S	
Fluid Loss	PH	11	
Temperature	Circulation Pfl		
	0.046 OHMM	@	78 DEGF
	0.046 OHMM	@	78 DEGF
		@	
	Measured		
	0.032 @ 111	0.032 @ 111	
	111 DEGF	111	
	24-MAY-1997		
	24-MAY-1997	1400	
	3043	HOBBS	
	JEFF BURNETT		
	M. MOONEY / R. HALL		

6915  
3575  
-3140

6636  
3575  
3061

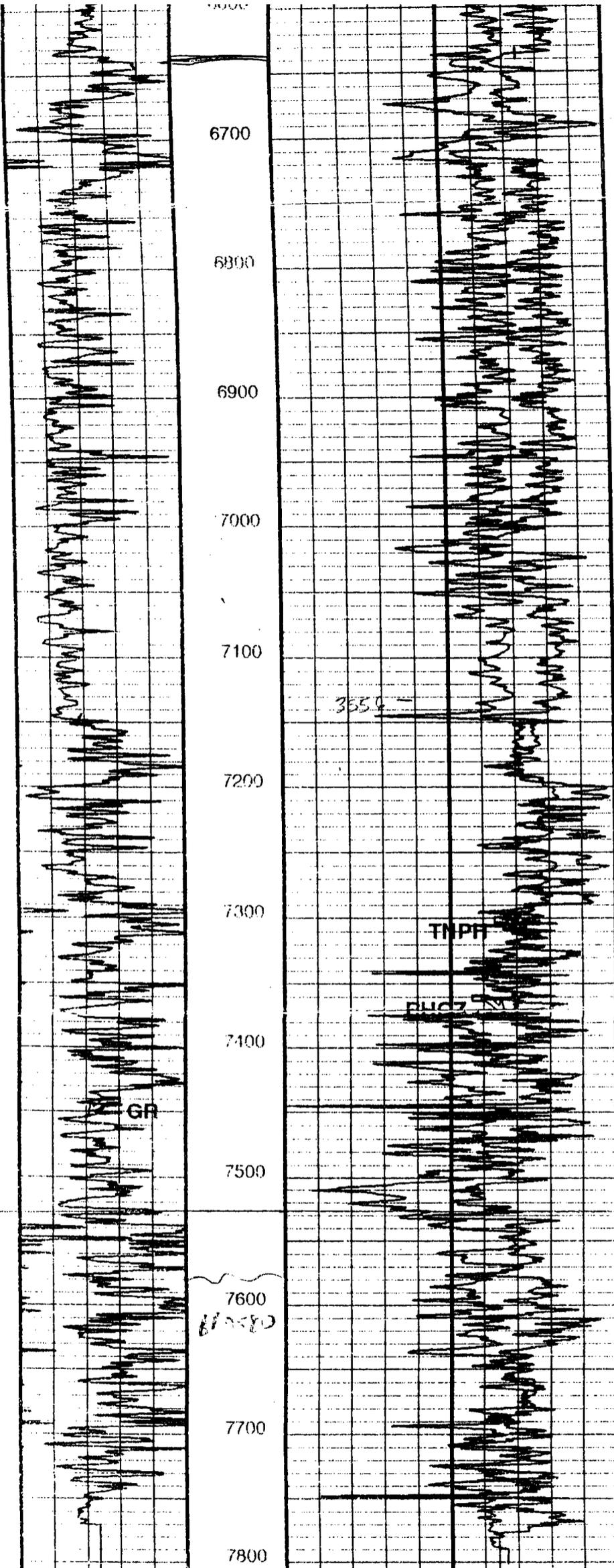
7148  
3575  
3573

7131  
3575  
-3556

ABO

7532  
3575  
-3959

-3950



GR (GR)  
0 (GAPI) 100

Stan Res Formation Density (RHOZ)  
2 (G/C3) 3

TNPH (TNPH)  
0.3 (V/V) -0.1

PIP SUMMARY

Time Mark Every 60 S

Parameters

**EXHIBIT "F" to that certain  
Application of Xeric Oil & Gas Corporation for Compulsory Pooling  
Lea County, New Mexico  
dated June 13, 2003**

<b>Nebraska</b>										
<b>Monthly Drilling Well Fixed Overhead Rates</b>							<b>Monthly Producing Well Fixed Overhead Rates</b>			
Responses	Wells	Depth	Minimum	Average	Median	Maximum	Minimum	Average	Median	Maximum
3	21	0 - 5,000	\$4,000	\$4,000	\$4,000	\$4,000	\$325	\$409	\$412	\$490
6	18	5,001 - 10,000					\$300	\$538	\$518	\$739
		10,001 - 15,000								
		15,001 - 20,000								
		Over 20,000								
		No Depth Limit								

<b>New Mexico</b>										
<b>Monthly Drilling Well Fixed Overhead Rates</b>							<b>Monthly Producing Well Fixed Overhead Rates</b>			
Responses	Wells	Depth	Minimum	Average	Median	Maximum	Minimum	Average	Median	Maximum
21	350	0 - 5,000	\$1,510	\$3,567	\$3,500	\$6,534	\$200	\$381	\$350	\$719
20	388	5,001 - 10,000	\$3,000	\$4,772	\$4,250	\$7,507	\$200	\$523	\$527	\$918
13	102	10,001 - 15,000	\$4,250	\$6,121	\$6,000	\$8,061	\$425	\$639	\$600	\$1,101
1	2	15,001 - 20,000	\$9,131	\$9,131	\$9,131	\$9,131	\$1,219	\$1,219	\$1,219	\$1,219
		Over 20,000								
13	290	No Depth Limit	\$1,500	\$5,822	\$5,641	\$10,123	\$325	\$1,246	\$830	\$7,118

<b>New York</b>										
<b>Monthly Drilling Well Fixed Overhead Rates</b>							<b>Monthly Producing Well Fixed Overhead Rates</b>			
Responses	Wells	Depth	Minimum	Average	Median	Maximum	Minimum	Average	Median	Maximum
1	133	0 - 5,000					\$350	\$350	\$350	\$350
2	12	5,001 - 10,000	\$5,000	\$5,000	\$5,000	\$5,000	\$250	\$250	\$250	\$250
		10,001 - 15,000								
		15,001 - 20,000								
		Over 20,000								
		No Depth Limit								

<b>North Dakota</b>										
<b>Monthly Drilling Well Fixed Overhead Rates</b>							<b>Monthly Producing Well Fixed Overhead Rates</b>			
Responses	Wells	Depth	Minimum	Average	Median	Maximum	Minimum	Average	Median	Maximum
1	1	0 - 5,000					\$774	\$774	\$774	\$774
10	421	5,001 - 10,000	\$6,637	\$6,637	\$6,637	\$6,637	\$66	\$1,350	\$807	\$6,748
4	34	10,001 - 15,000	\$8,061	\$8,061	\$8,061	\$8,061	\$1,101	\$2,958	\$2,970	\$4,791
		15,001 - 20,000								
		Over 20,000								
		No Depth Limit								

**EXHIBIT "G" to that certain  
Application of Xeric Oil & Gas Corporation for Compulsory Pooling  
Lea County, New Mexico  
dated June 13, 2003**

DISTRICT I  
P.O. Box 1988, Hobbs, NM 88241-1980

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88211-0719

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

DISTRICT IV  
P.O. Box 2088, SANTA FE, N.M. 87504-2088

State of New Mexico  
Energy, Minerals and Natural Resources Department

**OIL CONSERVATION DIVISION**  
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

Form C-102  
Revised February 10, 1994  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

AMENDED REPORT

API Number <b>30-025-36235</b>	Pool Code 15200	Pool Name DK ABO
Property Code <b>32154</b>	Property Name DUNCAN	Well Number 1
OGRID No. 025482	Operator Name XERIC OIL & GAS CORPORATION	Elevation 3527'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	19	20-S	39-E		600	NORTH	500	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40	NO		

**NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION**

	<p align="center"><b>OPERATOR CERTIFICATION</b></p> <p><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p align="right"><i>Angie Crawford</i> Signature</p> <p><b>Angie Crawford</b> Printed Name</p> <p><b>Production Analyst</b> Title</p> <p align="right">3/27/03 Date</p>
	<p align="center"><b>SURVEYOR CERTIFICATION</b></p> <p><i>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 belief.</i></p> <p align="right">MARCH 19, 2003</p> <p>Date Surveyed _____ L.A.</p> <p>Signature &amp; Seal of Professional Surveyor: <i>Gary G. Eidson</i> 3/20/03 03-11-0305</p> <p>Certificate No. <b>RONALD J. EIDSON 3239</b> <b>GARY EIDSON 12641</b></p>

XERIC OIL AND GAS CORPORATION

AUTHORITY FOR EXPENDITURE

XERIC WI%:	AFE NO:	NM-0307
	DATE:	4/8/2003
LEASE NAME: Duncan	WELL NO.: 1	SERIAL NO.
LOCATION: 600' FNL & 500' FEL		&/or PERMIT:
Sec. 19-T20S-R39E		API WELL NO:
FIELD: DK Abo	COUNTY: Lea	STATE: NM
		PROPOSED TD: 8,000
PROJECT AREA:		
EXPLORATION:	DEVELOPMENT:	RECOMPLETION:

DRILLING INTANGIBLES:	DRY HOLE	COMPLETED WELL	TOTAL
LAND DAMAGES	7,500		7,500
LOCATION, ROADS, PITS CLEANUP	14,000		14,000
FOOTAGE 8,000 @ \$15.25 / ft	122,000		122,000
DAYWORK \$6,500.00 / day x 2	13,000		13,000
CEMENTING	10,000	12,000	22,000
MUD & CHEMICALS	7,000		7,000
MUD LOGGING \$500.00 / day x 11	5,500		5,500
WATER	8,000	3,000	11,000
LOGGING	24,000		24,000
TESTING & CORING			-
TECHNICAL & LEGAL SERVICES	5,000		5,000
SUPERVISION & LABOR	5,000	3,000	8,000
EQUIPMENT RENTAL/TRUCKING	2,000	4,000	6,000
COMPLETION UNIT \$1,600.00 / day x 10		16,000	16,000
LOGGING & PERFORATING		5,000	5,000
ACID		6,000	6,000
FRACTURE		65,000	65,000
DRILLING OVERHEAD	3,000	2,000	5,000
CONTINGENCIES @ 5%	11,300	5,800	17,100
SUBTOTAL:	\$ 237,300	\$ 121,800	\$ 359,100

**LEASE & WELL EQUIPMENT**

CONDUCTOR PIPE			-
SURFACE CSG 1,600 8 5/8" 32# @ \$8.50 / ft	13,600		13,600
INT. CSG	-		-
PROD. CSG 8,000 5 1/2" @ \$6.00 / ft		48,000	48,000
PROD. TBG 8,000 2 7/8" @ \$2.75 / ft		22,000	22,000
RODS 8,000 3/4" & 7/8"@ \$1.65		13,200	13,200
WELLHEAD		2,000	2,000
ELECTRICAL EQUIPMENT		10,000	10,000
BOTTOM HOLE ASSEMBLY		3,000	3,000
TANK BATTERY AND TREATER w/CONNECTIONS		25,000	25,000
PUMPING UNIT w/POWER		20,000	20,000
SUBTOTAL:	\$ 13,600	\$ 143,200	\$ 156,800
GRAND TOTAL	\$ 250,900	\$ 265,000	\$ 515,900

PARTICIPANTS APPROVAL

OPERATOR: XERIC OIL & GAS CORPORATION	By: _____	Date: 4/8/2003
JOINT INTEREST APPROVALS:		
COMPANY: Concord Oil Company		Date: _____
APPROVED: _____		W.I.%: 0.520833%
BY: _____		Amount Due: \$1,306.77
NAME: _____		
TITLE: _____		

**EXHIBIT "H" to that certain  
Application of Xeric Oil & Gas Corporation for Compulsory Pooling  
Lea County, New Mexico  
dated June 13, 2003**



**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Concord Oil Company  
Alamo National Building  
105 South St. Mary's Street  
Suite 1500  
San Antonio, TX 78205-2898

**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly)

Xeric  
Duncan Well #1  
June 13, 2003  
5/28/03

B. Date of Delivery

6-2-03

3. Service Type

- Certified Mail
- Registered
- Insured Mail
- Express Mail
- Return Receipt for Merchandise
- C.O.D.

4. Restricted Delivery? (Extra Fee)

Yes

2. Article Number (Copy from service label)

7001 3340 0002 9564 4905

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

**KELLAHIN & KELLAHIN**  
**Attorney at Law**

**W. Thomas Kellahin**  
New Mexico Board of Legal  
Specialization Recognized Specialist  
in the area of Natural resources-  
oil and gas law

P.O. Box 2265  
Santa Fe, New Mexico 87504  
117 North Guadalupe  
Santa Fe, New Mexico 87501

Telephone 505-982-4285  
Facsimile 505-982-2047  
kellahin@earthlink.com

May 27, 2003

**TO: NOTICE OF THE HEARING OF THE FOLLOWING  
NEW MEXICO OIL CONSERVATION DIVISION CASE:**

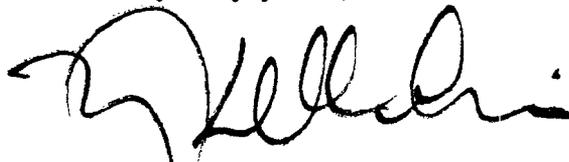
***Re: Application of Xeric Oil & Gas Corporation  
for Compulsory Pooling, Lea County, New Mexico***

On behalf of Xeric Oil & Gas Corporation, please find enclosed our application for an compulsory pooling for its Duncan Well No. 1 which has been set for hearing on the New Mexico Oil Conservation Division Examiner's docket now scheduled for June 27, 2003. The hearing will be held at the Division hearing room located at 1220 South Saint Francis Drive, Santa Fe, New Mexico.

As an interest owner who may be affected by this application, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application. Failure to appear at the hearing may preclude you from any involvement in this case at a later date.

Pursuant to the Division's Memorandum 2-90, you are further notified that if you desire to appear in this case, then you are requested to file a Pre-Hearing Statement with the Division not later than 4:00 PM on Friday, June 13, 2003, with a copy delivered to the undersigned.

Very truly yours,



W. Thomas Kellahin

**cc: BY CERTIFIED MAIL-RETURN RECEIPT REQUESTED**  
to all parties listed in application

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION  
OF XERIC OIL & GAS CORPORATION  
FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

**CASE NO.** \_\_\_\_\_

**APPLICATION**

XERIC OIL & GAS CORPORATION by its attorneys, Kellahin & Kellahin, and in accordance with NMSA 1978 Section 70-2-17.C and Division Rule 1207.A(1)(b), applies to the New Mexico Oil Conservation Division for an order pooling all mineral interests from the surface to the base of the Abo formation underlying the NE/4NE/4 of Section 19, T20S, R39E, NMPM, Lea County, New Mexico, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools spaced on 40-acre spacing units, including but not limited to the DK-Abo, DK-Drinkard, West DK-Abo, West Warren-Abo, Pools. Said unit is to be dedicated to its Duncan Well No. 1 to be drilled and completed at a standard well location in Unit A of this section. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in this well.

In support of its application, Xeric Oil & Gas Corporation, ("XERIC") states:

1. Xeric has a working interest ownership in the oil and gas minerals from the surface to the base of the Abo formation underlying the NE/4 of Section 19, T20S, R39E, NMPM, Lea County, New Mexico.
2. The subject tract is located within the DK-Abo Pool.

3. The subject well is to be drilled at a standard oil well location in the SW/4NE/4 (Unit A) of Section 19 to test any and all formations in the pooled interval from the surface to the base of the Abo formation.

4. Xeric has proposed the well to all working interest owners in this proposed spacing unit.

5. Xeric, despite its good faith effort, has been unable to obtain the voluntarily agreement of the working interest owners in the spacing unit as identified on Exhibit "A."

6. Pursuant to Section 70-2-17.C NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Xeric needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

7. In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest is to be pooled as listed on Exhibit "A" notifying each of this case and of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for June 19, 2003.

WHEREFORE, Xeric, as applicant, requests that this application be set for hearing on June 19, 2003 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in the appropriate spacing unit for the drilling of the subject well at a standard well location upon terms and conditions which include:

- (1) Xeric Oil & Gas Corporation be named operator;
- (2) Provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;
- (3) In the event a working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200%;

- (4) Provision for overhead rates per month drilling and per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS;
- (5) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written in a cursive style.

W. THOMAS KELLAHIN  
P. O. Box 2265  
Santa Fe, New Mexico 87504

EXHIBIT "A"

Concord Oil Company  
Alamo National Building  
105 South St. Mary's Street, Suite 1500  
San Antonio, Texas 78205-2898