

AMERIND OIL COMPANY, LTD.

ROBERT M. LEIBROCK  
ROBERT C. LEIBROCK

SUITE 500, WILCO BUILDING  
415 WEST WALL STREET  
MIDLAND, TEXAS 79701-4467

TELEPHONE (915) 682-8217  
FACSIMILE (915) 686-0747

November 6, 1996

Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210

Attention: Mr. Robert Bullock

RE: State "AY" Com No. 1 Well  
Section 2, T16S, R35E  
Lea County, New Mexico

Gentlemen:

As I noted during our telephone conversation yesterday, Gillespie has completed its State "D" No. 8 well. We have no details but believe it is probably a good Strawn well. Since it is only 330 feet from our lease line, it is almost certain that we will want to drill an offset well as soon as possible, and it will be necessary to pool our lease with Yates in order to form an 80 acre Strawn proration unit.

Yates and Amerind will need to jointly determine the well location after review of the pending 3-D seismic data, however in view of the near certainty of drilling, we went ahead and staked a well location and prepared an AFE and operating agreement for your review. The well location which we staked in the center of lot 9 is over 1,020 feet from the Gillespie well (as required), but the location may of course be changed after the seismic review.

Amerind proposes that the contract area consist of lots 7, 8, 9 and 10. Arrangement of the 80 acre units as stand-up or lay-down will be determined by mutual agreement after seismic review. Possible well locations need to be limited to lots 9 and 8. We do not want Strawn wells to be drilled in lots 7 or 10 because the reservoir in which our Gallagher State No. 2 (lot 6) is located is not large enough to support another well. We will provide you our support for this statement.

We would also like to go ahead and have a drilling title opinion on the contract area prepared.

Thank you for your attention to this matter. Please let me know if you have any questions or if you are able to find out anything about the Gillespie well.

Very truly yours,

AMERIND OIL COMPANY, LTD.



Robert C. Leibrock  
General Partner

BEFORE THE  
OIL CONSERVATION DIVISION  
Case No. 11753 Exhibit No. 2  
Submitted By:  
Amerind Oil Company  
Hearing Date: April 3, 1997

RCL/mab  
Enclosures

# AMERIND OIL COMPANY, LTD.

## AUTHORIZATION FOR EXPENDITURE

State "AY" Com No. 1  
660' FEL & 3661' FNL  
Section 2 T16S, R35E  
West Lovington Strawn Field  
Lea County, New Mexico

To drill and complete in the Strawn formation:

<u>INTANGIBLE</u>	<u>Casing Point</u>	<u>Pumping Completion</u>	<u>Total</u>
Drilling 11,800' @ \$17/ft.	\$200,000	\$	\$
Daywork - 4 @ \$4,900	20,000		
Drilling mud and water	20,000		
Location and surface damages	20,000		
Drill stem test (1)	3,000		
Log and perforate	25,000	5,000	
Cementing - surface 400 sx	5,000		
- inter. 800 sx	8,000		
- prod. 500 sx		12,000	
Supervision	5,000	5,000	
Mud logging & geological	5,000		
Contract services & equipment rentals	10,000	25,000	
Completion unit - 4 days		6,000	
Acid treatment - cleanup		5,000	
Drilling and completion overhead	5,000	2,000	
Title opinion	3,000		
Insurance	3,000		
<b>TOTAL INTANGIBLE</b>	<b>\$332,000</b>	<b>\$ 60,000</b>	<b>\$392,000</b>
<u>TANGIBLE</u>			
Casing			
Surface 400' 12-3/4" 35.0# J55 ST&C	\$ 6,000		
Inter. 4,750' 8-5/8" 32.0# J55 ST&C	56,000		
Prod. 11,000' 5-1/2" 17.0# N80 LT&C		82,000	
800' 5-1/2" 20.0# N80 LT&C		7,000	
Tubing 11,400' 2-7/8" 6.5# N80 T&C		40,000	
Pumping Equipment		60,000	
Wellhead and packer	6,000	7,000	
Tank battery & misc.		30,000	
<b>TOTAL TANGIBLE</b>	<b>\$ 68,000</b>	<b>\$226,000</b>	<b>\$294,000</b>
Contingencies/P&A	25,000	14,000	36,000
<b>TOTAL</b>	<b>\$425,000</b>	<b>\$300,000</b>	<b>\$725,000</b>

<u>Owner</u>	<u>Working Interest</u>	<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
Amerind Oil Company, etal	0.5000000	\$212,500	\$150,000	\$362,500
Yates Petroleum Corporation	0.5000000	212,500	150,000	362,500
	1.0000000	\$425,000	\$300,000	\$725,000

RECOMMENDED BY:

APPROVED BY:

AMERIND OIL COMPANY, LTD.



ROBERT C. LEIBROCK

DATE: Nov. 6, 1996

DATE: \_\_\_\_\_

## 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, NM 87504-2088

## OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name STATE "AY" COM	Well Number 1
OGRID No.	Operator Name AMERIND OIL COMPANY, LTD.	Elevation 3981

## Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
9	2	16 S	35 E		3661	NORTH	660	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.

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

LOT 4 49.80 ACRES	LOT 3 50.13 ACRES	LOT 2 50.45 ACRES	LOT 1 50.78 ACRES
LOT 5 40 ACRES	LOT 6 40 ACRES	LOT 7 40 ACRES	LOT 8 40 ACRES
LOT 12 40 ACRES	LOT 11 40 ACRES	LOT 10 40 ACRES	LOT 9 40 ACRES
LOT 13 40 ACRES	LOT 14 40 ACRES	LOT 15 40 ACRES	LOT 16 40 ACRES

STATE "AY" COM #1

GILLESPIE  
STATE D #8

Note: This distance is correct, but surveyor did not draw it to scale on this plat, for some reason.

SCALE: 1"=2000'

## OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature

Printed Name

Title

Date

## 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 belief.

OCTOBER 2, 1996

Date Surveyed	CDG
Signature of Professional Surveyor	
W.O. Num. 96-11-1267	
Certificate No.	
JOHN W. WEST.	875
ROBERT J. EIDSON.	3239

AMERIND OIL COMPANY, LTD.

ROBERT M. LEIBROCK  
ROBERT C. LEIBROCK

SUITE 500, WILCO BUILDING  
415 WEST WALL STREET  
MIDLAND, TEXAS 79701-4467

TELEPHONE (915) 682-8217  
FACSIMILE (915) 686-0747

December 24, 1996

Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210

Via Fed Ex

Attention: Mr. Robert Bullock

RE: State "AY" Com No. 1 Well  
State "AY" Com No. 2 Well  
Section 2, T16S, R35E  
Lea County, New Mexico

Gentlemen:

This is to submit a proposal to drill two wells. The Amerind State "AY" Com No. 1 well is staked in the center of lot 9, with proration unit consisting of lots 8 and 9. The Amerind State "AY" Com No. 2 well is staked in the center of lot 10, with proration unit consisting of lots 7 and 10. Surveyor's plat of Well No. 1 is enclosed; plat for Well No. 2 will be sent to you via fax.

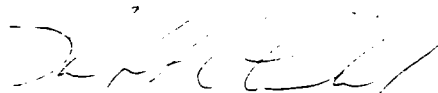
The No. 1 was staked on October 2, 1996, and 3-D seismic interpretation confirms this to be a suitable Strawn location. Amerind proposes that both of these wells be drilled as soon as possible in order to minimize drainage by existing wells and the offsetting UMC wells currently drilling or planned. We presume that Gillespie is also likely to drill additional offsetting wells, so your prompt attention to this proposal will be appreciated.

Authorizations for Expenditure for both wells are enclosed, and the Operating Agreement was submitted to you in our letter of November 6, 1996.

Please let me know if you have any questions.

Very truly yours,

AMERIND OIL COMPANY, LTD.



Robert C. Leibrock  
General Partner

RCL/tgl  
Enclosures

# AMERIND OIL COMPANY, LTD.

## AUTHORIZATION FOR EXPENDITURE

State "AY" Com No. 1  
660' FEL & 3661' FNL  
Section 2 T16S, R35E  
West Lovington Strawn Field  
Lea County, New Mexico

To drill and complete in the Strawn formation:

<u>INTANGIBLE</u>	<u>Casing Point</u>	<u>Pumping Completion</u>	<u>Total</u>
Drilling 11,800' @ \$19.30/ft.	\$228,000	\$	\$
Daywork - 4 @ \$4,900	20,000		
Drilling mud and water	20,000		
Location and surface damages	20,000		
Drill stem test (1)	3,000		
Log and perforate	25,000	5,000	
Cementing - surface 400 sx	5,000		
- inter. 800 sx	8,000		
- prod. 500 sx		12,000	
Supervision	6,000	5,000	
Mud logging & geological	7,000		
Contract services & equipment rentals	10,000	25,000	
Completion unit - 4 days		6,000	
Acid treatment - cleanup		5,000	
Drilling and completion overhead	5,000	2,000	
Title opinion	3,000		
Insurance	3,000		
<b>TOTAL INTANGIBLE</b>	<b>\$363,000</b>	<b>\$ 60,000</b>	<b>\$423,000</b>

### TANGIBLE

Casing			
Surface 400' 12-3/4" 35.0# J55 ST&C	\$ 6,000		
Inter. 4,750' 8-5/8" 32.0# J55 ST&C	60,000		
Prod. 11,000' 5-1/2" 17.0# N80 LT&C		82,000	
800' 5-1/2" 20.0# N80 LT&C		7,000	
Tubing 11,400' 2-7/8" 6.5# N80 T&C		40,000	
Pumping equipment		60,000	
Wellhead and packer	6,000	7,000	
Tank battery & misc.		30,000	
<b>TOTAL TANGIBLE</b>	<b>\$ 72,000</b>	<b>\$226,000</b>	<b>\$298,000</b>
Contingencies/P&A	15,000	14,000	29,000
<b>TOTAL</b>	<b>\$450,000</b>	<b>\$300,000</b>	<b>\$750,000</b>

<u>Owner</u>	<u>Working Interest</u>	<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
Amerind	0.5000000	\$ 225,000	\$ 150,000	\$ 375,000
Yates	0.5000000	225,000	150,000	375,000
	<b>1.0000000</b>	<b>\$450,000</b>	<b>\$300,000</b>	<b>\$750,000</b>

RECOMMENDED BY:

AMERIND OIL COMPANY, LTD.

  
ROBERT C. LEIBROCK

APPROVED BY:

YATES PETROLEUM CORPORATION



DATE: 12/2/80

DATE: \_\_\_\_\_

/stateay.afe

# AMERIND OIL COMPANY, LTD.

## AUTHORIZATION FOR EXPENDITURE

State "AY" Com No. 2  
Center of Lot 10  
Section 2 T16S, R35E  
West Lovington Strawn Field  
Lea County, New Mexico

To drill and complete in the Strawn formation:

<u>INTANGIBLE</u>	<u>Casing Point</u>	<u>Pumping Completion</u>	<u>Total</u>
Drilling 11,800' @ \$19.30/ft.	\$228,000	\$	\$
Daywork - 4 @ \$4,900	20,000		
Drilling mud and water	20,000		
Location and surface damages	20,000		
Drill stem test (1)	3,000		
Log and perforate	25,000	5,000	
Cementing - surface 400 sx	5,000		
- inter. 800 sx	8,000		
- prod. 500 sx		12,000	
Supervision	6,000	5,000	
Mud logging & geological	7,000		
Contract services & equipment rentals	10,000	25,000	
Completion unit - 4 days		6,000	
Acid treatment - cleanup		5,000	
Drilling and completion overhead	5,000	2,000	
Title opinion	3,000		
Insurance	3,000		
<b>TOTAL INTANGIBLE</b>	<b>\$363,000</b>	<b>\$ 60,000</b>	<b>\$423,000</b>

### TANGIBLE

Casing			
Surface 400' 12-3/4" 35.0# J55 ST&C	\$ 6,000		
Inter. 4,750' 8-5/8" 32.0# J55 ST&C	60,000		
Prod. 11,000' 5-1/2" 17.0# N80 LT&C		82,000	
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Pumping equipment		60,000	
Wellhead and packer	6,000	7,000	
Tank battery & misc.		30,000	
<b>TOTAL TANGIBLE</b>	<b>\$ 72,000</b>	<b>\$226,000</b>	<b>\$298,000</b>
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<b>TOTAL</b>	<b>\$450,000</b>	<b>\$300,000</b>	<b>\$750,000</b>

<u>Owner</u>	<u>Working Interest</u>	<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
Amerind	0.5000000	\$ 225,000	\$ 150,000	\$ 375,000
Yates	0.5000000	225,000	150,000	375,000
	<b>1.0000000</b>	<b>\$450,000</b>	<b>\$300,000</b>	<b>\$750,000</b>

**RECOMMENDED BY:**

**APPROVED BY:**

**AMERIND OIL COMPANY, LTD.**

**YATES PETROLEUM CORPORATION**

\_\_\_\_\_  
ROBERT C. LEIBROCK

\_\_\_\_\_

DATE: 12/24/90

DATE: \_\_\_\_\_

/stateay2.afe

# OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

RICHT III  
Box 2088, Santa Fe, NM 87504-2088

RICHT IV  
Box 2088, Santa Fe, NM 87504-2088

## WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name WEST LOVINGTON STRAWN
Property Code	Property Name STATE "AY"	Well Number 1
OGED No.	Operator Name AMERIND OIL COMPANY, LTD.	Elevation 3981

### Surface Location

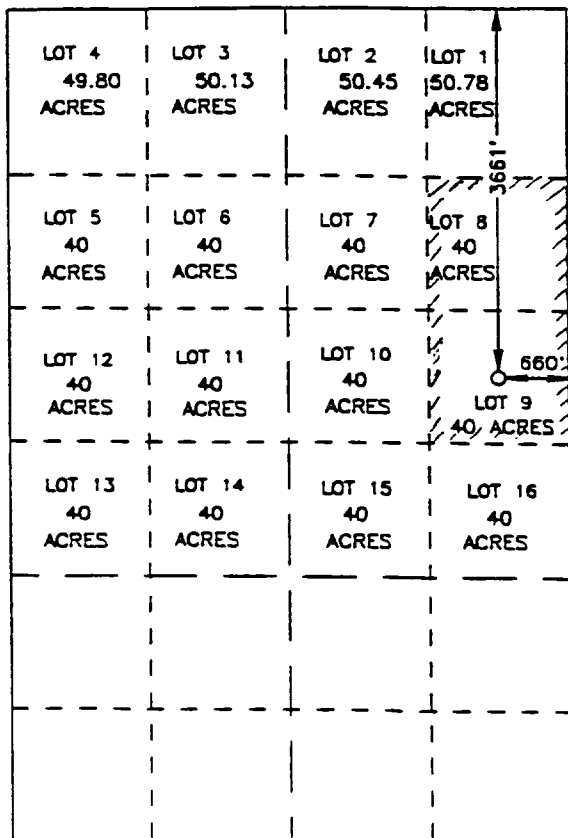
Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
9	2	16 S	35 E	3661	NORTH	660	EAST	LEA

### Bottom Hole Location If Different From Surface

Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Acres	Joint or Infill	Consolidation Code	Order 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



SCALE: 1" = 2000'

### OPERATOR CERTIFICATION

I hereby certify the the information  
contained herein is true and complete to the  
best of my knowledge and belief.

*[Signature]*

Signature

Robert C. Leibrock

Printed Name

General Partner

Title

December 24, 1996

Date

### 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 belief.

OCTOBER 2, 1996

Date Surveyed

CDG

Signature & Seal of  
Professional Surveyor

*[Signature]*  
RONALD J. EIDSON

X.W.D. Num. 96-1267

Certificate No. 676  
RONALD J. EIDSON, 3239

# AMERIND OIL COMPANY, LTD.

ROBERT M. LEIBROCK  
ROBERT C. LEIBROCK

SUITE 500, WILCO BUILDING  
415 WEST WALL STREET  
MIDLAND, TEXAS 79701-4467

TELEPHONE (915) 682-8217  
FACSIMILE (915) 686-0747

January 3, 1997

Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210

Attention: Mr. Robert Bullock

RE: State "AY" Com No. 1 Well  
State "AY" Com No. 2 Well  
Section 2, T16S, R35E  
Lea County, New Mexico

Gentlemen:

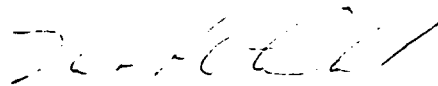
This is to transmit the amended Operating Agreement for the referenced wells. This agreement differs from the one sent to you on November 6, 1996 only in the signature pages and the Exhibit "A"'s to the agreement and Memorandum of Agreement (Exhibit "H").

This change is for the purpose of recognizing Yates Drilling Company, Abo Petroleum Corporation and Myco Industries, Inc. as leasehold interest owners. Proposal to drill the referenced wells, along with AFE's, Operating Agreement and plats are being sent along with this letter, via Federal Express.

If you have any questions or need further information, please contact us.

Very truly yours,

AMERIND OIL COMPANY, LTD.



Robert C. Leibrock  
General Partner

/mab

Enclosure



# AMERIND OIL COMPANY, LTD.

ROBERT M. LEIBROCK  
ROBERT C. LEIBROCK

SUITE 500, WILCO BUILDING  
415 WEST WALL STREET  
MIDLAND, TEXAS 79701-4467

TELEPHONE (915) 682-8217  
FACSIMILE (915) 686-0747

January 3, 1997

Yates Drilling Company  
105 South Fourth Street  
Artesia, New Mexico 88210

Abo Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210

Myco Industries, Inc.  
105 South Fourth Street  
Artesia, New Mexico

Attention: Mr. Robert Bullock

RE: State "AY" Com No. 1 Well  
State "AY" Com No. 2 Well  
Section 2, T16S, R35E  
Lea County, New Mexico

Gentlemen:

This is to submit a proposal to drill two wells. The Amerind State "AY" Com No. 1 well is staked in lot 9, with proration unit consisting of lots 8 and 9. The Amerind State "AY" Com No. 2 well is staked in lot 10, with proration unit consisting of lots 7 and 10. Surveyor's plats of the wells are enclosed.

The No. 1 was staked on October 2, 1996, and 3-D seismic interpretation confirms this to be a suitable Strawn location. Amerind proposes that both of these wells be drilled as soon as possible in order to minimize drainage by existing wells and the offsetting UMC wells currently drilling or planned. We presume that Gillespie is also likely to drill additional offsetting wells, so your prompt attention to this proposal will be appreciated.

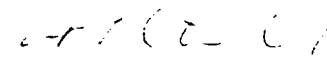
Our records show that Yates Drilling, Abo Petroleum and Myco Industries each own 10% of the operating rights in lots 8 and 10, with Yates Petroleum Corporation owning the balance.

Authorizations for Expenditure for both wells are enclosed, along with the Operating Agreement covering the project.

Please let me know if you have any questions.

Very truly yours,

AMERIND OIL COMPANY, LTD.

  
Robert C. Leibrock  
General Partner

RCL/mab  
Enclosures

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

State of New Mexico  
Energy, Minerals and Natural Resources Department

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

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

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

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

☐ AMENDED REPORT

DISTRICT IV  
P.O. Box 2088, Santa Fe, NM 87504-2088

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number	Pool Code	Pool Name
		WEST LOVINGTON STRAWN
Property Code	Property Name	Well Number
	STATE "AY"	1
OGRID No.	Operator Name	Elevation
	AMERIND. OIL COMPANY, LTD.	3981

**Surface Location**

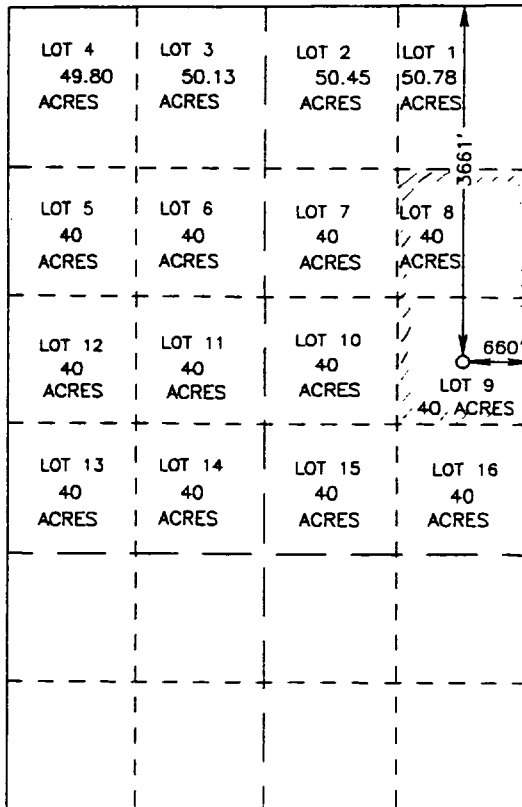
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
9	2	16 S	35 E		3661	NORTH	660	EAST	LEA

**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.

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



SCALE: 1" = 2000'

**OPERATOR CERTIFICATION**

I hereby certify the the information  
contained herein is true and complete to the  
best of my knowledge and belief.

Signature

Robert C. Leibrock

Printed Name

General Partner

Title

December 24, 1996

Date

**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 belief.

OCTOBER 2, 1996

Date Surveyed

Signature & Seal of  
Professional Surveyor

CDG

RONALD J. EIDSON  
10-07-96

W.Q. Num. 96-34-1267

Certificate No. 4414 W. WEST, 676  
RONALD J. EIDSON, 3239

DISTRICT I  
P.O. Box 1880, Hobbs, NM 88241-1880

State of New Mexico  
Energy, Minerals and Natural Resources Department

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

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

OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

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

☐ AMENDED REPORT

DISTRICT IV  
P.O. Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
		WEST LOVINGTON STRAWN
Property Code	Property Name	Well Number
	STATE "AY" COM	2
OGED No.	Operator Name	Elevation
	AMERIND OIL COMPANY LIMITED PARTNERSHIP	3989

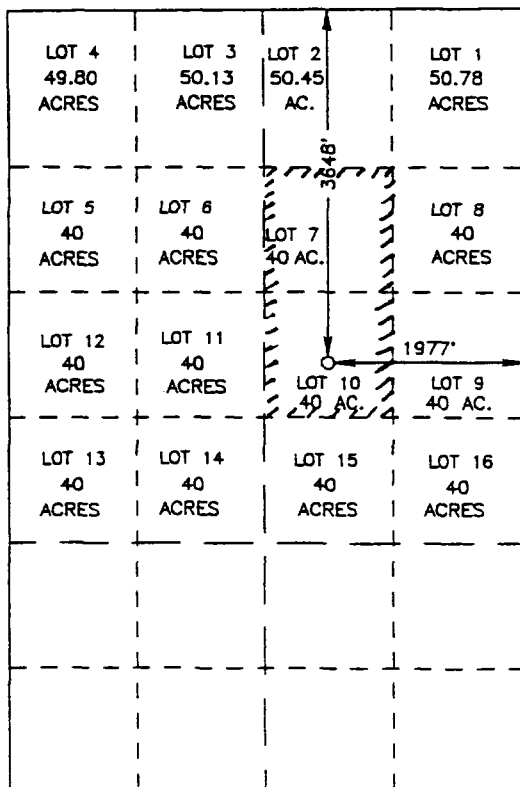
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
10	2	16 S	35 E		3648	NORTH	1977	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.						
80									

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



SCALE: 1"=2000'

OPERATOR CERTIFICATION

I hereby certify the the information  
contained herein is true and complete to the  
best of my knowledge and belief.

Signature

Printed Name

Title

Date

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 belief.

DECEMBER 24, 1996

Date Surveyed  
Signature & Seal of  
Professional Surveyor

CDG

12-27-96  
N.M.O. Num 96-15-1691

Certificate No. 676  
RONALD J. EIDSON, 3239

# AMERIND OIL COMPANY, LTD.

## AUTHORIZATION FOR EXPENDITURE

State "AY" Com No. 1  
660' FEL & 3661' FNL  
Section 2 T16S, R35E  
West Lovington Strawn Field  
Lea County, New Mexico

To drill and complete in the Strawn formation:

<u>INTANGIBLE</u>	<u>Casing Point</u>	<u>Pumping Completion</u>	<u>Total</u>
Drilling 11,800' @ \$19.30/ft.	\$228,000	\$	\$
Daywork - 4 @ \$4,900	20,000		
Drilling mud and water	20,000		
Location and surface damages	20,000		
Drill stem test (1)	3,000		
Log and perforate	25,000	5,000	
Cementing - surface 400 sx	5,000		
- inter. 800 sx	8,000		
- prod. 500 sx		12,000	
Supervision	6,000	5,000	
Mud logging & geological	7,000		
Contract services & equipment rentals	10,000	25,000	
Completion unit - 4 days		6,000	
Acid treatment - cleanup		5,000	
Drilling and completion overhead	5,000	2,000	
Title opinion	3,000		
Insurance	3,000		
<b>TOTAL INTANGIBLE</b>	<b>\$363,000</b>	<b>\$ 60,000</b>	<b>\$423,000</b>

### TANGIBLE

Casing			
Surface 400' 12-3/4" 35.0# J55 ST&C	\$ 6,000		
Inter. 4,750' 8-5/8" 32.0# J55 ST&C	60,000		
Prod. 11,000' 5-1/2" 17.0# N80 LT&C		82,000	
800' 5-1/2" 20.0# N80 LT&C		7,000	
Tubing 11,400' 2-7/8" 6.5# N80 T&C		40,000	
Pumping equipment		60,000	
Wellhead and packer	6,000	7,000	
Tank battery & misc.		30,000	
<b>TOTAL TANGIBLE</b>	<b>\$ 72,000</b>	<b>\$226,000</b>	<b>\$298,000</b>
Contingencies/P&A	15,000	14,000	29,000
<b>TOTAL</b>	<b>\$450,000</b>	<b>\$300,000</b>	<b>\$750,000</b>

<u>Owner</u>	<u>Working Interest</u>	<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
Amerind	0.5000000	\$ 225,000	\$ 150,000	\$ 375,000
Yates	0.5000000	225,000	150,000	375,000
	<b>1.0000000</b>	<b>\$450,000</b>	<b>\$300,000</b>	<b>\$750,000</b>

**RECOMMENDED BY:**

**APPROVED BY:**

**AMERIND OIL COMPANY, LTD.**

  
ROBERT C. LEIBROCK

DATE: January 3, 1997

DATE: \_\_\_\_\_

/stateay.afe

# AMERIND OIL COMPANY, LTD.

## AUTHORIZATION FOR EXPENDITURE

State "AY" Com No. 2  
1977' FEL & 3648' FNL  
Section 2 T16S, R35E  
West Lovington Strawn Field  
Lea County, New Mexico

To drill and complete in the Strawn formation:

<u>INTANGIBLE</u>	<u>Casing Point</u>	<u>Pumping Completion</u>	<u>Total</u>
Drilling 11,800' @ \$19.30/ft.	\$228,000	\$	\$
Daywork - 4 @ \$4,900	20,000		
Drilling mud and water	20,000		
Location and surface damages	20,000		
Drill stem test (1)	3,000		
Log and perforate	25,000	5,000	
Cementing - surface 400 sx	5,000		
- inter. 800 sx	8,000		
- prod. 500 sx		12,000	
Supervision	6,000	5,000	
Mud logging & geological	7,000		
Contract services & equipment rentals	10,000	25,000	
Completion unit - 4 days		6,000	
Acid treatment - cleanup		5,000	
Drilling and completion overhead	5,000	2,000	
Title opinion	3,000		
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<b>TOTAL INTANGIBLE</b>	<b>\$363,000</b>	<b>\$ 60,000</b>	<b>\$423,000</b>

### TANGIBLE

Casing			
Surface 400' 12-3/4" 35.0# J55 ST&C	\$ 6,000		
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<u>Owner</u>	<u>Working Interest</u>	<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
Amerind	0.5000000	\$ 225,000	\$ 150,000	\$ 375,000
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	<b>1.0000000</b>	<b>\$450,000</b>	<b>\$300,000</b>	<b>\$750,000</b>

**RECOMMENDED BY:**

**APPROVED BY:**

**AMERIND OIL COMPANY, LTD.**

  
ROBERT C. LEIBROCK

DATE: January 3, 1997

DATE: \_\_\_\_\_

/stateay2.afe

MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1986



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210  
TELEPHONE (505) 748-1471

S. P. YATES  
CHAIRMAN OF THE BOARD  
JOHN A. YATES  
PRESIDENT  
PEYTON YATES  
EXECUTIVE VICE PRESIDENT  
RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

January 7, 1997

Amerind Oil Company, Ltd.  
Suite 500 - Wilco Building  
415 West Wall Street  
Midland, Texas 79701-4467

**CERTIFIED MAIL**  
Return Receipt Requested

RE: Field APK St. #2  
Township 16 South, Range 35 East  
Section 2: 2390' FNL & 640' FEL  
Lea County, New Mexico

Gentlemen:

Yates Petroleum Corporation proposes the drilling of the captioned well which is located in lot 8 of Section 2, Township 16 South, Range 35 East. The proration unit for this well would consist of Yates' lot 8 and Amerind's lot 9 being a stand-up 80 acre dedication.

3-D Seismic interpretation confirms this to be the best location in lots 8 and 9. We will submit our Operating Agreement in the very near future.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Robert Bullock  
Landman

RB:bn  
enclosure(s)

Post-It™ brand fax transmittal memo 7871		# of pages = 2
To	From	
John Lullakia	Robert C. Lubrock	
Co.	Co.	
	Amerind Oil	
Dept.	Phone #	
	915/682-8217	
Fax #	Fax #	
505/982-2047	915/686-0747	



**AUTHORITY FOR EXPENDITURE**  
NEW DRILLING & RECOMPLETION

AFE NO. 96-312-0  
AFE DATE 12/19/96

105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210  
TELEPHONE (805) 748-1471

AFE Type:	Well Objective:	Well Type:
<input checked="" type="checkbox"/> New Drilling	<input checked="" type="checkbox"/> Oil	<input type="checkbox"/> Development
<input type="checkbox"/> Recompletion	<input checked="" type="checkbox"/> Gas	<input checked="" type="checkbox"/> Exploratory
	<input type="checkbox"/> Injector	

AFE STATUS:

<input type="checkbox"/> Original
<input checked="" type="checkbox"/> Revised
<input type="checkbox"/> Final

WELL NAME	Field APK St. #2	PROJ D DEPTH	11,900'
UNTY	Lee	STATE	New Mexico
3AL DESC.	2390' FNL & 640' FEL	LOCATION	Section 2-16S-35E
LD		HORIZON	Strawn
ISION CODE	100	DIVISION NAME	Oil & Gas Division
TRICT CODE		DISTRICT NAME	
ANCH CODE		BRANCH NAME	

COGNOSIS:

**INTANGIBLE DRILLING COSTS:**

		DRY HOLE	COMPO WELL
20-100	Staking, Permit & Legal Fees	3,500	3,500
20-110	Location, Right-of-Way	15,000	15,000
20-120	Drilling, Footage 11,900' @ \$21/R	284,900	284,900
20-130	Drilling, Daywork 8 days @ \$8100/day	36,800	36,800
20-140	Drilling Water, Fuel/line Rental	30,000	30,000
20-150	Drilling Mud & Additives	40,000	40,000
20-160	Mud Logging Unit, Sample Bags	10,000	10,000
20-170	Cementing - Surface Casing	35,000	35,000
20-180	Drift Stem Testing, OHT 4 DST'S	20,000	20,000
20-190	Electric Logs & Tape Copies	24,000	24,000
20-200	Tools & Equip. Rntl., Trkg. & Welding	19,000	19,000
20-210	Supervision & Overhead	17,000	17,000
20-220	Contingency		
20-230	Coring, Tools & Service		
20-240	Bits, Tool & Supplies Purchase	2,500	2,500
20-350	Cementing - Production Casing		36,500
20-410	Completion Unit - Swabbing		11,700
20-420	Water for Completion		4,800
20-430	Mud & Additives for Completion		1,200
20-440	Cementing - Completion		1,500
20-450	Elec. Logs, Testing, Etc. - Completion		7,800
20-460	Tools & Equip. Rental, Etc. - Completion		19,700
20-470	Stimulation for Completion Strawn comp. only		15,000
20-480	Supervision & O/H - Completion		3,100
20-490	Additional LOC Charges - Completion		1,200
20-510	Bits, Tools & Supplies - Completion		1,800
20-500	Contingency for Completion		
TOTAL INTANGIBLE DRILLING COSTS		517,700	618,800

**TANGIBLE EQUIPMENT COSTS:**

0-010	Christmas Tree & Wellhead	2,000	26,000
0-020	Casing 13-3/8" @ 460'	8,100	9,100
	8-5/8" @ 4700'	50,100	50,100
	5-1/2" @ 11,800'		87,000
0-030	Tubing 2 7/8" @ 11700'		38,000
2-040	Packer & Special Equipment		
2-010	Pumping Equipment		110,000
2-020	Storage Facilities		22,500
2-030	Separation Equip., Flowlines, Misc.		30,000
2-040	Trucking & Construction Costs		15,000
TOTAL TANGIBLE EQUIPMENT COSTS		80,200	388,700

**1. COSTS**

577,900 1,008,500

APPROVAL OF THIS AFE CONSTITUTES APPROVAL OF OPERATOR'S OPTION TO CHARGE THE JOINT ACCOUNT WITH TUBULAR GOODS FROM THE OPERATOR'S WAREHOUSE STOCK AT THE RATES STATED ABOVE.

NO	<i>Al Springer</i>	Operations Approval	HBC 1-2-97
OWNER		SHARE	
DATE			
DATE			
DATE			
DATE			