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

. -

~ 1



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

December 10, 1997

Five States 1995-B, Ltd. 4925 Greenville Avenue #1220 Dallas, Texas 75206

ŝ

CERTIFIED MAIL RETURN RECEIPT REQUESTED

· .

RE: Field APK State Com. #3 <u>Township 16 South, Range 35 East, NMPM</u> Section 2: 3300' FSL and 760' FWL Lea County, New Mexico

Gentlemen:

Please find enclosed our AFE proposing the drilling of the captioned well to test the Morrow formation.

If you wish to participate, please execute and return the AFE along with your check to cover your share of the dry hole costs.

Should you not desire to participate, Yates would farm-in your interest on mutually agreed upon terms.

We will forward our Operating Agreement in the very near future.

Please call me at 505-748-4351 if you have any questions regarding this proposal.

Very truly yours,

YATES PETROLEUM CORPORATION

Cobert Bullak

Robert Bullock Landman

RB/ljf enclosure(s)

| Z 351 | 643 | 356 |
|-------|-----|-----|
|-------|-----|-----|

٢

-

|                                     | US Postal Service<br>Receipt for Certified Mail<br>No Insurance Coverage Provided.<br>Do not use for International Mail (See reverse)<br>Sent to<br>Five States 1995-B, Ltd.<br>Five States 1995-B, Ltd.<br>Five States 1995-B, Ltd.<br>Five States 1995-B, Ltd.<br>Five States 1995-B, Ltd. |      |  |
|-------------------------------------|--|------|--|
| And the second second second second | Postage  | \$   |  |
|                                     | Certified Fee  |      |  |
|                                     | Special Delivery Fee   |      |  |
| ر<br>د                              | Restricted Delivery Fee  |      |  |
| April 1995                          | Return Receipt Showing to Whom & Date Delivered  |      |  |
|                                     |  |      |  |
| 800                                 | TOTAL Postage & Fees   | \$   |  |
| Form <b>3800</b>                    | Postmark or Date   | Nate |  |
| ی<br>م                              | Com # 3  | RB/y |  |

| on the reverse side? | <ul> <li>Print your name and address on the reverse of this form so that we can return this card to you.</li> <li>Attach this form to the front of the mailpiece, or on the back if space does not permit.</li> <li>Write "Return Receipt Requested" on the mailpiece below the article number.</li> <li>The Return Receipt will show to whom the article was delivered and the date delivered.</li> </ul> |                                    |                 | ces (for an<br>ssee's Address<br>cted Delivery | eipt Service. |
|----------------------|--|------------------------------------|-----------------|--|---------------|
| eted o               | 3. Article Addressed to:   | 4a. Article N                      | ~               |  | . ອີ          |
| lete                 | <del>_</del> *   | Z 35                               | 1 693           | 356  | Ē             |
| <u>DDRESS</u> comple | Five States 1995-B, Ltd.<br>4925 Greenville Avenue #1220<br>• Dallas, Texas 75206  | 4b. Service                        | Гурө            |  | etu .         |
|                      |  | 🛛 Registere                        | bd              | K Certified                                    | Ř             |
|                      |  | Express                            | Mail            | Insured  | sing          |
|                      |  | Return Receipt for Merchandise COD |                 | ñ  |               |
| Q                    |  | 7. Date of D                       | alivery         |  | · ē           |
| N                    |  | 12/                                | 5197            |  | уоц           |
| 5                    | 5. Received By: (Print Name)   |                                    | e's Address (Or | nly if requested                               | hank          |
| E                    |  | and fee is                         | paid)           | State  | Tha           |
| 5                    | 6. Signature: (Addressee or Agent)   | Sind                               |                 | 2011   | •             |
| s your               | $\mathbf{x} (\mathbf{y}, \mathbf{y}) = \mathbf{x} (\mathbf{y}, \mathbf{y})$  | (im                                | т <u>з</u>      | R5/4   |               |
| -                    | PS Form 3811, December 1994 10   | 2595-97-B-0179                     | Domestic F      | leturn Réceipt                                 | t             |

| AUTHORITY FOR EXPENDITURE<br>Nor DRILLING & RECOMPLETON       AFE NO.<br>INCLUSION ENDORSHIPSING       AFE NO.<br>INCLUSION ENDORSHIPSING<br>INCLUSION ENDORSHIPSING       AFE NO.<br>INCLUSION ENDORSHIPSING       AFE NO.<br>INCLUSION ENDORSHIPSING<br>INCLUSION ENDORSHIPSING       AFE NO.<br>INCLUSION ENDORSHIPSING<br>INCLUSION ENDORSHIPSING<br>INCLUSION ENDORSHIPSING<br>INCLUSION ENDORSHIPSING INCLUSION ENDORSHIPSING INCLUSION ENDORSHIPSING INCL   |                                       |   |  |                                       | <b>м Ф</b>      |
|---|---------------------------------------|---|--|---------------------------------------|-----------------|
| NEW DRILING & RECOMPLETION         AFE STATUS.           NUM Disponsibility         Market Construct         AFE STATUS.           NUM Disponsibility         Market Construct         Market Construct         AFE STATUS.           LEASE NAME         Disponsibility         Market Construct         Market Construct         AFE STATUS.           LEASE NAME         Disponsibility         Market Construct         Market Construct         Market Construct         AFE STATUS.           LEASE NAME         Disponsibility         Market Construct         Market Construct         Market Construct         Market Construct         Market Construct         Market Construct         Section 2:163-35E           DVISION CODE         DISTRICT NAME         OISTRICT NAME         OISTRICT NAME         Market Construct         Section 2:163-35E           PROCONSIB         DISTRICT NAME         DISTRICT NAME         Isoconstruct         Section 2:163-35E           VITANGIBLE DRILLING COSTS:         DAY HOLE         OISTRICT NAME         Isoconstruct         Section 2:163-35E           VITANGIBLE DRILLING COSTS:         DIMING Market Pasing Chill         20000         Section 2:163-35E           VITANGIBLE DRILLING COSTS:         DIMING Market Pasing Chill         20000         Section 2:163-35E           VITANGIBLE DRILLING COSTS:         DIMING Market   | 97-343-                               | AFE NO.   |  |                                       |                 |
| Mart Bourn Fourns Tricer     Mart Type:     Mart Display     Mart Display <td>11/26/9</td> <td></td> <td>Y FOR EXPENDITURE</td> <td></td> <td></td>   | 11/26/9                               |   | Y FOR EXPENDITURE                      |                                       |                 |
| Mole Source Fources Forces         Mole Type:<br>Tex-move (660) 7e4 - err)         Mole Type:<br>Tex-move (7e40) 7e4 - err)         Mole Type: Tex-move (7e40) 7e4 - err)         Mole Ty  | * .                                   | · · · ·   | LLING & RECOMPLETION                   |                                       |                 |
| ARTESLA, NEW MEXICO 88210       Image: |                                       | AFE STATUS:   | Well Objective: Well Type:             | AFE Type:                             |                 |
| Tetremote (860 7 44 - 471       Impediate       PROJD DEPTH       Impediate         LEASE NAME       Field ÅPK State Com, #3       PROJD DEPTH       Iz,860 <sup>++</sup> COUNTY       Leas       STATE       LOCATION       Section 2:163-365         FIELD       JUNISION CODE       DIVISION NAME       DISTRICT CODE       Section 2:163-365         DISTRICT CODE       DISTRICT NAME       DISTRICT CONC       Section 2:163-365         PROCOSIS:       EXAMPLE VAME       DISTRICT CONC       Section 2:163-365         PROCOSIS:       DISTRICT CONC       Section 2:163-365       Section 2:  |                                       | X Original  |  | A New Drining                         |                 |
| LEASE NAME       Field ÅPK State Com. #3       PROJD DEPTH         CUNTY       Lea       STATE         LECAL DESC.       3,300 FSL & 700 FNL       Lic CATION         MORISION CODE       100       Division NAME       Oil & Gas Division         DISTRICT CODE       DISTRICT NAME       Oil & Gas Division       Morrow         DISTRICT CODE       DISTRICT NAME       Oil & Gas Division       Morrow         PROGNOSIS       DISTRICT NAME       Oil & Gas Division       District NAME         PROGNOSIS       DISTRICT NAME       DISTRICT NAME       DRY HOLE       15.000         920-100       Staving, Permit & Logal Fees       15.000       15.000         920-110       Lecation, Right-of-Way       15.000       15.000         920-120       Drilling, Daywork       41 days @ \$7400/day \$ \$40k mobilization       355.000         920-130       Drilling Mud & Additives       32.000       15.000         920-140       Drilling Mud & Additives       32.6400       16.000         920-150       Drilling Mud & Additives       32.6400       17.000         920-160       Drilling Mud & Additives       32.6400       19.000         920-170       Cementing - Production Casing       24.6500       19.000  |                                       |   |  | necompletion                          |                 |
| COUNTY<br>LEGAL DESC.     Last     STATE     New Maxico       LEGAL DESC.     3300° FSL 8.760° FWL     DicKachon     Section 2-168-59E       DIVISION CODE     DIVISION NAME     Oil 8. Gas Division     Section 2-168-59E       DIVISION CODE     DISTRICT CODE     DISTRICT CODE     BRANCH NAME       BRANCH CODE     DISTRICT CODE     DISTRICT CODE     DRY HOLE       PROGNOSIS     DESTRICT CODE     DRY HOLE     DRY HOLE       INTANCIBLE DRILLING COSTS:     DRY HOLE     15,000       S20-100     Staking, Permit & Legal Fees     12,000       S20-110     Location, Right-of-Way     15,000       S20-120     Diffing, Portage     14 days @ 57400/day + \$40k mobilization       S20-130     Diffing, Mark, Fasing Rential     15,000       S20-160     Mud Logging Unit, Sample Bags     21,000       S20-170     Cementing - Surface Casing     24,000       S20-180     Drill Skin Testing, OHT     2 DST's     24,000       S20-200     Tools & Equip, Print, Trig. & Welding     24,600       S20-210     Supervision & Overhead     17,000       S20-220     Conting, Tools & Supplies Purobase     50,000       S20-240     Bits, Tools & Supplies Purobase     50,000       S20-450     Cempletion     Int South Additives for Completion    <  |                                       | Final   | Injector                               | 605) 748-1471                         | TELEPHONE (5    |
| LEGAL DESC.       3:300 FEL & 760 FWL       LCCATION       Section 2-168-35E         FELD       DIVISION NAME       OII & Gas Division         DISTRICT CODE       DISTRICT NAME       Section 2-168-35E         BRANCH CODE       BRANCH NAME       Section 2-168-35E         PROGNOSIS:       BRANCH NAME       Section 2-168-35E         INTANCIBLE DRILLING COSTS:       000 Y HOLE       15.000         920-100       Staking, Pernit & Legal Fees       17.000         920-110       Location, Right-of-Way       15.000         920-120       Drilling, Daywork       41 days @ \$7400/day + \$40k mobilization       365,000         920-130       Drilling, Mark, Fastine Rental       15,000       15,000         920-160       Drilling Mud & Additives       32,2000       32,000         920-170       Cementing - Surface Casing       24,600       12,600         920-180       Diel Keutin Ling, RML, Trik, & Weiding       24,500       17,400         920-201       Supervision & Ozerhead       17,400       22,400         920-202       Config.rols & Service       80,000       22,210         920-203       Coring Tools & Service       80,000       22,220         920-204       Gamenting - Frodudion Casing       0000       <   |                                       | 12,600'   | PROJ'D DEPTH                           | Field APK State Com. #3               | LEASE NAME      |
| FIELD     HORIZON     Morrow       DIVISION CODE     DIVISION NAME     Oil & Gas Division       DISTRICT CODE     DISTRICT NAME     Oil & Gas Division       DROCHOCODE     BRANCH NAME     DIVISION NAME       PROCHOSIS:  |                                       | New Mexico  | STATE                                  | Lea                                   | COUNTY          |
| DIVISION CODE       100       DIVISION NAME       OII & Gas Division         DISTRICT CODE       DISTRICT NAME  |                                       | Section 2-16S-35E   | LOCATION                               | 3,300' FSL & 760' FWL                 | LEGAL DESC.     |
| DISTRICT CODE       DISTRICT NAME         BRANCH CODE       BRANCH NAME         PRCCNOSIS       DRY HOLE         INTANGIGLE DRILLING COSTS:       DRY HOLE         920-100       Staking, Permit & Legal Fees       15,000         920-100       Drilling, Portage       41 days @ \$7400/day + \$40k mobilization       365,000         920-100       Drilling, Portage       41 days @ \$7400/day + \$40k mobilization       365,000         920-100       Drilling, Nample Bags       11,600       22,000         920-100       Cementing - Surface Casing       22,000       22,000         920-100       Cementing - Surface Casing       22,000       24,000         920-130       Drilling, Nample Bags       11,600       24,500         920-130       Cementing - Surface Casing       24,500       24,500         920-230       Coring, Tools & Equip. Rntt, Trig, & Weiding       24,500       920-230         920-230       Coring, Tools & Sprive       50,000       920-230       920-230         920-230       Coring, Tools & Sprive       50,000       920-240       Water for Completion       920-240         920-430       Cementing - Completion       920-430       Yee for Completion       920-430       920-430       920-430       92   |                                       | Morrow  | HORIZON                                |                                       | FIELD           |
| DISTRICT CODE       DISTRICT NAME         BRANCH CODE       BRANCH NAME         BRANCH CODE       BRANCH NAME         BRACKH CODE       BRANCH NAME         BRACKDOSIS       DRY HOLE         NTANGIBLE DRILLING COSTS:       DRY HOLE         S20-100       Staking, Permit & Legal Fees       15,000         S20-101       Location, Right-G/Way       15,000         S20-102       Drilling, Portage       15,000         S20-103       Drilling, Nater, Fasime Rental       15,000         S20-104       Drilling, Nater, Fasime Rental       22,000         S20-105       Cementing - Surface Casing       224,000         S20-107       Cementing - Surface Casing       224,000         S20-108       Drilling, Nater, Fasine Rental       10,000         S20-109       Distem Testing, OHT       24,500         S20-200       Tools & Equip. Rntt, Trig, & Welding       24,500         S20-201       Supervision & Overhead       17,400         S20-202       Contingency       -         S20-203       Coring, Tools & Spruice recenting       50,000         S20-204       Owerhead       17,400         S20-205       Bits, Tool & Supprise Purchase       50,000         S2   |                                       |   | Oil & Gas Division                     |                                       |                 |
| BRANCH CODE         BRANCH NAME           PROGNOSIE   |                                       |   |  |                                       |                 |
| PROGNOSIS:         DRY HOLE           INTANGIGLE DRILLING COSTS:         DRY HOLE           S20-100         Staking, Permit & Legal Fees         15,000           S20-110         Location, Right-of-Way         15,000           S20-120         Drilling, Fortage         15,000           S20-130         Drilling, Fortage         15,000           S20-140         Drilling Water, Fasine Rental         15,000           S20-150         Mud Legging Unit, Sample Bags         11,600           S20-160         Mud Legging Unit, Sample Bags         24,000           S20-170         Cementing, Satrace Casing         24,000           S20-180         Dillistem Testing, OHT         Z DSTs         10,000           S20-200         Toois & Equip Rntt, Trkg. & Welding         24,500           S20-210         Supervision & Overhead         17,400           S20-220         Conting, Toois & Service         50,000           S20-230         Conting, Toois & Service         50,000           S20-2400         Bits, Tooi & Supples Purchase         50,000           S20-2400         Mud & Additives for Completion         -           S20-400         Completion Casing         -           S20-400         Mud & Additives for Completion         <  |                                       | <u> </u>  | ······································ |                                       |                 |
| INTANGIBLE DRILLING COSTS:         DRY HOLE           1220-100         Staking, Permit & Legal Fees         1,200           920-110         Location, Right-of-Way         15,000           920-120         Drilling, Footage         15,000           920-130         Drilling, Nept-of-Way         15,000           920-130         Drilling Water, Fasiline Rental         15,000           920-150         Mud Logging Unit, Sample Bags         11,600           920-180         Drill Staw & Additives         32,000           920-180         Drill Staw & Additives         32,000           920-180         Drill Staw Testing, OHT         2 DST's         10,000           920-210         Supervision & Overhead         25,400         17,400           920-220         Contingency         -         -         17,400           920-230         Coring, Tools & Supplies Purchase         50,000         920-240         Bits, Tool & Supplies Purchase         50,000           920-240         Bits, Tool & Supplies Purchase         50,000         920-430         Mud & Additives for Completion         -           920-420         Cernenting - Completion         -         -         920-430         Mud & Additives for Completion         -           920-440   |                                       |   |  |                                       | ,               |
| 920-100         Staking, Permit & Legal Fees         1,200           920-110         Location, Right-of-Way         15,000           920-120         Drilling, Footage         15,000           920-130         Drilling Marker, Fasline Rental         15,000           920-130         Drilling Mud & Additives         32,000           920-150         Drilling Mud & Additives         32,000           920-150         Mud Logging Unit, Sample Bags         11,600           920-150         Drill Stem Testing, OHT         ZDSTs         10,000           920-150         Drill Stem Testing, OHT         ZDSTs         10,000           920-150         Electric Logs & Tape Copies         24,400         24,400           920-210         Supervision & Overhead         17,400         24,500           920-220         Conting, Tools & Service         90         90         90           920-230         Conting, Tools & Service         90         9  |                                       |   |  |                                       |                 |
| 920-100         Staking, Permit & Legal Fees         1,200           920-110         Location, Right-of-Way         15,000           920-120         Drilling, Footage         15,000           920-130         Drilling, Naght-of-Way         15,000           920-130         Drilling, Mayork         41 days @ \$7400/day + \$40k mobilization         3565,000           920-160         Drilling Mud & Additives         32,000         32,000           920-160         Mud Legging Unit, Sample Bags         21,1600         24,000           920-160         Mud Legging Unit, Sample Bags         24,000         24,000           920-180         Electric Logs & Tape Copies         25,400         24,600           920-210         Supervision & Overhead         17,400         24,600           920-220         Contingency         -         -         -           920-230         Contingency         -         -         -           920-240         Bits, Tool & Service         -         -         -           920-430         Commition - Completion         -         -         -           920-440         Commenting - Completion         -         -         -         -           920-450         Commenting - Completio   |                                       | ······································  |  |                                       |                 |
| 920-100         Staking, Permit & Legal Fees         1,200           920-110         Location, Right-of-Way         15,000           920-120         Drilling, Dorvork         41 days @ \$7400/day + \$40k mobilization         365,000           920-130         Drilling, Water, Fasline Rental         15,000         32,000           920-140         Drilling Water, Fasline Rental         15,000         32,000           920-160         Drilling Mud & Additives         32,000         32,000           920-170         Cementing - Surface Casing         24,000         92,0180           920-180         Drill Stem Testing, OHT         Z DST's         10,000           920-180         Electric Logs & Tape Copies         25,400         92,020           920-210         Supervision & Overhead         91,74,000         92,020           920-220         Contingency         -         -         -           920-230         Carling, Tools & Service         -         -         -           920-240         Bits, Tool & Service         -         -         -           920-430         Cementing - Production Casing         -         -         -           920-440         Cementing - Completion         -         -         -         -  | COMP'D WELL                           | DRY HOLE (  | · · · · · · · · · · · · · · · · · · ·  |                                       |                 |
| 920-110         Location, Right-of-Way         15,000           920-120         Drilling, Footage         926           920-130         Drilling, Coolage         936,000           920-140         Drilling Water, Fasine Rental         15,000           920-150         Mud Logging Unit, Sample Bags         11,600           920-150         Mud Logging Unit, Sample Bags         11,600           920-150         Cementing - Surface Casing         22,000           920-150         Dilli Stem Testing, CHT         2 DST's         10,000           920-120         Consta & Equip, Rntt, Trig, & Welding         224,500           920-200         Tools & Equip, Rntt, Trig, & Welding         24,500           920-200         Contingency         -         926,220           920-230         Contingency         -         -           920-230         Contingency         -         -           920-230         Contingency         -         -           920-230         Contingency         -         -           920-240         Bits, Tool & Supplies Purchase         50,000           920-430         Water for Completion         -         -           920-440         Comenting - Completion         -   | 1,20                                  | the second se |  | •                                     |                 |
| 920-120         Drilling, Foolage         365,000           920-130         Drilling, Daywork         41 daye @ \$7400/day + \$40k mobilization         365,000           920-140         Drilling Wate, Fasine Rental         15,000         12,000           920-150         Drilling Wate, Fasine Rental         12,000         16,000           920-150         Mud Logging Unit, Sample Bags         11,600         12,000           920-160         Drill Stem Testing, OHT         2 DST's         10,000           920-180         Electric Logs & Tape Copies         25,400         24,500           920-210         Supervision & Overhead         17,400         24,500           920-220         Corting, Tools & Service         50,000         920-230           920-230         Corting, Tools & Service         50,000         920-430           920-240         Bits, Tool & Supprises Purchase         50,000         920-430           920-430         Mud & Additives for Completion         920-430         920-440         920-440           920-440         Cementing - Completion         920-440         920-440         920-440         920-440         920-440         920-440         920-440         920-440         920-440         920-440         920-440         920-440  | 15,00                                 |   |  |                                       |                 |
| 920-140         Drilling Mud & Additives         15,000           920-150         Drilling Mud & Additives         32,000           920-160         Mud Logging Unit, Sample Bags         11,600           920-170         Cementing - Surface Casing         24,000           920-180         Electric Logs & Tape Copies         25,600           920-180         Electric Logs & Tape Copies         25,600           920-210         Supervision & Overhead         17,400           920-220         Contingency         -           920-230         Coring, Tool & Service         -           920-240         Bits, Tool & Supervision & Completion         -           920-240         Coring, Tool & Service         -           920-440         Completion Unit - Swebbing         -           920-440         Completion         -           920-440         Camenting - Completion         -           920-450         Elec, Logs, Testing, Etc Completion         -           920-450         Stopersion & Completion         -  |                                       |   |  |                                       |                 |
| 920-140         Dilling Water, Fasiline Rental         15,000           920-150         Mud Logging Unit, Sampie Bags         11,600           920-160         Mud Logging Unit, Sampie Bags         22,000           920-170         Cementing - Surface Casing         24,000           920-180         Drilli Stem Testing, OHT         Z DST's         10,000           920-180         Electric Logs & Tape Copies         25,400         24,500           920-210         Supervision & Overhead         17,400         24,500           920-220         Contingency  | 365,00                                | 365,000   | \$7400/day + \$40k mobilization        | Drilling, Daywork 41 days @ \$        | 920-130         |
| 920-160         Mud Logging Unit, Sample Bags         11,600           920-170         Cementing - Surface Casing         24,000           920-180         Electric Logs & Tape Copies         25,400           920-200         Tools & Equip, Rntl., Trkg, & Welding         24,500           920-210         Supervision & Overhead         17,400           920-220         Conting, Tools & Service         17,400           920-230         Coring, Tools & Suprise Purchase         50,000           920-240         Bits, Tool & Supples Purchase         50,000           920-320         Coming - Completion Casing         1           920-420         Water for Completion         1           920-430         Mud & Additives for Completion         1           920-440         Cementing - Completion         1           920-440         Water for Completion         1           920-440         Cementing - Completion         1           920-450         Elec, Logs, Testing, Etc Completion         1           920-460         Supervision & O/H - Completion   | 15,00                                 | 15,000  |  |                                       |                 |
| 920-170         Cementing - Surface Casing         24,000           920-180         Dill Stem Testing, OHT         Z DST's         10,000           920-180         Electric Logs & Tape Copies         25,400           920-200         Tools & Equip. Rntl., Trkg. & Welding         24,500           920-210         Supervision & Overhead         17,400           920-220         Contingency   | 32,0                                  | 32,000  |  | -                                     | 920-150         |
| 920-180         Drill Stem Testing, OHT         2 DST's         10,000           920-190         Electric Logs & Tape Copies         25,400           920-200         Tools & Equip, Rntl, Trikg, & Welding         24,500           920-220         Conting, Tools & Service         17,400           920-230         Coring, Tools & Supplies Purchase         50,000           920-240         Bits, Tool & Supplies Purchase         50,000           920-240         Completion Casing         17,400           920-240         Completion Unit - Swabbing         10,000           920-430         Mud & Additives for Completion         10,000           920-430         Mud & Additives for Completion         10,000           920-440         Cementing - Completion         10,000           920-450         Elec. Logs, Testing, Etc Completion         10,000           920-460         Supervision & O/H - Completion         10,000           920-470         Stimulation for Completion         10,000           920-480         Supplies - Completion         10,000           920-500         Contingency for Completion         10,000           930-010         Christmas Tree & Wellhead         2,0000           930-020         Casing         11,34''', 42,600'  | 11,60                                 | 11,600  |  | Mud Logging Unit, Sample Bags         | 920-160         |
| 920-190         Electric Logs & Tape Copies         25,400           920-200         Tools & Equip. Rntl., Trkg. & Welding         24,500           920-210         Supervision & Overhead         17,400           920-220         Cortingency   | 24,00                                 | 24,000  |  | Cementing - Surface Casing            | 920-170         |
| 920-190         Electric Logs & Tape Copies         25,400           920-200         Tools & Equip. Rntl., Trkg. & Welding         24,500           920-210         Supervision & Overhead         17,400           920-220         Cortingency   | 10,00                                 | 10,000  | 's                                     | Drill Stem Testing, OHT 2 DST         | 920-180         |
| 920-210         Supervision & Overhead         17,400           920-220         Cortingency         17,400           920-230         Coring Tools & Service         10           920-240         Bits, Tool & Supplies Purchase         50,000           920-350         Cementing - Production Casing         10           920-410         Completion Unit - Swabbing         10           920-420         Water for Completion         10           920-430         Mud & Additives for Completion         10           920-440         Cementing - Completion         10           920-450         Elec. Logs, Testing, Etc Completion         10           920-460         Supervision & O/H - Completion         10           920-480         Supervision & O/H - Completion         10           920-480         Supervision & O/H - Completion         10           920-480         Supervision & O/H - Completion         10           920-500         Contingency for Completion         10           920-500         Contingency for Completion         10           930-010         Christmas Tree & Wellhead         2,000           930-020         Casing         11.3/4" @ 450'         56,500           930-030         Tubing  | 25,4                                  | 25,400  |  | Electric Logs & Tape Copies           | 920-190         |
| 920-220       Contingency       920-230         920-230       Coring, Tools & Service       920-330         920-320       Bits, Tool & Supplies Purchase       58,000         920-320       Completion Production Casing       920-330         920-410       Completion Unit - Swabbing       920-430         920-420       Water for Completion       920-440         920-440       Cementing - Completion       920-440         920-440       Cementing - Completion       920-440         920-450       Elec. Logs, Testing, Etc Completion       920-440         920-460       Tools & Supprison & O/H - Completion       920-440         920-470       Stimulation for Completion       920-440         920-470       Stimulation for Completion       920-440         920-470       Stimulation for Completion       920-440         920-480       Supprison & O/H - Completion       920-440         920-470       Stimulation for Completion       920-440         920-510       Bits, Tools & Supplies - Completion       920-440         920-500       Contingency for Completion       920-440         930-010       Christmas Tree & Wellhead       2,000         930-020       Casing       11-3/4" @ 450'       56,500  | 24,50                                 | 24,500  |  | Tools & Equip. Rntl., Trkg. & Welding | 920-200         |
| 920-230     Coring, Tools & Service     50,000       920-240     Bits, Tool & Supplies Purchase     50,000       920-350     Cementing - Production Casing     90       920-410     Completion Unit - Swabbing     90       920-420     Water for Completion     91       920-430     Mud & Additives for Completion     92       920-430     Mud & Additives for Completion     92       920-440     Cementing - Completion     92       920-450     Elec. Logs, Testing, Etc Completion     92       920-460     Tools & Equip. Rental, Etc Completion     92       920-460     Supervision & O/H - Completion     92       920-480     Supervision & S. O/H - Completion     92       920-480     Supervision & S. O/H - Completion     92       920-490     Additional LOC Charges - Completion     92       920-500     Contingency for Completion     92       930-010     Christmas Tree & Wellhead     2,000       930-020     Casing     11.314" @ 450'       930-030     Tubing     27.63" @ 12400'       930-030     Tubing     27.63" @ 12400'       930-030     Tubing & Construction Costs     94       940-010     Pumping Equipment     including \$20,000 for electricity       940-020     Storage Fa   | 17,40                                 | 17,400  |  | Supervision & Overhead                | 920-210         |
| 920-240     Bits, Tool & Supplies Purchase     50,000       920-350     Cementing - Production Casing   |                                       |   |  | Contingency                           | 920-2 <b>20</b> |
| 920-240     Bits, Tool & Supplies Purchase     50,000       920-350     Cementing - Production Casing   |                                       |   |  | Coring Tools & Service                | 920-230         |
| 920-350       Cementing - Production Casing         920-410       Completion Unit - Swabbing         920-420       Water for Completion         920-430       Mud & Additives for Completion         920-440       Cementing - Completion         920-440       Cementing - Completion         920-450       Elec. Logs, Testing, Etc Completion         920-470       Stimulation for Completion         920-480       Supervision & O/H - Completion         920-490       Additional LOC Charges - Completion         920-510       Bits, Tools & Supplies - Completion         920-500       Contingency for Completion         7OTAL INTANGIBLE DRILLING COSTS       591,100         TANGIBLE EQUIPMENT COSTS:       930-010         930-020       Casing       11-3/4" @ 450'         930-030       Tubing       27/8" @ 12400'         930-040       Packer & Special Equipment       940-010         940-030       Separation Equip., Flowlines, Misc.       940-030         940-040       Trucking & Construction Costs       66,100         TOTAL COSTS       66,100       572,200         Consider a supplication costs         940-010       Purping Equipment including \$20,000 for electricity       940-030   | 50,00                                 | 50 000  |  |                                       |                 |
| 920-410       Completion Unit - Swabbing  | 36,5                                  |   |  |                                       |                 |
| 920-420       Water for Completion         920-430       Mud & Additives for Completion         920-440       Cementing - Completion         920-440       Elec. Logs, Testing, Etc Completion         920-450       Elec. Logs, Testing, Etc Completion         920-460       Tools & Equip. Rental, Etc Completion         920-470       Stimulation for Completion         920-480       Supervision & O/H - Completion         920-480       Additional LOC Charges - Completion         920-490       Additional LOC Charges - Completion         920-510       Bits, Tools & Supplies - Completion         920-500       Contingency for Completion         920-500       Contigency for Completion         930-010       Christmas Tree & Wellhead         930-020       Casing         11.3/4" @ 450'         51/2" @ 12,600'         930-030       Tubing         940-010       Pumping Equipment         940-010       Pumping Equipment         940-020       Storage Facilities         940-030       Separation Equip., Flowlines, Misc.         940-040       Trucking & Construction Costs         TOTAL TANGIBLE EQUIPMENT COSTS       66,100         TOTAL COSTS       657,200   | 10,0                                  |   |  |                                       |                 |
| 920-430       Mud & Additives for Completion         920-440       Cementing - Completion         920-450       Elec. Logs, Testing, Etc Completion         920-460       Tools & Equip. Rental, Etc Completion         920-470       Stimulation for Completion one zone test only         920-480       Supervision & O/H - Completion         920-480       Supervision & O/H - Completion         920-480       Additional LOC Charges - Completion         920-480       Additional LOC Charges - Completion         920-480       Additional LOC Charges - Completion         920-500       Contingency for Completion         930-010       Christmas Tree & Wellhead         930-020       Casing         11-3/4" @ 450'         930-030       Tubing         930-040       Packer & Special Equipment         940-010       Pumping Equipment         940-020       Storage Facilities         940-030       Separation Equip, Flowlines, Misc.         940-030       Separation Costs         TOTAL TANGIBLE  | 8,00                                  |   |  |                                       |                 |
| 920-440       Cementing - Completion         920-450       Elec. Logs, Testing, Etc Completion         920-460       Tools & Equip. Rental, Etc Completion         920-470       Stimulation for Completion         920-480       Supervision & O/H - Completion         920-480       Supervision & O/H - Completion         920-480       Supervision & O/H - Completion         920-480       Additional LOC Charges - Completion         920-480       Contingency for Completion         920-500       Contingency for Completion         920-500       Contingency for Completion         TANGIBLE EQUIPMENT COSTS:       591,100         930-010       Christmas Tree & Wellhead       2,000         930-020       Casing       11-3/4" @ 450'       7,600         \$-5/8"       @ 4560'       55,500       55,500         930-030       Tubing       2 7/8" @ 12400'       9         930-040       Packer & Special Equipment       9       9         940-010       Pumping Equipment       including \$20,000 for electricity       9         940-020       Storage Facilities       9       9         940-030       Separation Equip, Flowlines, Misc.       9       9         940-040       Trucking   | 1,00                                  |   |  |                                       |                 |
| 920-450       Elec. Logs, Testing, Etc Completion         920-460       Tools & Equip. Rental, Etc Completion         920-470       Stimulation for Completion         920-480       Supervision & O/H - Completion         920-480       Supervision & O/H - Completion         920-480       Additional LOC Charges - Completion         920-480       Additional LOC Charges - Completion         920-510       Bits, Tools & Supplies - Completion         920-500       Contingency for Completion         TOTAL INTANGIBLE DRILLING COSTS       591,100         TANGIBLE EQUIPMENT COSTS:       930-010         930-020       Casing       11-3/4" @ 450'         930-020       Casing       11-3/4" @ 450'         930-030       Tubing       2.7/8" @ 12400'         930-040       Packer & Special Equipment       940-010         940-010       Pumping Equipment       including \$20,000 for electricity         940-020       Storage Facilities       940-030         940-030       Separation Equip., Flowlines, Misc.       940-040         940-040       Trucking & Construction Costs       10         TOTAL TANGIBLE EQUIPMENT COSTS       667,200         Approval of This AFE CONSTITUTES APPROVAL OF OPERATOR'S OPTION TO CHARGE THE JOINT ACCOUNT WITH TUBULAR   |                                       |   |  | •                                     |                 |
| 920-460       Tools & Equip. Rental, Etc Completion       one zone test only         920-470       Stimulation for Completion       one zone test only         920-480       Supervision & O/H - Completion       one zone test only         920-480       Additional LOC Charges - Completion       one zone test only         920-480       Additional LOC Charges - Completion       one zone test only         920-510       Bits, Tools & Supplies - Completion       one zone test only         920-500       Contingency for Completion       one zone test only         7OTAL INTANGIBLE DRILLING COSTS       591,100         TANGIBLE EQUIPMENT COSTS:       930-010         930-020       Casing       11-3/4" @ 450'         5-1/2" @ 12,600'       one zone test only         930-030       Tubing       2 7/8" @ 12400'         930-040       Packer & Special Equipment       one zone test only         940-010       Pumping Equipment       oncluding \$20,000 for electricity         940-020       Storage Facilities       one zone test only         940-030       Separation Equip., Flowlines, Misc.       one zone test only         940-040       Trucking & Construction Costs       of this AFE constitutes APPROVAL of OPERATOR'S OPTION TO CHARGE THE JOINT ACCOUNT WITH TUBULAR FROM THE OPERATOR'S WAREHOUSE STOCK AT THE RATES STATED   | 35,00                                 |   |  | • • •                                 |                 |
| 920-470       Stimulation for Completion       one zone test only         920-480       Supervision & O/H - Completion  | 20,00                                 |   |  |                                       |                 |
| 920-480       Supervision & O/H - Completion         920-490       Additional LOC Charges - Completion         920-510       Bits, Tools & Supplies - Completion         920-500       Contingency for Completion         920-500       Contingency for Completion         920-500       TOTAL INTANGIBLE DRILLING COSTS         TANGIBLE EQUIPMENT COSTS:       930-010         930-010       Christmas Tree & Wellhead         930-020       Casing         8-5/8" @ 4650'         5-1/2" @ 12,600'         930-030       Tubing         2 7/6" @ 12400'         930-040       Packer & Special Equipment         940-010       Pumping Equipment         940-020       Storage Facilities         940-030       Separation Equip., Flowlines, Misc.         940-040       Trucking & Construction Costs         TOTAL TANGIBLE EQUIPMENT COSTS       66,100  | 100,00                                |   |  |                                       |                 |
| 920-490       Additional LOC Charges - Completion         920-510       Bits, Tools & Supplies - Completion         920-500       Contingency for Completion         TOTAL INTANGIBLE DRILLING COSTS       591,100         TANGIBLE EQUIPMENT COSTS:       930-010         930-010       Christmas Tree & Wellhead         930-020       Casing         930-030       Tubing         930-040       Packer & Special Equipment         940-010       Pumping Equipment         940-020       Storage Facilities         940-030       Separation Equip., Flowlines, Misc.         940-040       Trucking & Construction Costs         TOTAL COSTS       665,100  | 3,10                                  |   |  |                                       |                 |
| 920-510       Bits, Tools & Supplies - Completion         920-500       Contingency for Completion         TOTAL INTANGIBLE DRILLING COSTS       591,100         TANGIBLE EQUIPMENT COSTS:       930-010         930-020       Casing       11-3/4" @ 450'         930-030       Tubing       2.7/8" @ 12400'         930-040       Packer & Special Equipment       940-010         940-010       Pumping Equipment       including \$20,000 for electricity         940-020       Storage Facilities       940-030         940-030       Separation Equip., Flowlines, Misc.       940-040         940-040       Trucking & Construction Costs       66,100         TOTAL COSTS       665,7200         OPERATOR'S OPTION TO CHARGE THE JOINT ACCOUNT WITH TUBULAR FROM THE OPERATOR'S WAREHOUSE STOCK AT THE RATES STATED ABOVE.         Prepared       By       AL SPRINGER       Operations Approval  | 1,20                                  |   |  |                                       |                 |
| 920-500       Contingency for Completion         TOTAL INTANGIBLE DRILLING COSTS       591,100         TANGIBLE EQUIPMENT COSTS:       930-010         930-010       Christmas Tree & Wellhead       2,000         930-020       Casing       11-3/4" @ 450'       7,600         8-5/8" @ 4650'       56,500       56,500         930-030       Tubing       2,7/8" @ 12400'       930-040         930-040       Packer & Special Equipment       930-040       930-040         940-010       Pumping Equipment       including \$20,000 for electricity       940-010         940-020       Storage Facilities       940-010       940-010         940-030       Separation Equip., Flowlines, Misc.       940-040       1000000         940-040       Trucking & Construction Costs       1000000000000000000000000000000000000   | 1,80                                  |   |  |                                       |                 |
| TOTAL INTANGIBLE DRILLING COSTS       TOTAL INTANGIBLE DRILLING COSTS       S91,100       TANGIBLE EQUIPMENT COSTS:       930-010     Christmas Tree & Wellhead       930-020     Casing 11-3/4" @ 450'       7,600       8-5/8" @ 4650'       56,500       5-1/2" @ 12,600'       930-030       Tubing 2 7/8" @ 12400'       930-040       Packer & Special Equipment       940-010       Pumping Equipment       including \$20,000 for electricity       940-010       940-010       940-020       Storage Facilities       940-030       Separation Equip., Flowlines, Misc.       940-040       TOTAL TANGIBLE EQUIPMENT COSTS       66,100       TOTAL COSTS       APPROVAL OF THIS AFE CONSTITUTES APPROVAL OF OPERATOR'S OPTION TO CHARGE THE JOINT ACCOUNT WITH TUBULAR FROM THE OPERATOR'S WAREHOUSE STOCK AT THE RATES STATED ABOVE.       Operations<br>Approval  |                                       | P   |  |                                       | 920-500         |
| TANGIBLE EQUIPMENT COSTS:       2,000         930-010       Christmas Tree & Wellhead       2,000         930-020       Casing       11-3/4" @ 450'       7,600         8-5/8" @ 4650'       56,500       56,500         5-1/2" @ 12,600'       1       1         930-030       Tubing       2 7/8" @ 12400'       1         930-040       Packer & Special Equipment       1         940-010       Pumping Equipment       1         940-020       Storage Facilities       1         940-030       Separation Equip., Flowlines, Misc.       1         940-040       Trucking & Construction Costs       1         TOTAL TANGIBLE EQUIPMENT COSTS       66,100         TOTAL COSTS       657,200         Approval of operations         8y       AL SPR INGER       Operations         8y       AL SPR INGER       Operations   | 807,70                                | 591 100   |  |                                       |                 |
| 930-010       Christmas Tree & Wellhead       2,000         930-020       Casing       11-3/4" @ 450'       7,600         8-5/8" @ 4650'       56,500       56,500         930-030       Tubing       2 7/8" @ 12400'       930-040         930-040       Packer & Special Equipment       940-010       Pumping Equipment including \$20,000 for electricity       940-010         940-010       Pumping Equipment including \$20,000 for electricity       940-020       Storage Facilities         940-030       Separation Equip., Flowlines, Misc.       940-040       940-040         TOTAL TANGIBLE EQUIPMENT COSTS       66,100         TOTAL COSTS       657,200         Prepared By         By       AL SPRINGER  |                                       |   |  |                                       |                 |
| 930-020       Casing       11-3/4" @ 450'       7,600         8-5/8" @ 4650'       56,500         5-1/2" @ 12,600'       1         930-030       Tubing       2 7/8" @ 12400'         930-040       Packer & Special Equipment       1         940-010       Pumping Equipment       including \$20,000 for electricity         940-020       Storage Facilities       1         940-030       Separation Equip., Flowlines, Misc.       1         940-040       Trucking & Construction Costs       1         TOTAL TANGIBLE EQUIPMENT COSTS       66,100         TOTAL COSTS       657,200         APPROVAL OF THIS AFE CONSTITUTES APPROVAL OF OPERATOR'S OPTION TO CHARGE THE JOINT ACCOUNT WITH TUBULAR FROM THE OPERATOR'S WAREHOUSE STOCK AT THE RATES STATED ABOVE.         Prepared       AL SPR INGER       Operations Approval   |                                       |   |  |                                       |                 |
| 8-5/8" @ 4650'       56,500         930-030       Tubing       27/8" @ 12400'         930-040       Packer & Special Equipment       1         940-010       Pumping Equipment including \$20,000 for electricity       1         940-020       Storage Facilities       1         940-030       Separation Equip., Flowlines, Misc.       1         940-040       Trucking & Construction Costs       1         TOTAL TANGIBLE EQUIPMENT COSTS       666,100         TOTAL COSTS       657,200         APPROVAL OF THIS AFE CONSTITUTES APPROVAL OF OPERATOR'S OPTION TO CHARGE THE JOINT ACCOUNT WITH TUBULAR FROM THE OPERATOR'S WAREHOUSE STOCK AT THE RATES STATED ABOVE.         Prepared       Operations         By       AL SPRINGER       Operations  | 26,00                                 |   |  |                                       |                 |
| 5-1/2" @ 12,600'         930-030       Tubing       2 7/8" @ 12400'         930-040       Packer & Special Equipment  | 7,60                                  |   |  |                                       | 930-020         |
| 930-030       Tubing       27/8" @ 12400'         930-040       Packer & Special Equipment  | 56,50                                 | 50,500  |  | 8-5/8" @ 4650"                        |                 |
| 930-040       Packer & Special Equipment         940-010       Pumping Equipment       including \$20,000 for electricity         940-020       Storage Facilities  | 93,00                                 | ·······   |  | 5-1/2" @ 12,600"                      |                 |
| 930-040       Packer & Special Equipment         940-010       Pumping Equipment       including \$20,000 for electricity         940-020       Storage Facilities  | 25 00                                 | ········  |  | Tubing 27/01 @ 424001                 | 020 020         |
| 940-010       Pumping Equipment       including \$20,000 for electricity         940-020       Storage Facilities         940-030       Separation Equip., Flowlines, Misc.         940-040       Trucking & Construction Costs         TOTAL TANGIBLE EQUIPMENT COSTS       66,100         TOTAL COSTS       657,200         APPROVAL OF THIS AFE CONSTITUTES APPROVAL OF OPERATOR'S OPTION TO CHARGE THE JOINT ACCOUNT WITH TUBULAR FROM THE OPERATOR'S WAREHOUSE STOCK AT THE RATES STATED ABOVE.         Prepared       Operations         By       AL SPRINGER   | 35,00                                 |   |  | Decker & Special Equipment            |                 |
| 940-020       Storage Facilities         940-030       Separation Equip., Flowlines, Misc.         940-040       Trucking & Construction Costs         TOTAL TANGIBLE EQUIPMENT COSTS       66,100         TOTAL COSTS       657,200         APPROVAL OF THIS AFE CONSTITUTES APPROVAL OF OPERATOR'S OPTION TO CHARGE THE JOINT ACCOUNT WITH TUBULAR FROM THE OPERATOR'S WAREHOUSE STOCK AT THE RATES STATED ABOVE.         Prepared       Operations         By       AL SPRINGER  | 8,00                                  |   |  | racker a Special Equipment            | 930-040         |
| 940-020       Storage Facilities         940-030       Separation Equip., Flowlines, Misc.         940-040       Trucking & Construction Costs         TOTAL TANGIBLE EQUIPMENT COSTS       66,100         TOTAL COSTS       657,200         APPROVAL OF THIS AFE CONSTITUTES APPROVAL OF OPERATOR'S OPTION TO CHARGE THE JOINT ACCOUNT WITH TUBULAR FROM THE OPERATOR'S WAREHOUSE STOCK AT THE RATES STATED ABOVE.         Prepared       Operations         By       AL SPRINGER  | 116,00                                |   | 00 for electricity                     | Pumping Equipment including \$20,00   | 940-010         |
| 940-030       Separation Equip., Flowlines, Misc.         940-040       Trucking & Construction Costs         TOTAL TANGIBLE EQUIPMENT COSTS       66,100         TOTAL COSTS       657,200         APPROVAL OF THIS AFE CONSTITUTES APPROVAL OF OPERATOR'S OPTION TO CHARGE THE JOINT ACCOUNT WITH TUBULAR FROM THE OPERATOR'S WAREHOUSE STOCK AT THE RATES STATED ABOVE.         Prepared       Operations         By       AL SPRINGER   | 22,70                                 |   |  | Storage Facilities                    | 940-020         |
| TOTAL TANGIBLE EQUIPMENT COSTS       66,100         TOTAL COSTS       657,200         APPROVAL OF THIS AFE CONSTITUTES APPROVAL OF OPERATOR'S OPTION TO CHARGE THE JOINT ACCOUNT WITH TUBULAR FROM THE OPERATOR'S WAREHOUSE STOCK AT THE RATES STATED ABOVE.         Prepared       Operations         By       AL SPRINGER   | 25,00                                 |   |  | Separation Equip., Flowlines, Misc.   | 940-030         |
| TOTAL COSTS       657,200         APPROVAL OF THIS AFE CONSTITUTES APPROVAL OF OPERATOR'S OPTION TO CHARGE THE JOINT ACCOUNT WITH TUBULAR FROM THE OPERATOR'S WAREHOUSE STOCK AT THE RATES STATED ABOVE.         Prepared       Operations         By       AL SPRINGER   | 15,7                                  |   |  | Trucking & Construction Costs         | 940-040         |
| TOTAL COSTS       657,200         APPROVAL OF THIS AFE CONSTITUTES APPROVAL OF OPERATOR'S OPTION TO CHARGE THE JOINT ACCOUNT WITH TUBULAR FROM THE OPERATOR'S WAREHOUSE STOCK AT THE RATES STATED ABOVE.         Prepared       Operations         By       AL SPRINGER   | 405,5                                 | 66 100  |  | TOTAL TANGIBLE FOUNDMENT COSTS        |                 |
| APPROVAL OF THIS AFE CONSTITUTES APPROVAL OF OPERATOR'S OPTION TO CHARGE THE JOINT ACCOUNT WITH TUBULAR<br>FROM THE OPERATOR'S WAREHOUSE STOCK AT THE RATES STATED ABOVE.   |                                       |   |  |                                       |                 |
| FROM THE OPERATOR'S WAREHOUSE STOCK AT THE RATES STATED ABOVE.         Prepared       Operations         By       AL SPRINGER   | 1,213,20                              | 657,200   |  |                                       | IOTAL COSTS     |
| Prepared Operations<br>By AL SPRINGER Approval  | GOODS                                 |   |  |                                       | APPROVAL OF T   |
| By AL SPRINGER Approval   |                                       | ABOVE.  | EHOUSE STOCK AT THE RATES STATED A     | FROM THE OPERATOR'S WAR               |                 |
|   |                                       |   |  | SPRINGER                              |                 |
| OWNER   | <br>F                                 | SHARE   |  |                                       |                 |
|   |                                       |   |  | OWNER                                 |                 |
| BY  | · · · · · · · · · · · · · · · · · · · |   | DATE                                   |                                       | BY              |
|   |                                       |   |  |                                       |                 |
|   |                                       | "{ L  | DATE                                   |                                       |                 |
| BY DATE   | · · ·                                 |   |  |                                       | ВХ              |
| DATE  |                                       |   |  |                                       |                 |

And Andrew Contraction of the

| <br>DATE |  |
|----------|--|
|          |  |
| <b>`</b> |  |

- • ----

l