

BK EXPLORATION CORPORATION

810 S. Cincinnati Ave., Suite 208 • Tulsa, OK 74119-1612

Phone: (918) 582-3855 • Fax: (918) 582-3865 • Email: BKX@Webzone.net

December 28, 2000

State of New Mexico
Oil Conservation Division
2040 S Pacheco
Santa Fe NM 87505

RE: Actual Well Costs Under Compulsory Pooling Order No. R-11395, 6-8-2000 (Case No. 12410)
BK Exploration Corp.. Operator
Pardue "34" Well No. 1
UL H Section 34 T-23-S R-28-E NMPM Eddy County, New Mexico

NMOCD:

Pursuant to the NMOCD requirements of the captioned Pooling Order, BK Exploration Corporation respectfully submits for your review a schedule of actual well costs that were incurred in the re-entry of the Pardue "34" Well No. 1. This well was tested and completed on 10-25-2000 after commencing gas sales. The well cost schedule is attached.


Actual costs exceeded estimated costs primarily for 2 reasons: 1) Inflation of drilling and completion costs due to the demand resulting from higher oil and gas prices, and 2) Unforeseen mechanical problems encountered in the re-entry of the abandoned well.

Copies of the well cost schedule have also been furnished to each of the non-consenting royalty owners that were pooled under the subject order. A copy of the certified mail receipts representing the mailed schedules is also attached for your review.

Should your office require any additional information, please contact me. Thank you.

Yours very truly,

BK EXPLORATION CORPORATION



Brad D. Burks, President

BDB:LDF

Attachments

Authorization For Expenditure
BK Exploration Corporation
12/05/00

Page 1

Lease : PARDUECOM Name: PARDUE 34 COM 1
Well : PARDUE3401 Name: Pardue 34 Com 1
AFE ID : G Description: Re-Drill & Completion (IDC, ICC, TANG)

	AMOUNT PLANNED	ACTUAL AMOUNT	VARIANCE	PERCENTAGE ACTUAL/PLAN

Receipts:				

Total Receipts		\$239,869.82		

Disbursements:				
Casing, Production	\$30,000.00	\$32,671.69	-\$2,671.69	108.91
Connections	\$4,000.00	\$6,967.21	-\$2,967.21	174.18
Equipment, Misc	\$9,000.00	\$7,729.62	\$1,270.38	85.88
Packers, Anchors, Plugs	\$1,000.00	\$0.00	\$1,000.00	0.00
Pipeline, SWD	\$5,000.00	\$1,166.75	\$3,833.25	23.34
Pumping Unit & Access.	\$18,000.00	\$26,000.00	-\$8,000.00	144.44
Subsurface Pump & Access.	\$2,000.00	\$1,978.70	\$21.30	98.94
Sucker Rods & Accessories	\$7,000.00	\$9,702.34	-\$2,702.34	138.60
Tanks & Accessories	\$4,000.00	\$4,008.38	-\$8.38	100.21
Treating Vessels	\$5,000.00	\$4,741.41	\$258.59	94.83
Tubing & Accessories	\$12,000.00	\$11,790.32	\$209.68	98.25
Wellhead & Accessories	\$6,000.00	\$5,623.87	\$376.13	93.73
Abstract	\$30,000.00	\$26,308.57	\$3,691.43	87.70
Drilling Services	\$50,000.00	\$77,656.69	-\$27,656.69	155.31
Expenses, Misc	\$5,000.00	\$5,653.10	-\$653.10	113.06
Insurance	\$1,000.00	\$540.00	\$460.00	54.00
Labor, Contract	\$1,000.00	\$882.33	\$117.67	88.23
Location Services	\$3,000.00	\$5,610.02	-\$2,610.02	187.00
Overhead, Drilling	\$1,000.00	\$1,000.00	\$0.00	100.00
Rentals	\$1,000.00	\$13,152.94	-\$12,152.94	1315.29
Supervision	\$2,000.00	\$3,279.50	-\$1,279.50	163.98
Water & Pump Services	\$2,000.00	\$2,421.18	-\$421.18	121.06
Abstract	\$2,000.00	\$0.00	\$2,000.00	0.00
Cement Services	\$9,000.00	\$14,730.13	-\$5,730.13	163.67
Drilling Services	\$6,000.00	\$7,230.82	-\$1,230.82	120.51
Expense, Misc	\$3,000.00	\$1,780.56	\$1,219.44	59.35
Labor, Contract	\$1,000.00	\$0.00	\$1,000.00	0.00
Location Services	\$1,000.00	\$3,434.94	-\$2,434.94	343.49
Logging, Casing Hole	\$4,000.00	\$5,310.92	-\$1,310.92	132.77
Overhead, Completion	\$1,000.00	\$1,000.00	\$0.00	100.00
Pulling or Swab Unit	\$10,000.00	\$11,372.44	-\$1,372.44	113.72
Rentals	\$3,000.00	\$6,553.75	-\$3,553.75	218.46
Stimulation	\$22,000.00	\$45,180.05	-\$23,180.05	205.36
Supervision	\$2,000.00	\$4,035.79	-\$2,035.79	201.79
Water & Pump Services	\$2,000.00	\$4,323.14	-\$2,323.14	216.16

Total Disbursements	\$265,000.00	\$353,837.16	-\$88,837.16	133.52
=====				

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only: No Insurance Coverage Provided)

Article Sent To:

MARTINA JANE ALEXANDER RHODES

Postage	\$ 0.33	UNIT ID: 0003
Certified Fee	1.40	
Return Receipt Fee (Endorsement Required)	1.25	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 2.98	

Name (Please Print Clearly) (To be completed by mailer)

Street, Apt. No.; or PO Box No. **BK EXPLORATION CORP.**
810 S. Cincinnati, Suite 208
City, State, ZIP+4 **Tulsa, OK 74119**

PS Form 3800, July 1999

See Reverse for Instructions

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TRACY L. THOMPSON

Postage	\$ 0.33	UNIT ID: 0003
Certified Fee	1.40	
Return Receipt Fee (Endorsement Required)	1.25	
Restricted Delivery Fee (Endorsement Required)		
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Article Sent To:

JAMES MINOR ALEXANDER

Postage	\$ 0.33	UNIT ID: 0003
Certified Fee	1.40	
Return Receipt Fee (Endorsement Required)	1.25	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 2.98	

Postmark Here
Clerk: KJDOTY
12/29/00

Name (Please Print Clearly) (To be completed by mailer)

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Article Sent To:

SP BULL BARBARA TO JOHNSON

Postage	\$ 0.33	UNIT ID: 0003
Certified Fee	1.40	
Return Receipt Fee (Endorsement Required)	1.25	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 2.98	

Postmark Here
Clerk: KJDOTY
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Article Sent To:

PATRICIA J. COOPER

Postage	\$ 0.33	UNIT ID: 0003
Certified Fee	1.40	
Return Receipt Fee (Endorsement Required)	1.25	
Restricted Delivery Fee (Endorsement Required)		
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