TELEX 743413

ADOBE OIL & GAS CORPORATION
1100 WESTERN UNITED LIFE BLDG.
MIDLAND, TEXAS 79701
915 683-4701

Adobe Oil & Gas Corporation
East Tatum State Unit #1 - 660' FNL & 990' FEL of Section 35, T-12-S, R-36-E, Lea Co., New Mexico

FORMERLY: Hilliard Oil & Gas, Inc.—Phillips State #1
State Lease #L-6877

GL elevation 3967'

PROPOSED RE-ENTRY PROCEDURE

1. Rebuild road and location pad.

2. MIRR & drill out seven (7) cement plugs to 13,136'. Clean out to 13,400'.

3. Run Compensated Neutron-Density Log (minimum).

4. Spot 100' (35 sx) cement plug from 13,400-13,300'.

5. Run 5-1/2" 17# & 20# csg to 13,300' and cement with sufficient amount to reach 9000' (above Wolfcamp @ 9550').

EVALUATE POTENTIAL ZONES IN UPPER MISSISSIPPIAN BY THE FOLLOWING:

6. Perf zone 13,074-13,106', acidize, & test.

7. Perf zone 13,000-13,050', acidize, & test.

8. Perf zone 12,934-12,988', treat, & test.

9. Retreat productive zones w/large pad-acid job w/100 mesh sand and potential test well.

ESTIMATED COST TO COMPLETE THIS WELL IS $507,950.00

#12

Examiner Nutter
Case No. 6521
EXHIBIT NO. 12

ADOBE OIL & GAS CORPORATION
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MIDLAND, TEXAS 79701
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AUTHORIZATION FOR EXPENDITURE

Location: East Tatum State Unit #1- 660' FNL & 990' FEL of Sec. 35, T-12-S, R-36-E, Lea Co., NM

	Completed Well	To Casing Point	Actual
Location and Roads	10,000.00	8,000.00	
Damages	2,000.00	2,000.00	
Footage Contract ______ ft @ RU & RD	30,000.00	30,000.00	
Day Work 10 days @ 6000 /Day	60,000.00	50,000.00	
Cement and Cementing	20,000.00		
Float Equipment, etc.	1,000.00		
Mud and Chemicals	15,000.00	5,000.00	
Log and Testing	5,000.00		
Core and Core Analysis			
Water	8,000.00	2,000.00	
Trucking	5,000.00	2,000.00	
Perforating	5,000.00		
Treating	60,000.00		
Completion Unit	20,000.00		
Labor	6,000.00		
Bits & Rental Equipment	5,000.00	5,000.00	
Overhead and Supervision	10,000.00	5,000.00	
Contingencies	20,000.00	15,000.00	
Total Intangibles	282,000.00	124,000.00	
Surface Casing ______ ft @ ______			
Intermediate Casing			
2nd Intermediate Casing			
Well Head	10,000.00		
Oil String 13,500 ft @ $10.50	141,750.00	2,000.00	
Tubing 13,500 ft @ $3.20	43,200.00		
Rods			
Pumping Unit and Base			
Prime Mover			
Misc. Connections	5,000.00		
Total Well Tangibles	199,950.00	2,000.00	
Tanks	9,000.00		
Treater-Separator	12,000.00		
Connections, Line Pipe, etc.	5,000.00		
Total Tank Battery	26,000.00		
Total Cost	$507,950.00	$126,000.00	

Your ______ working interest share of the above estimate is $ ______
Please accept and approve in the space provided below and return one executed copy to this o

____
WORKING INTEREST OWNER

ADOBE OIL & GAS CORPORATION

By ______________________

APPROVED AND ACCEPTED this ______
Day of ______________, 19

#13

$13\frac{3}{8}$ 435'

$8\frac{5}{8}$ 4600'