

AMERIND OIL CO.
 AUTHORIZATION FOR EXPENDITURE

BEFORE EXAMINER DATA TAG
 OIL COMPANY REGISTRATION
 AMERIND REG. NO. 3
 CASE NO. 9567

State "29" Com. No. 1
 810' FWL & 1980' FNL
 S/2 NW/4 Section 29, T16S, R37E
 Lovington Penn, Northeast Field
 Lea County, New Mexico

To drill and complete in the Strawn formation:

INTANGIBLE	Casing Point	Pumping Completion	Total
Drilling 11,400' @ \$13.00	\$148,000	\$	\$
Daywork - 3 @ \$4,250	13,000		
Drilling mud and water	10,000		
Location and surface damages	15,000		
Drill stem tests	3,000		
Log and perforate	20,000	5,000	
Cementing - surface 400 sx	4,000		
- inter. 1,800 sx	15,000		
- prod. 300 sx		5,000	
Supervision	5,000	5,000	
Geological & mud logging	8,000		
Contract services & equipment rentals	5,000	15,000	
Completion unit		5,000	
Acid treatment - cleanup		5,000	
Drilling and completion overhead	5,000	2,000	
Insurance	3,000		
TOTAL INTANGIBLE	\$254,000	\$ 42,000	\$296,000

TANGIBLE

Casing			
Surface 400' 12 3/4" 35.0# J55STC	\$ 7,000	\$	\$
Inter. 2,500' 8 5/8" 24.0# J55STC	22,000		
1,700' 8 5/8" 32.0# J55STC	22,000		
Prod. 11,400' 5 1/2" 17.0# & 20#		90,000	
Tubing 11,200' 2 7/8" 6.4# N80T&C		40,000	
Pumping equipment		60,000	
Wellhead and packer	6,000	7,000	
Tank battery & misc.		40,000	
TOTAL TANGIBLE	\$ 57,000	\$237,000	\$294,000
Contingencies	<u>14,000</u>	<u>11,000</u>	<u>25,000</u>
TOTAL	\$325,000	\$290,000	\$615,000

RECOMMENDED BY:

APPROVED BY:


 Robert C. Leibrock


 Bill Seltzer

Date: October 25, 1988

Date: _____

P 750 494 120

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(See Reverse)

Coronado Exp. Corp. 1007 Marquette, NW Albuquerque, N.M. 87102	
P.O., State and ZIP Code	
Postage	\$ 25
Certified Fee	.85
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	.90
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$ 2.00
Postmark or Date 8/25/88	

PS Form 3800, June 1985

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery [†](Extra charge)†

3. Article Addressed to:
Coronado Exploration Corp.
1007 Marquette, NW
Albuquerque, N.M. 87102

4. Article Number
P 750 494 120

Type of Service:
 Registered Insured
 Certified COD
 Express Mail

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
X

6. Signature - Agent
X *Martha Hensley*

7. Date of Delivery

8. Addressee's Address (ONLY if requested and fee paid)
AUG 31 1988

DOMESTIC RETURN RECEIPT

PS Form 3811, Mar. 1987 * U.S.G.P.O. 1987-178-268

BILL SELTZER

214 WEST TEXAS, SUITE 507
MIDLAND, TEXAS 79701

Certified, Return Receipt

August 25, 1988

Re: T-16-S, R-37-E
Section 29: S/2 NW/4
Lea County, New Mexico

Harvey E. Yates, Co.
One Sunwest Centre
500 North Main
P.O. Box 1933
Roswell, New Mexico 88202

And Attached List of Owners:

Attn: Mr. Robert H. Bell

Dear Mr. Bell:

I am representing Amerind Oil Co. of Midland, Texas, and we are the owner of a contractual interest pursuant to a Farmout Agreement with The Wiser Oil Co. covering the SE/4 NW/4 of Section 29, T-16-S, R-37-E, Lea County, New Mexico.

According to my information, Harvey E. Yates, et al, are the owners of the leasehold interest under State Lease V-122 covering the SW/4 NW/4 of Section 32, T-16-S, R-37-E, Lea County, New Mexico.

Amerind Oil Co. proposes to drill on or before January 1, 1989 a 11,500' Strawn test well at a legal location on the proration unit consisting of all of the S/2 NW/4 of Section 32, T-16-S, R-37-E, Lea County, New Mexico.

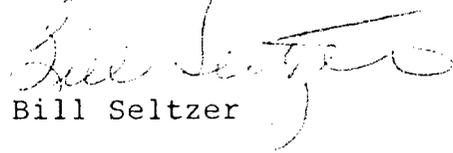
We request each of you to join us and pay your proportionate cost in the drilling of the proposed test well or farmout your interest to Amerind Oil Co. retaining an overriding royalty interest equal to the difference between all presently existing burdens on said lease and 25% (delivering a 75% NRI) until payout convertible at your option to a 25% Working Interest. The Overriding Royalty Interest and Working Interest shall be proportionately reduced.

Enclosed please find our AFE to cover the cost of drilling and completing the test well. If you desire to join please execute the AFE and return same in the enclosed envelop and we will forward you an Operating Agreement on the AAPL 610-1982 Form.

In the event you desire to farmout your interest please advise and I will prepare a farmout agreement for your execution.

Your immediate attention will be appreciated.

Yours very truly,

A handwritten signature in cursive script, appearing to read "Bill Seltzer", written in dark ink.

Bill Seltzer

BS/kp
Attachment

List of Owners

Explorers Petroleum Corporation
Fred G. Yates, Inc.
Spiral, Inc.
P.O. Box 1933
Roswell, New Mexico 88201

Coronado Exploration Corporation
1007 Marquette, NW
Albuquerque, New Mexico 87102

Reading and Bates Petroleum Company
1100 Mid-Continental Building
409 South Boston Ave.
Tulsa, Oklahoma 74102

Bill J. Graham & Lola Graham
P.O. Box 7037
Midland, Texas 79703

KRM Petroleum Corporation
Guaranty Bank Building
817 Seventeenth Street
Denver, Colorado 80202

Connie Energy Corporation
1012 E. Lincoln Road
Hobbs, New Mexico 88240

Maurice Hobson and Linda Hobson
Security Bank and Trust
Alamogordo, New Mexico 88310

AMERIND OIL Co.

ROBERT M. LEIBROCK

ROBERT C. LEIBROCK

December 8, 1988

500 WILCO BUILDING
MIDLAND, TEXAS 79701-4467
(915) 682-8217

FAX No. 915 686-0747

Cibola Energy Corporation
P. O. Box 1668
Albuquerque, New Mexico 87103

RE: State "29" Com No. 1

Dear Mr. Yates:

This is in response to your letter of December 5, 1988 to Bill Seltzer.

As I reminded you when you called that day, your office received a certified letter notifying you of our intent to drill this well back in August. In November Mr. Bob Bell of HEYCO informed us that you had told him that you would be joining in drilling the well and would return your AFE and Operating Agreement. Then last Thursday, both Bell and Ms. McBride of your office told me that you were in Midland and would be by our office to sign the AFE. Finally, on December 5 you called and said you were considering farming out! Meanwhile the well was drilling at 10,500 feet, only two days before the prospective pay zone was reached. As you know, I was not amused by this kind of crude attempt to "negotiate a deal" so I could see no reason to continue the conversation.

As far as your suggested changes to the Operating Agreement, I would have been more than willing to consider them had they been offered on a timely basis, but at this point I am not. Therefore the agreement stands as submitted by Amerind, including the standard COPAS item I.3 regarding fifteen day payout.

Very truly yours,

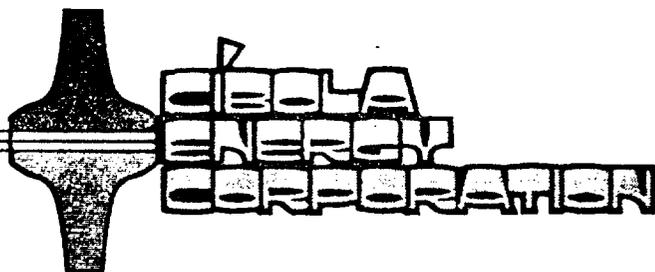


Robert C. Leibrock

mab

cc: Mr. Bill Seltzer
214 West Texas, Suite 507
Midland, Texas 79701

Post Office Box 1668 / Albuquerque, New Mexico 87103 / (505) 843-6762



Reference _____

December 5, 1988

Mr. Bill Seltzer
Amerind Oil Co.
214 W. Texas, Suite 502
Midland, TX 79701

Re: State 29 Com #1

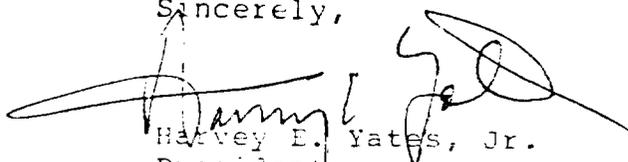
Dear Mr. Seltzer:

Persuant to phone conversations today with Bob Bell of HEYCO, and Bob Liebrock, Jr., of Amerind Oil, we enclose an AFE and a Joint Operating Agreement. The Joint Operating Agreement has attached a COPAS (form 1974), as well as a gas storage and balancing agreement.

We have altered page one of the COPAS. I attempted to discuss the purpose of this alteration with Mr. Liebrock, but he ended our conversation by hanging up during the course of the conversation.

Please contact me if you have any questions.

Sincerely,



Harvey E. Yates, Jr.
President

enclosures

HEY/rh

BILL SELTZER214 WEST TEXAS, SUITE 507
MIDLAND, TEXAS 79701

November 8, 1988

Re: T-16-S, R-37-E
Section 29: S/2NE/4
Lea County, New Mexico
Amerind Oil Co.
State "29" Com No. 1Cibola Energy Corporation
1005 Marquette Ave. NW
Albuquerque, N.M. 87102

Attn: Mr. Harvey Yates, Jr.

Dear Mr. Yates:

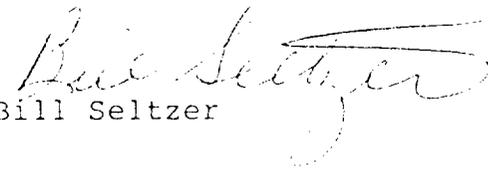
Enclosed please find Operating Agreement and AFE covering the drilling of the above well.

If the enclosures meet with your approval, please execute the Operating Agreement and acknowledge same, execute the AFE and return by Federal Express to the undersigned.

Amerind desires to commence operations by this weekend to prevent further drainage.

If you have any questions, please call.

Yours very truly,


Bill SeltzerBS/kp
Enclosures

cc: Amerind

BILL SELTZER
214 WEST TEXAS, SUITE 507
MIDLAND, TEXAS 79701

November 9, 1988

Re: T-16-S, R-37-E
Section 29: S/2 NW/4
Lea County, New Mexico
Amerind Oil Co.
State "29" Com No. 1

Cibola Energy Corporation
P.O. Box 1668
Albuquerque, New Mexico 87103

Attn: Mr. Harvey Yates, Jr.

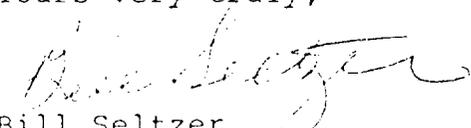
Dear Mr. Yates:

Please find enclosed a new revised Exhibit "A" correcting the interests of Yates Energy Corporation and Harvey E. Yates Co.

Please insert this new revised Exhibit "A", which replaces the Exhibit "A" that was forwarded to you on November 8, 1988, into the Operating Agreement dated October 27, 1988.

Thank you for your assistance in this matter.

Yours very truly,


Bill Seltzer

BS/kp
Enclosure

cc: Amerind Oil Co.