

# Clay Johnson Oil & Gas Properties



203 WEST WALL, SUITE 202\* MIDLAND, TEXAS 79701\*(432) 684-4110\*FAX (432) 684-5166

AAPL-CPL

November 10, 2004

Bank One, Texas, N.A.  
Bill Coats

VIA FACSIMILE  
817-884-5458

Re: Oil and Gas Lease Proposal  
N/2 NE/4, SW/4 NE/4 & SE/4 Sec. 19,  
NE/4 NE/4 Sec. 30, T-26-S, R-35-E,  
N.M.P.M., Lea County, New Mexico  
320 acres

Dear Mr. Coats:

The Deed Records of Lea County, New Mexico indicate that EFS Royalty Partners, L.P. owns an undivided 55% of 1/16<sup>th</sup> mineral interest under the above referenced lands, being 11 net mineral acres.

This letter shall offer to lease all of the above mineral interest under the above referenced lands according to the following terms:

1/4th Royalty

3 year paid-up primary term

\$150.00/acre lease bonus consideration

Your prompt and favorable response would be greatly appreciated. Should you have any questions, do not hesitate to call.

Thank you for your time and consideration on this matter.

Respectfully,

*M. K. Brasuel*

Mary Kay Brasuel

OIL CONSERVATION DIVISION

CASE NUMBER

EXHIBIT NUMBER 2



Lone Star Overnight  
800.800.8984  
[www.iso.com](http://www.iso.com)

**Airbill No. Z1127687**

**To: BILL COATS  
C/O BANK ONE NA; EFS  
ROYALTY  
420 THROCKMORTON  
200  
FORT WORTH, TX 76102  
(817) 884 - 4486  
Service Type: By 10:30am  
1D00V**

**From: K A NEEPER  
PURE RESOURCES LP  
500 W ILLINOIS  
MIDLAND, TX 79701  
(432) 498 - 8600**

**FTW**

**By 10:30am**

QuickCode: EFS ROYALTY

Date Printed: 12/14/2004

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Fold on above line and place shipping label in pouch on package. Please be sure the barcodes and addresses can be read and scanned.

### Shipping Instructions

1. Fold this page along the horizontal line above.
2. Place this Airbill in the shipping label pouch on the package you are shipping. Please be sure the barcodes and addresses can be read and scanned.
3. To Print a record of your shipment, click on **View Customer Record** or **View History**.
4. To schedule a pickup, visit us at [www.iso.com](http://www.iso.com).
5. To locate a drop box near you, visit us at [www.iso.com](http://www.iso.com) and click on **Drop Box Locations**.

**WARNING:** Use only the printed original label for shipping. Using a photocopy of this label for shipping purposes is fraudulent and could result in additional billing charges, along with the cancellation of your Lone Star Overnight account number.

**LIMIT OF LIABILITY:** We are not responsible for claims in excess of \$100 for any reason unless you: 1) declare a greater value (not to exceed \$25,000); 2) pay an additional fee; 3) and document your actual loss in a timely manner. We will not pay any claim in excess of the actual loss. We are not liable for any special or consequential damages. Additional limitations of liability are contained in our current Service Guide. If you ask us to deliver a package without obtaining a delivery signature, you release us of all liability for claims resulting from such service. **NO DELIVERY SIGNATURE WILL BE OBTAINED FOR 8:30 AM DELIVERIES OR RESIDENTIAL DELIVERIES.**

\*\*\*\*\*  
\*\*\* TX REPORT \*\*\*  
\*\*\*\*\*

TRANSMISSION OK

TX/RX NO 2338  
CONNECTION TEL 918178845458p966  
SUBADDRESS  
CONNECTION ID  
ST. TIME 12/14 15:14  
USAGE T 01'40  
PGS. SENT 4  
RESULT OK

### FAX COVER SHEET

**PURE RESOURCES, L.P.**  
500 W. ILLINOIS  
MIDLAND, TX 79701  
USA

Phone: (432) 498-8600  
Fax: (432) 498-2610

<b>SEND TO</b>	
<i>Company name</i> EFS Royalty Partners, L.P. C/O Bank One N.A.	<i>From</i> Robert Ready
<i>Attention</i> Bill Coats	<i>Date</i> 12/14/04
<i>Office location</i> Fort Worth, TX	<i>Office location</i> Midland, TX
<i>Fax number</i> 817-884-5458	<i>Phone number</i> 432-498-8600

Urgent     Reply ASAP     Please comment     Please review     For your information

Total pages, including cover: 4

**COMMENTS**

Beckham 19 #1 Well Proposal (AFE 1050023)  
Lea County, New Mexico

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\_\_\_\_\_



A Unocal Company

December 14, 2004

Via fax to (817) 884 5458  
and Overnight Delivery

EFS Royalty Partners, L.P.  
c/o Bank One, N. A.  
Attn: Mr. Bill Coats  
420 Throckmorton, Suite 200  
Fort Worth, TX 76102

RE: **Well Proposal - Beckham 19 #1 Well (AFE NO. 1050023)**  
W/2 of Section 19-T26S-R35E, NMPM  
Madera Prospect; Lea County, New Mexico

Dear Mr. Coats:


Pure Resources, L.P. ("Pure"), as Operator, proposes to drill the Beckham 19 #1 well at a legal location approximately 1,650' FSL and 1,310' FEL of said Section 19 to a depth of 15,500' to test the Atoka formation ("Operation"). We plan to spud the well in late January or early February. The total cost of the Operation is estimated to be \$3,868,323, and a detailed description of such cost is set out in the enclosed Authorization for Expenditure.

Our records reflect that you own 55% of 1/16 unleased mineral interest (9.625 net acres) in the N/2 NE/4, SW/4 NE/4 and SE/4 of said Section 19 (280 acres), being a 3.0078125% interest in the 320 acre spacing unit (W/2 of Section 19).

Please evidence your election whether or not to participate in the Operation by marking the corresponding space on the following page, and if you choose to participate, also mark your election concerning participation in Pure's well control insurance. Then sign, date and return one (1) executed copy of this letter by fax to the attention of Kathy Neeper at (432) 498-2610 and/or send the executed original to Pure in the return envelope provided herewith.

Upon receipt of your election to participate we will submit our proposed form of operating agreement for your review and execution. Technical questions should be directed to Ken Krawietz and land questions to the undersigned.

Sincerely,

  
J. Robert Ready  
Land Director

JRR:kn  
Enclosures

December 14, 2004

**ELECTIONS**

**RE: Pure Resources, L.P. Well Proposal - Beckham 19 #1 Well (AFE NO. 1050023)**  
W/2 of Section 19-T26S-R35E, NMPM  
Madera Prospect; Lea County, New Mexico

\_\_\_ We elect **TO** participate in the above-described Operation for the Beckham 19 #1 well; and

\_\_\_ ACCEPT \_\_\_ DECLINE - participation in Pure's well control insurance.

**(If declining well control insurance, please provide an insurance certificate from your insurance carrier or evidence that you are self-insured.)**

\_\_\_ We elect **NOT TO** participate in the above-described Operation for the Beckham 19 #1 well.

EXECUTED THIS \_\_\_ DAY OF \_\_\_\_\_, 20\_\_\_.

**EFS ROYALTY PARTNERS, L.P.**

BY: \_\_\_\_\_ PHONE: \_\_\_\_\_ EMAIL: \_\_\_\_\_

TITLE: \_\_\_\_\_ FAX NUMBER: \_\_\_\_\_

Revised: 1/8/99: (kn)

**PURE RESOURCES**  
AUTHORIZATION FOR EXPENDITURE

DATE: 11/9/04

PREPARED BY: K. Krawietz  
LEASEWELL: Beckham "19" #1  
SURFACE LOCATION: 1650' FSL & 1310' FEL, Sec 19 - T26S - R35E  
PROPOSAL: Drill 15,500' Vertical Atoka Test

AFE NO.: \_\_\_\_\_  
PROPOSED DEPTH: 15,500'  
COUNTY & STATE: Lea County, New Mexico  
FIELD: Wildcat (Atoka)

	INTANGIBLE COSTS		DRY-HOLE COST	COMPLETION CASING COST	STIMULATION COST	TOTAL COMPLETION	TOTAL COST
	# UNITS	\$/UNIT					
<input type="checkbox"/> EXPENSE							
<input checked="" type="checkbox"/> CAPITAL							
1 Access & Damages			\$10,000				\$10,000
2 Locations & Roads (includes site construct, conductor, pit clean-up)			\$285,000	\$3,000		\$3,000	\$288,000
3 Rig Move			\$66,000				\$66,000
4 Day Work	72 / 5	\$11,000	\$792,000	\$55,000		\$55,000	\$847,000
5 Footage							
6 Bits & Reamers			\$125,000				\$125,000
7 Fuel			\$108,000	\$7,500		\$7,500	\$115,500
8 Water			\$75,000	\$5,000		\$5,000	\$80,000
9 Mud Materials			\$165,000	\$7,500		\$7,500	\$172,500
10 Cementing			\$75,000	\$20,000		\$20,000	\$95,000
11 Pipe Inspection			\$35,000	\$2,000		\$2,000	\$37,000
12 Coring & Testing							
13 Logging & Perforating (2 OH logging runs @ 7" CP, TD, RFT's @ TD)			\$100,000		\$15,000	\$15,000	\$115,000
13 Tubing Conveyed Perforating							
14 Casing Crews & Tools			\$15,000	\$5,000		\$5,000	\$20,000
15 Stimulation - Frac					\$200,000	\$200,000	\$200,000
15 Stimulation - Acid							
16 Completion Unit	10	\$2,400			\$24,000	\$24,000	\$24,000
17 Transportation			\$5,000	\$5,000		\$5,000	\$10,000
18 Equipment Rental			\$115,000	\$8,000	\$7,500	\$15,500	\$130,500
18 Equipment Rental - Top Drive	75	\$500	\$37,500				\$37,500
18 Equipment Rental - Reverse Unit							
18 Equipment Rental - BOP			\$35,000		\$1,500	\$1,500	\$36,500
18 Equipment Rental - Tank Rental					\$15,000	\$15,000	\$15,000
19 Geological Expense (mud Log)	60	\$700	\$42,000				\$42,000
20 Engineering Expense			\$10,000				\$10,000
21 Contract Labor			\$25,000				\$25,000
22 Supervision & Overhead	72/5/15	\$1,000	\$72,000	\$5,000	\$15,000	\$20,000	\$92,000
23 Other Drilling/Completion Expense			\$7,500				\$7,500
24 Drilling Rentals			\$80,000	\$7,500		\$7,500	\$87,500
24 Other Rentals			\$10,000				\$10,000
24 Other Services			\$50,000				\$50,000
25 Directional Drilling Services							
26 Fishing Tools & Services							
27 P&A Costs			\$50,000				\$50,000
28 Legal & Insurance							
29 Contingencies			\$125,000		\$15,000	\$15,000	\$140,000
<b>30 TOTAL INTANGIBLES</b>			<b>\$2,495,000</b>	<b>\$130,500</b>	<b>\$293,000</b>	<b>\$423,500</b>	<b>\$2,918,500</b>

TANGIBLE COSTS											
	LENGTH	SIZE	# FT	GRADE	CONN	\$/FT					
31 Surface Casing	1,100	13-3/8"	64.0 #	K55	STC	\$37.25	\$40,975		\$40,975		
32 Intermediate Casing	6,400	9-5/8"	40.0 #	K & HCK55	LTC	\$26.51	\$169,854		\$169,854		
33 Intermediate Casing	13,400	7"	29.0 #	P-110	LTC	\$25.66	\$343,844		\$343,844		
34 Intermediate Liner											
35 Production Liner	2,300	4-1/2"	16.1 #	P-110	LTC	\$13.50	\$31,050	\$31,050	\$31,050		
36 Production Casing (Tie-Back)											
37 Liner Equipment							\$30,000	\$30,000	\$30,000		
38 Tubing	15,000	2-7/8"	6.5 #	N80	EUE	\$6.00	\$90,000	\$90,000	\$90,000		
39 Tubing											
40 Flowline											
41 Sucker Rods											
42 Pump Unit											
43 Wellhead Equipment							\$15,000	\$30,000	\$45,000		
44 Insert Pump											
45 Subsurface Equipment								\$15,000	\$15,000		
46 Producing Facilities								\$200,000	\$200,000		
47 Tanks											
48 Electrical Equipment											
49 Contingencies (% TAN)											
<b>50 TOTAL TANGIBLES</b>							<b>\$563,773</b>	<b>\$181,050</b>	<b>\$245,000</b>	<b>\$396,050</b>	<b>\$949,823</b>
<b>51 TOTAL WELL COST</b>							<b>\$3,048,773</b>	<b>\$281,650</b>	<b>\$538,000</b>	<b>\$819,550</b>	<b>\$3,868,323</b>



A Unocal Company

Via fax to (817) 884 5458  
and Overnight Delivery

January 24, 2005

EFS Royalty Partners, L.P.  
c/o Bank One, N. A.  
Attn: Mr. Bill Coats  
420 Throckmorton, Suite 200  
Fort Worth, TX 76102

RE: **Well Proposal - Beckham 19 #1 Well (AFE NO. 1050023)**  
E/2 of Section 19-T26S-R35E, NMPM  
Madera Prospect; Lea County, New Mexico

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Enclosures

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\_\_\_ We elect **TO** participate in the above-described Operation for the Beckham 19 #1 well; and  
\_\_\_ **ACCEPT** \_\_\_ **DECLINE** - participation in Pure's well control insurance.

**(If declining well control insurance, please provide an insurance certificate from your insurance carrier or evidence that you are self-insured.)**

\_\_\_ We elect **NOT TO** participate in the above-described Operation for the Beckham 19 #1 well.

EXECUTED THIS \_\_\_ DAY OF \_\_\_\_\_, 20\_\_\_.

**EFS ROYALTY PARTNERS, L.P.**

BY: \_\_\_\_\_ PHONE: \_\_\_\_\_ EMAIL: \_\_\_\_\_

TITLE: \_\_\_\_\_ FAX NUMBER: \_\_\_\_\_



Revised: 1/8/99: (kn)

**PURE RESOURCES**  
AUTHORIZATION FOR EXPENDITURE

DATE: 11/9/04

PREPARED BY: K. Krawietz  
LEASEWELL: Beckham "19" #1  
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AFE NO.: 1050023  
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COUNTY & STATE: Lea County, New Mexico  
FIELD: Wildcat (Atoka)

	EXPENSE		CAPITAL		INTANGIBLE COSTS		DRY-HOLE COST	COMPLETION CASING COST	STIMULATION COST	TOTAL COMPLETION	TOTAL COST
	# UNITS	\$/UNIT	# UNITS	\$/UNIT	# UNITS	\$/UNIT					
1 Access & Damages							\$10,000				\$10,000
2 Locations & Roads (includes site construct, conductor, pit clean-up)							\$285,000	\$3,000		\$3,000	\$288,000
3 Rig Move							\$66,000				\$66,000
4 Day Work	72 / 5	\$11,000					\$792,000	\$55,000		\$55,000	\$847,000
5 Footage											
6 Bits & Reamers							\$125,000				\$125,000
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20 Engineering Expense							\$10,000				\$10,000
21 Contract Labor							\$25,000				\$25,000
22 Supervision & Overhead	72/5/15	\$1,000					\$72,000	\$5,000	\$15,000	\$20,000	\$92,000
23 Other Drilling/Completion Expense							\$7,500				\$7,500
24 Drilling Rentals							\$60,000	\$7,500		\$7,500	\$67,500
24 Other Rentals							\$10,000				\$10,000
24 Other Services							\$50,000				\$50,000
25 Directional Drilling Services											
26 Fishing Tools & Services											
27 P&A Costs							\$50,000				\$50,000
28 Legal & Insurance											
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State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I

1025 N. FRENCH DR., MOBBES, NM 86240

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 86210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

OIL CONSERVATION DIVISION  
1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

Form C-102  
Revised JUNE 10, 2003  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name <b>BECKHAM 19</b>	Well Number 1
OGRID No.	Operator Name <b>PURE RESOURCES</b>	Elevation 3180'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	19	26-S	35-E		1650	SOUTH	1310	EAST	LEA

Bottom Hole Location If Different From Surface

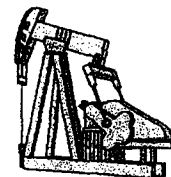
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

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

<p>LOT 1</p> <p>40.93 AC</p> <p>LOT 2</p> <p>40.95 AC</p> <p>LOT 3</p> <p>40.97 AC</p> <p>LOT 4</p> <p>40.99 AC</p>	<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=374413.1 N X=788721.6 E</p> <p>LAT.=32°01'33.43" N LONG.=103°24'06.17" W</p>	<p><b>OPERATOR CERTIFICATION</b></p> <p><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p> <p><b>SURVEYOR CERTIFICATION</b></p> <p><i>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.</i></p> <p>DECEMBER 28, 2004</p> <p>Date Surveyed _____ DEL</p> <p>Signature: <i>GARY EIDSON</i></p> <p>Professional Surveyor</p> <p><b>GARY EIDSON</b> NEW MEXICO 04.17.1754</p> <p>Certificate No. GARY EIDSON 12841</p>
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# Clay Johnson Oil & Gas Properties



203 WEST WALL, SUITE 202\* MIDLAND, TEXAS 79701\*(432) 684-4110\*FAX (432) 684-5166

AAPL-CPL

November 4, 2004

Dorchester Minerals, L.P.  
Ms. Terri Farmer  
3738 Oaklawn Ave., Suite 300  
Dallas, Texas 78219-4379

Re: Oil and Gas Lease Proposal  
N/2 NE/4, SW/4 NE/4 & SE/4 Sec. 19,  
NE/4 NE/4 Sec. 30, T-26-S, R-35-E,  
N.M.P.M., Lea County, New Mexico  
320 acres

Dear Ms. Farmer:

The Deed Records of Lea County, New Mexico indicate that Dorchester Minerals, L.P. owns an undivided 45% of 1/16<sup>th</sup> mineral interest under the above referenced lands, being 9 net mineral acres each.

This letter shall offer to lease all of the above mineral interest under the above referenced lands according to the following terms:

**1/4<sup>th</sup> Royalty**

**3 year paid-up primary term**

**\$150.00/acre lease bonus consideration**

Your prompt and favorable response would be greatly appreciated. Should you have any questions, do not hesitate to call.

Thank you for your time and consideration on this matter.

Respectfully,

A handwritten signature in black ink that reads "M. K. Brasuel".

Mary Kay Brasuel



Lone Star Overnight  
800.800.8984  
[www.lso.com](http://www.lso.com)

AIRBILL No. Z1127673

To: BRAD EHRMAN  
DORCHESTER MINERALS LP  
3838 OAKLAWN AVE  
300  
DALLAS, TX 75219  
(214) 559 - 0300

From: K A NEEPER  
PURE RESOURCES LP  
500 W ILLINOIS  
MIDLAND, TX 79701  
(432) 498 - 8600

Service Type: By 10:30am  
1D00V

**RBD**

**By 10:30am**

QuickCode: DORCHESTER

Date Printed: 12/14/2004

Fold on above line and place shipping label in pouch on package. Please be sure the barcodes and addresses can be read and scanned.

### Shipping Instructions

1. Fold this page along the horizontal line above.
2. Place this Airbill in the shipping label pouch on the package you are shipping. Please be sure the barcodes and addresses can be read and scanned.
3. To Print a record of your shipment, click on **View Customer Record** or **View History**.
4. To schedule a pickup, visit us at [www.lso.com](http://www.lso.com).
5. To locate a drop box near you, visit us at [www.lso.com](http://www.lso.com) and click on **Drop Box Locations**.

**WARNING:** Use only the printed original label for shipping. Using a photocopy of this label for shipping purposes is fraudulent and could result in additional billing charges, along with the cancellation of your Lone Star Overnight account number.

**LIMIT OF LIABILITY:** We are not responsible for claims in excess of \$100 for any reason unless you: 1) declare a greater value (not to exceed \$25,000); 2) pay an additional fee; 3) and document your actual loss in a timely manner. We will not pay any claim in excess of the actual loss. We are not liable for any special or consequential damages. Additional limitations of liability are contained in our current Service Guide. If you ask us to deliver a package without obtaining a delivery signature, you release us of all liability for claims resulting from such service. **NO DELIVERY SIGNATURE WILL BE OBTAINED FOR 8:30 AM DELIVERIES OR RESIDENTIAL DELIVERIES.**





December 14, 2004

A Unocal Company

Via fax to (214) 559 0301  
and Overnight Delivery

Dorchester Minerals, L.P.  
Attn: Mr. Brad Ehrman  
3838 Oaklawn Avenue, Suite 300  
Dallas, Texas 75219-4541

RE: **Well Proposal - Beckham 19 #1 Well (AFE NO. 1050023)**  
W/2 of Section 19-T26S-R35E, NMPM  
Madera Prospect; Lea County, New Mexico

Dear Mr. Ehrman:

Pure Resources, L.P. ("Pure"), as Operator, proposes to drill the Beckham 19 #1 well at a legal location approximately 1,650' FSL and 1,310' FEL of said Section 19 to a depth of 15,500' to test the Atoka formation ("Operation"). We plan to spud the well in late January or early February. The total cost of the Operation is estimated to be \$3,868,323, and a detailed description of such cost is set out in the enclosed Authorization for Expenditure.

Our records reflect that you own 45% of 1/16 unleased mineral interest (7.875 net acres) in the N/2 NE/4, SW/4 NE/4 and SE/4 of said Section 19 (280 acres), being a 2.4609375% interest in the 320 acre spacing unit (W/2 of Section 19).

Please evidence your election whether or not to participate in the Operation by marking the corresponding space on the following page, and if you choose to participate, also mark your election concerning participation in Pure's well control insurance. Then sign, date and return one (1) executed copy of this letter by fax to the attention of Kathy Neeper at (432) 498-2610 and/or send the executed original to Pure in the return envelope provided herewith.

Upon receipt of your election to participate we will submit our proposed form of operating agreement for your review and execution. Technical questions should be directed to Ken Krawietz and land questions to the undersigned.

Sincerely,

A handwritten signature in cursive script that reads "J. Robert Ready".

J. Robert Ready  
Land Director

JRR:kn  
Enclosures

December 14, 2004

**ELECTIONS**

**RE: Pure Resources, L.P. Well Proposal - Beckham 19 #1 Well (AFE NO. 1050023)**

W/2 of Section 19-T26S-R35E, NMPM

Madera Prospect; Lea County, New Mexico

\_\_\_\_ We elect **TO** participate in the above-described Operation for the Beckham 19 #1 well; and

\_\_\_\_ **ACCEPT** \_\_\_\_ **DECLINE** - participation in Pure's well control insurance.

**(If declining well control insurance, please provide an insurance certificate from your insurance carrier or evidence that you are self-insured.)**

\_\_\_\_ We elect **NOT TO** participate in the above-described Operation for the Beckham 19 #1 well.

EXECUTED THIS \_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_\_\_.

**DORCHSTER MINERALS, L.P.**

BY: \_\_\_\_\_ PHONE: \_\_\_\_\_ EMAIL: \_\_\_\_\_

TITLE: \_\_\_\_\_ FAX NUMBER: \_\_\_\_\_

Revised: 1/8/99: (kn)

**PURE RESOURCES**  
AUTHORIZATION FOR EXPENDITURE

DATE: 11/9/04

PREPARED BY: K. Krawietz  
LEASEWELL: Beckham "19" #1  
SURFACE LOCATION: 1650' FSL & 1310' FEL, Sec 19 - T26S - R35E  
PROPOSAL: Drill 15,500' Vertical Atoka Test

AFE NO.: \_\_\_\_\_  
PROPOSED DEPTH: 15,500'  
COUNTY & STATE: Lea County, New Mexico  
FIELD: Wildcat (Atoka)

	EXPENSE		CAPITAL		INTANGIBLE COSTS		DRY-HOLE COST	COMPLETION CASING COST	STIMULATION COST	TOTAL COMPLETION	TOTAL COST
	# UNITS	\$/UNIT	# UNITS	\$/UNIT	# UNITS	\$/UNIT					
1 Access & Damages							\$10,000				\$10,000
2 Locations & Roads (includes site construct, conductor, pit clean-up)							\$265,000	\$3,000		\$3,000	\$268,000
3 Rig Move							\$66,000				\$66,000
4 Day Work	72 / 5	\$11,000					\$792,000	\$55,000		\$55,000	\$847,000
5 Footage											
6 Bits & Reamers							\$125,000				\$125,000
7 Fuel							\$108,000	\$7,500		\$7,500	\$115,500
8 Water							\$75,000	\$5,000		\$5,000	\$80,000
9 Mud Materials							\$165,000	\$7,500		\$7,500	\$172,500
10 Cementing							\$75,000	\$20,000		\$20,000	\$95,000
11 Pipe Inspection							\$35,000	\$2,000		\$2,000	\$37,000
12 Coring & Testing											
13 Logging & Perforating (2 OH logging runs @ 7" CP, TD, RFT's @ TD)							\$100,000		\$15,000	\$15,000	\$115,000
13 Tubing Conveyed Perforating											
14 Casing Crews & Tools							\$15,000	\$5,000		\$5,000	\$20,000
15 Stimulation - Frac									\$200,000	\$200,000	\$200,000
15 Stimulation - Acid											
16 Completion Unit	10	\$2,400						\$5,000	\$24,000	\$24,000	\$24,000
17 Transportation							\$5,000	\$5,000		\$5,000	\$10,000
18 Equipment Rental							\$115,000	\$8,000	\$7,500	\$15,500	\$130,500
18 Equipment Rental - Top Drive	75	\$500					\$37,500				\$37,500
18 Equipment Rental - Reverse Unit											
18 Equipment Rental - BOP							\$35,000		\$1,500	\$1,500	\$36,500
18 Equipment Rental - Tank Rental									\$15,000	\$15,000	\$15,000
19 Geological Expense (mud Log)	60	\$700					\$42,000				\$42,000
20 Engineering Expense							\$10,000				\$10,000
21 Contract Labor							\$25,000				\$25,000
22 Supervision & Overhead	72/5/15	\$1,000					\$72,000	\$5,000	\$15,000	\$20,000	\$92,000
23 Other Drilling/Completion Expense							\$7,500				\$7,500
24 Drilling Rentals							\$80,000	\$7,500		\$7,500	\$87,500
24 Other Rentals							\$10,000				\$10,000
24 Other Services							\$50,000				\$50,000
25 Directional Drilling Services											
26 Fishing Tools & Services											
27 P&A Costs							\$50,000				\$50,000
28 Legal & Insurance											
29 Contingencies							\$125,000		\$15,000	\$15,000	\$140,000
<b>30 TOTAL INTANGIBLES</b>							<b>\$2,495,000</b>	<b>\$130,500</b>	<b>\$293,000</b>	<b>\$423,500</b>	<b>\$2,918,500</b>

TANGIBLE COSTS											
	LENGTH	SIZE	# FT	GRADE	CONN	\$/FT					
1 Surface Casing	1,100	13-3/8"	64.0 #	K35	STC	\$37.25	\$40,975				\$40,975
2 Intermediate Casing	6,400	9-5/8"	40.0 #	K & HCK35	LTC	\$28.51	\$183,854				\$183,854
3 Intermediate Casing	13,400	7"	29.0 #	P-110	LTC	\$25.66	\$343,844				\$343,844
4 Intermediate Liner											
5 Production Liner	2,300	4-1/2"	16.1 #	P-110	LTC	\$18.50		\$31,050		\$31,050	\$31,050
6 Production Casing (Tie-Back)											
7 Liner Equipment								\$30,000		\$30,000	\$30,000
8 Tubing	15,000	2-7/8"	6.5 #	N80	EUE	\$6.00		\$90,000		\$90,000	\$90,000
9 Tubing											
0 Flowline											
1 Sucker Rods											
2 Pump Unit											
3 Wellhead Equipment							\$15,000	\$30,000		\$30,000	\$45,000
4 Insert Pump											
5 Subsurface Equipment								\$15,000		\$15,000	\$15,000
6 Producing Facilities								\$200,000		\$200,000	\$200,000
7 Tanks											
8 Electrical Equipment											
9 Contingencies (% TAN)											
<b>31 TOTAL TANGIBLES</b>							<b>\$563,773</b>	<b>\$151,050</b>	<b>\$245,000</b>	<b>\$396,050</b>	<b>\$949,823</b>
<b>TOTAL WELL COST</b>							<b>\$3,048,773</b>	<b>\$281,550</b>	<b>\$538,000</b>	<b>\$819,550</b>	<b>\$3,868,323</b>





A Unocal Company

January 24, 2005

Via fax to (214) 559 0301  
and Overnight Delivery

Dorchester Minerals, L.P.  
Attn: Mr. Brad Ehrman  
3838 Oaklawn Avenue, Suite 300  
Dallas, Texas 75219-4541

RE: **Well Proposal - Beckham 19 #1 Well (AFE NO. 1050023)**  
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Madera Prospect; Lea County, New Mexico

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Sincerely,

  
J. Robert Ready  
Land Director

JRR:kn  
Enclosures

January 24, 2005

**ELECTIONS**

**RE: Pure Resources, L.P. Well Proposal - Beckham 19 #1 Well (AFE NO. 1050023)**  
E/2 of Section 19-T26S-R35E, NMPM  
Madera Prospect; Lea County, New Mexico

\_\_\_ We elect **TO** participate in the above-described Operation for the Beckham 19 #1 well; and  
\_\_\_ **ACCEPT** \_\_\_ **DECLINE** - participation in Pure's well control insurance.

**(If declining well control insurance, please provide an insurance certificate from your insurance carrier or evidence that you are self-insured.)**

\_\_\_ We elect **NOT TO** participate in the above-described Operation for the Beckham 19 #1 well.

EXECUTED THIS \_\_\_ DAY OF \_\_\_\_\_, 20\_\_\_.

**DORCHSTER MINERALS, L.P.**

BY: \_\_\_\_\_ PHONE: \_\_\_\_\_ EMAIL: \_\_\_\_\_

TITLE: \_\_\_\_\_ FAX NUMBER: \_\_\_\_\_

Revised: 1/8/99: (kn)

**PURE RESOURCES**  
AUTHORIZATION FOR EXPENDITURE

DATE: 11/9/04

PREPARED BY: K. Krawietz  
LEASEWELL: Beckham "19" #1  
SURFACE LOCATION: 1650' FSL & 1310' FEL, Sec 19 - T26S - R35E  
PROPOSAL: Drill 15,500' Vertical Atoka Test

AFE NO.: 1050023  
PROPOSED DEPTH: 15,500'  
COUNTY & STATE: Lea County, New Mexico  
FIELD: Wildcat (Atoka)

EXPENSE <input type="checkbox"/>	CAPITAL <input checked="" type="checkbox"/>	INTANGIBLE COSTS		DRY-HOLE COST	COMPLETION CASING COST	STIMULATION COST	TOTAL COMPLETION	TOTAL COST
		# UNITS	\$/UNIT					
1 Access & Damages				\$10,000				\$10,000
2 Locations & Roads (includes site construct, conductor, pit clean-up)				\$285,000	\$3,000		\$3,000	\$288,000
3 Rig Move				\$66,000				\$66,000
4 Day Work		72 / 5	\$11,000	\$792,000	\$55,000		\$55,000	\$847,000
5 Footage								
6 Bits & Reamers				\$125,000				\$125,000
7 Fuel				\$108,000	\$7,500		\$7,500	\$115,500
8 Water				\$75,000	\$5,000		\$5,000	\$80,000
9 Mud Materials				\$165,000	\$7,500		\$7,500	\$172,500
10 Cementing				\$75,000	\$20,000		\$20,000	\$95,000
11 Pipe Inspection				\$35,000	\$2,000		\$2,000	\$37,000
12 Coring & Testing								
13 Logging & Perforating (2 OH logging runs @ 7' CP, TD, RFT's @ TD)				\$100,000		\$15,000	\$15,000	\$115,000
13 Tubing Conveyed Perforating								
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15 Stimulation - Frac						\$200,000	\$200,000	\$200,000
15 Stimulation - Acid								
16 Completion Unit		10	\$2,400			\$24,000	\$24,000	\$24,000
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18 Equipment Rental				\$115,000	\$8,000	\$7,500	\$15,500	\$130,500
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20 Engineering Expense				\$10,000				\$10,000
21 Contract Labor				\$25,000				\$25,000
22 Supervision & Overhead		72/5/15	\$1,000	\$72,000	\$5,000	\$15,000	\$20,000	\$92,000
23 Other Drilling/Completion Expense				\$7,500				\$7,500
24 Drilling Rentals				\$60,000	\$7,500		\$7,500	\$67,500
24 Other Rentals				\$10,000				\$10,000
24 Other Services				\$50,000				\$50,000
25 Directional Drilling Services								
26 Fishing Tools & Services								
27 P&A Costs				\$50,000				\$50,000
28 Legal & Insurance								
29 Contingencies				\$125,000		\$15,000	\$15,000	\$140,000
<b>0 TOTAL INTANGIBLES</b>				<b>\$2,495,000</b>	<b>\$130,500</b>	<b>\$293,000</b>	<b>\$423,500</b>	<b>\$2,918,500</b>

TANGIBLE COSTS								
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3 Intermediate Casing	13,400	7"	29.0 #	P-110	LTC	\$25.66	\$343,844	\$343,844
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7 Liner Equipment							\$30,000	\$30,000
8 Tubing	15,000	2-7/8"	6.5 #	N80	EUE	\$6.00	\$90,000	\$90,000
9 Tubing								
0 Flowline								
1 Sucker Rods								
2 Pump Unit								
3 Wellhead Equipment							\$15,000	\$30,000
4 Insert Pump								
5 Subsurface Equipment							\$15,000	\$15,000
6 Producing Facilities							\$200,000	\$200,000
7 Tanks								
8 Electrical Equipment								
9 Contingencies (% TAN)								
<b>0 TOTAL TANGIBLES</b>							<b>\$553,773</b>	<b>\$948,823</b>
<b>TOTAL WELL COST</b>							<b>\$3,048,773</b>	<b>\$3,868,323</b>

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I

1625 N. FRANCE DR., ROSS, NM 86240

DISTRICT II

1901 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Artec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

OIL CONSERVATION DIVISION  
1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

Form C-102  
Revised JUNE 10, 2003  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number		Pool Code	Pool Name
Property Code	Property Name BECKHAM 19		Well Number 1
OGRID No.	Operator Name PURE RESOURCES		Elevation 3180'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	19	26-S	35-E		1650	SOUTH	1310	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

<p>LOT 1</p> <p>40.93 AC</p> <p>LOT 2</p> <p>40.95 AC</p> <p>LOT 3</p> <p>40.97 AC</p> <p>LOT 4</p> <p>40.99 AC</p>	<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=374413.1 N X=788721.6 E</p> <p>LAT.=32°01'33.43" N LONG.=103°24'06.17" W</p>	<p><b>OPERATOR CERTIFICATION</b></p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p> <p><b>SURVEYOR CERTIFICATION</b></p> <p><i>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.</i></p> <p>DECEMBER 28, 2004</p> <p>Date Surveyed _____ DEL</p> <p>Signature <i>G. E. FISHER</i></p> <p>Professional Surveyor</p> <p>NEW MEXICO</p> <p>04.11.175</p> <p>Certificate No. 6427 Expires 12641</p>
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