

Catanach



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PM 4

March 9, 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: **Notice of Compulsory Pooling – Order No. R-12298**  
E/2 of Section 19-T26S-R35E, NMPM  
Madera Prospect; Lea County, New Mexico

Dear Mr. Ehrman:

Please be advised that Pure Resources, L.P. ("Pure"), as Operator, has obtained the above referenced pooling order in connection with the proposed Beckham 19 #1 well to be located approximately 1,650' FSL and 1,310' FEL of said Section 19. A copy of the order is enclosed for your reference.

Note that as an uncommitted working interest owner you have the option to participate in the well by paying your share of the estimated well costs. Attached is Pure Resources Authorization for Expenditure dated November 9, 2004 setting forth estimated well costs totaling \$4,643,890. Our records reflect that Dorchester owns 2.4609375% working interest in the 320 acre spacing unit (E/2 of Section 19) for the well. Please remit payment in the amount of \$114,283.23 to Pure within 30 days from receipt of this letter if you choose to participate in the well.

Upon receipt of the above amount as your election to participate in the well, we will submit the operating agreement covering the subject lands for execution.

Sincerely,

J. Robert Ready  
Land Director

JRR/jb  
Enclosures

CC: Oil Conservation Division  
State of New Mexico  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

**PURE RESOURCES**  
**AUTHORIZATION FOR EXPENDITURE**

PREPARED BY: K. Krawietz (Revised by SLM - 1/30/05)  
 LEASEWELL: Beckham "19" #1  
 SURFACE LOCATION: 1650' FSL, 1310' FEL, Sec 19 - T26S - R35E  
 PROPOSAL: Drill 15,950' Vertical Aloka Test

AFE NO.: \_\_\_\_\_  
 PROPOSED DEPTH: 15,950'  
 COUNTY & STATE: Lea County, New Mexico  
 FIELD: Wildcat (Aloka)

	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)							\$310,000	\$3,000		\$3,000	\$313,000
3 Rig Move							\$65,500				\$65,500
4 Day Work	82 / 5	\$15,000					\$1,230,000	\$75,000		\$75,000	\$1,305,000
5 Footage											
6 Bits & Reamers							\$150,000				\$150,000
7 Fuel		\$1,500					\$123,000	\$7,500		\$7,500	\$130,500
8 Water							\$75,000	\$5,000		\$5,000	\$80,000
9 Mud Materials							\$195,000	\$7,500		\$7,500	\$202,500
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 (3 OH logging runs @ Del, 7" CP, TD. RFT's @ TD)							\$169,000		\$15,000	\$15,000	\$184,000
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		\$1,600					\$131,200	\$8,000	\$7,500	\$15,500	\$146,700
18 Equipment Rental - Top Drive	0	\$500					\$0				
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)	70	\$700					\$49,000				\$49,000
20 Engineering Expense											
21 Contract Labor							\$25,000				\$25,000
22 Supervision & Overhead	82/5/15	\$1,000					\$82,000	\$5,000	\$15,000	\$20,000	\$102,000
23 Other Drilling/Completion Expense							\$7,500				\$7,500
24 Drilling Rentals	50	\$2,000					\$100,000	\$10,000		\$10,000	\$110,000
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>\$3,122,200</b>	<b>\$153,000</b>	<b>\$293,000</b>	<b>\$446,000</b>	<b>\$3,668,200</b>
<b>TANGIBLE COSTS</b>											
	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	5,400	9-5/8"	40.0 #	K & HCK55	LTC	\$31.00	\$167,400				\$167,400
33 Intermediate Casing	13,400	7"	29 (SD)	P-110	LTC	\$27.10	\$363,140				\$363,140
34 Intermediate Liner											
35 Production Liner	2,750	4-1/2"	16.1 #	P-110	LTC	\$15.50		\$42,625		\$42,625	\$42,625
36 Production Casing (Tie-Back)											
37 Liner Equipment								\$30,000		\$30,000	\$30,000
38 Tubing	15,300	2-7/8"	7.9 #	L80	BTS6	\$13.50			\$206,550	\$206,550	\$206,550
39 Tubing											
40 Flowline											
41 Sucker Rods											
42 Pump Unit											
43 Wellhead Equipment							\$25,000		\$30,000	\$30,000	\$55,000
44 Insert Pump											
45 Subsurface Equipment									\$25,000	\$25,000	\$25,000
46 Producing Facilities									\$145,000	\$145,000	\$145,000
47 Tanks											
48 Electrical Equipment											
49 Contingencies (% TAN)											
<b>50 TOTAL TANGIBLES</b>							<b>\$583,515</b>	<b>\$72,625</b>	<b>\$406,550</b>	<b>\$479,175</b>	<b>\$1,079,690</b>
<b>51 TOTAL WELL COST</b>							<b>\$3,718,715</b>	<b>\$226,625</b>	<b>\$899,550</b>	<b>\$925,175</b>	<b>\$4,643,890</b>

Suspended Cost: **\$3,894,340** Total Cost w/o P&A: **\$4,593,890**

**WELL AUTHORIZATION NUMBER: 31789310**

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\*\*\* TX REPORT \*\*\*  
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TRANSMISSION OK

TX/RX NO 2583  
CONNECTION TEL 912145590301p953  
SUBADDRESS  
CONNECTION ID  
ST. TIME 03/09 17:42  
USAGE T 02'11  
PGS. SENT 9  
RESULT OK



**FACSIMILE COVER SHEET**

9 Page(s), including cover page

Date: March 9, 2005

To: Brad Ermin  
Dorchester Minerals, L.P.  
3838 Oaklawn Avenue, Suite 300, Dallas, Texas 75219-4541

Fax: (214) 559 0301 Phone: (214) 559 0300 x-6227

From: J. Robert Ready  
Pure Resources, L.P.  
500 West Illinois, Midland Texas 79701

Fax: (915) 498 2610 E-mail: rready@pureresources.com

Phone: (915) 498 8619

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Subject: Notice of Compulsory Pooling Order - E/2 of Section 19-T26S-R35E, NMPM  
Madera Prospect; Lea County, New Mexico

Comments: Please see the following pages.

Regards, Robert