

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:**

**APPLICATION OF MEWBOURNE OIL COMPANY
FOR COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.**

Case No. 13,731

VERIFIED STATEMENT OF D. PAUL HADEN

D. Paul Haden, being duly sworn upon his oath, deposes and states:

1. I am a landman for Mewbourne Oil Company, and have personal knowledge of the matters stated herein.

2. Pursuant to Division Rule 1207.A(1)(b), the following information is submitted in support of the compulsory pooling application filed herein:

(a) No opposition is expected because the working interest owners being pooled have been contacted regarding the proposed well, and have simply not decided whether to join in the well or farm out their interests.

(b) A plat outlining the spacing unit being pooled, and marking the location of the subject well, is attached hereto as Exhibit A. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W $\frac{1}{2}$ of Section 10, Township 20 South, Range 25 East, NMPM, Eddy County, New Mexico, to form a standard 320 acre gas and spacing and proration unit for all pools or formations developed on 320-acre spacing within that vertical extent, including the East Dagger Draw-Strawn Gas Pool and Cemetery-Morrow Gas Pool.

The unit is to be designated to the proposed Long Draw "10" Fee Com. Well No. 1, to be drilled at an orthodox location in the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 10.

(c) The parties being pooled, their working interests in the well unit, and their addresses, are as follows:

Milton F. Kent and Anna P. Kent
c/o Steve R. Bengtson
10820 S.W. 74 Court
Miami, FL 33156

0.78750%

OIL CONSERVATION DIVISION

CASE NUMBER

EXHIBIT NUMBER |

Elizabeth S. Ferguson 0.49218%
Elizabeth Ferguson Blaneck and
Stringer Family Interests
P.O. Box 3037
San Angelo, TX 76902

Mark K. Wilson and Mary Lou Wilson 0.29531%
4501 Greentree Boulevard
Midland, TX 79707

(d) Copies of the proposal letters sent to the uncommitted working interest owners are attached hereto as Exhibit B. In addition, several phone calls have been made to the uncommitted working interest owners.

(e) Pursuant to Division rules, applicant requests that a 200% risk charge be assessed against the non-consenting interest owner.

(f) A copy of the Authority for Expenditure for the proposed well is attached hereto as Exhibit C. The drilling and completion costs set forth therein are fair and reasonable, and are comparable to those of other wells of this depth drilled in this area of Eddy County.

(g) Overhead charges of \$6500/month for a drilling well, and \$650/month for a producing well, are requested. These rates are fair and reasonable, and are in line with rates charged by other operators in this area for well of this depth.

(h) Applicant requests that it be designated operator of the well.

VERIFICATION

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

D. Paul Haden, being duly sworn upon his oath, deposes and states that: He is a landman for Mewbourne Oil Company; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his knowledge, information, and belief.



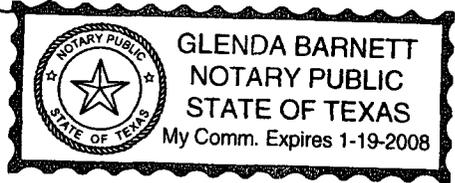
D. Paul Haden

SUBSCRIBED AND SWORN TO before me this 15th day of June, 2006 by D. Paul Haden.



Notary Public

My Commission Expires: 1-19-2008



SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>X</p>
<p>1. Article Addressed to:</p> <p>Milton F. Kent c/o Steve R. Bengtson 10820 SW 74 Court Miami, FL 33156</p>	<p>B. Received by (Printed Name) C. Date of Delivery</p> <p><i>Steve R. Bengtson</i> <i>2/21</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>2. Article Number (Transfer from service label)</p>	<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>PS Form 3811, February 2004</p>	<p style="text-align: center;">7003 3110 0002 5112 1137</p> <p style="text-align: center;">Domestic Return Receipt 102595-02-M-1540</p>

EXHIBIT B

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(432) 682-3715
FAX (432) 685-4170

April 18, 2006

Via Certified Mail-Return Receipt No. 1137

Milton F. Kent ~~_____~~ STURE
c/o Steve R. Bengtson
10820 SW 74 Court
Miami, FL 33156

Re: Long Draw "10" Federal Com #1 Well
1980' FSL 7 660' FWL
Section 10, T20S, R25E
Eddy County, New Mexico

Dear Mr. Bengtson:

Mewbourne Oil Company (Mewbourne) as Operator hereby proposes to drill the referenced well at the captioned location to a depth sufficient to adequately evaluate the Morrow formation, estimated total depth being 9,800' beneath the surface. The above well will be dedicated to the W/2 of the captioned Section 10 for proration unit purposes. Enclosed for your consideration in connection with the proposed well is our AFE dated March 6, 2006.

In reference to the above, public records indicate Milton F. Kent owns an undivided 2.100% leasehold interest (2.52 net acres) in the rights from the surface to a depth of 9,740' beneath the surface in the N/2NW/4 and SW/4NW/4 of the captioned Section 10 which acreage is subject to Federal Lease Serial No. NM-14758. On an 8/8th basis, apparently Mr. Kent has a 82.5% net revenue interest as to such acreage.

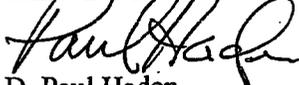
Should you elect to participate in the proposed well, please sign and return the enclosed AFE to me and I will forward you our Operating Agreement for execution.

In the event Mr. Kent elects not to participate in the proposed well, Mewbourne hereby offers to purchase a two (2) year term assignment of the interest referenced above on the basis of \$200.00 per net acre wherein Mewbourne would be delivered a 75% net revenue interest, subject to proportionate reduction. Please indicate your acceptance of our offer by signing and returning this letter to me at your earliest convenience in the enclosed postage paid envelope and I will forward you our check and term assignment for your further handling.

As Mewbourne has a drilling rig available to commence operations on the proposed well within the next 60 days, your earliest response to our proposal would be greatly appreciated. Please call me should you have any questions regarding the above.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/m

Milton F. Kent
Long Draw "10" Federal Com #1 Well
April 18, 2006
Page 2

Agreed and Accepted this _____ day of April, 2006.

MILTON F. KENT

By: _____
Steve R. Bengston

SS No. _____

Mark^D Wilson - .945 N/A = .29531%
432-697-2206

1) Follow up call 5/4/06 - He said he'd get back with us.

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Mr. & Mrs. Mark D. Wilson
4501 Greentree Blvd.
Midland, Texas 79707

COMPLETE THIS SECTION ON DELIVERY

A. Signature

Mary Lou Wilson Agent Addressee

B. Received by (Printed Name)

MARY WILSON

C. Date of Delivery

4/20

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type

- Certified Mail Express Mail
- Registered Return Receipt for Merchandise
- Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number
(Transfer from service label)

7003 3110 0002 5112 1045

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(432) 682-3715
FAX (432) 685-4170

April 18, 2006

Via Certified Mail-Return Receipt No. 1045

Mr. & Mrs. Mark D. Wilson
4501 Greentree Blvd.
Midland, Texas 79707

Re: Long Draw "10" Federal Com #1 Well
1980' FSL 7 660' FWL
Section 10, T20S, R25E
Eddy County, New Mexico

Dear Mr. & Mrs. Wilson:

Mewbourne Oil Company (Mewbourne) as Operator hereby proposes to drill the referenced well at the captioned location to a depth sufficient to adequately evaluate the Morrow formation, estimated total depth being 9,800' beneath the surface. The above well will be dedicated to the W/2 of the captioned Section 10 for proration unit purposes. Enclosed for your consideration in connection with the proposed well is our AFE dated March 6, 2006.

In reference to the above, public records indicate you own an undivided .7875% leasehold interest (0.945 net acres) in the rights from the surface to a depth of 9,740' beneath the surface in the N/2NW/4 and SW/4NW/4 of the captioned Section 10 which acreage is subject to Federal Lease Serial No. NM-14758. On an 8/8th basis, apparently you have a 82.5% net revenue interest as to such acreage.

Should you elect to participate in the proposed well, please sign and return the enclosed AFE to me and I will forward you our Operating Agreement for execution.

In the event you elect not to participate in the proposed well, Mewbourne hereby offers to purchase a two (2) year term assignment of your interest referenced above on the basis of \$200.00 per net acre wherein Mewbourne would be delivered a 75% net revenue interest, subject to proportionate reduction. Please indicate your acceptance of our offer by signing and returning this letter to me at your earliest convenience in the enclosed postage paid envelope and I will forward you our check and term assignment for your further handling.

As Mewbourne has a drilling rig available to commence operations on the proposed well within the next 60 days, your earliest response to our proposal would be greatly appreciated. Please call me should you have any questions regarding the above.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/m

Mr. & Mrs. Mark Wilson
Long Draw "10" Federal Com #1 Well
April 18, 2006
Page 2

Agreed and Accepted this _____ day of April, 2006.

Mark D. Wilson

Mary Lou Wilson

SS No. _____

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(432) 682-3715
FAX (432) 685-4170

May 5, 2006

Stringer Family Interests, LP
P.O. Box 3037
San Angelo, Texas 76902
Attn: Mr. J. Frank Stringer, Jr.

Re: Long Draw "10" Federal Com #1 Well
1980' FSL & 660' FWL
Section 10, T20S, R25E
Eddy County, New Mexico

Dear Mr. Stringer:

Pursuant to your request, enclosed are two isopach maps for Mewbourne's proposed target zones for the Middle Morrow formation which zones we refer to as the Middle Morrow Blue and Green Sands. The pie shaped shaded areas by each well indicate production from the Middle Morrow Blue and Green Sands as well as the Lower Morrow Yellow and Orange Sands. Cumulative production is indicated at the right of each well symbol with the top number being gas, the middle being oil and the bottom number being water production.

As discussed with you, the average cums in Township 20 South is around ½ BCFG. We are hoping to get a BCF.

In reference to the above, I've also enclosed a land plat of the area and a completion report for our Long Draw "9" Federal Com #1 Well in the NE/4 NE/4 of the adjoining Section 9.

As we plan to commence drilling the proposed Long Draw "10" Federal Com #1 Well soon, we would appreciate receiving a decision from you and Elizabeth Ferguson Blanek and Elizabeth S. Ferguson at the earliest possible date.

Should you have any further questions, please call me.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/m

Stringer Family Interests, LP .16406%
Elizabeth Ferguson Blankz .16406%
Elizabeth S. Ferguson .16406%
Attn: J. Frank Stringer, Jr.
325-949-8506

- 1) Follow up call 5/4/06, left message.
- 2) Frank Stringer called back 5/4/06, enquired about our prospect interpretation, wanted our geology in order to make up his mind. Advised him I would send him an isopach of the area with production info to help his decision.

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature <i>[Handwritten Signature]</i> <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>J. Frank Stringer</i> C. Date of Delivery <i>4/2/00</i></p>
<p>1. Article Addressed to:</p> <p>Stringer Family Interests, LP P.O. Box 3037 San Angelo, Texas 76902</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>2. Article Number (Transfer from service label)</p>	<p>7003 3110 0002 5112 1144</p>
<p>PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540</p>	

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(432) 682-3715
FAX (432) 685-4170

April 18, 2006

Via Certified Mail-Return Receipt No. 1144

Stringer Family Interests, LP
P.O. Box 3037
San Angelo, Texas 76902

*J. Frank Stringer, Jr.
325-949-8506*

Re: Long Draw "10" Federal Com #1 Well
1980' FSL 7 660' FWL
Section 10, T20S, R25E
Eddy County, New Mexico

Gentlemen:

Mewbourne Oil Company (Mewbourne) as Operator hereby proposes to drill the referenced well at the captioned location to a depth sufficient to adequately evaluate the Morrow formation, estimated total depth being 9,800' beneath the surface. The above well will be dedicated to the W/2 of the captioned Section 10 for proration unit purposes. Enclosed for your consideration in connection with the proposed well is our AFE dated March 6, 2006.

In reference to the above, public records indicate you own an undivided .43750% leasehold interest (.525 net acres) in the rights from the surface to a depth of 9,740' beneath the surface in the N/2NW/4 and SW/4NW/4 of the captioned Section 10 which acreage is subject to Federal Lease Serial No. NM-14758. On an 8/8th basis, apparently you have a 82.5% net revenue interest as to such acreage.

Should you elect to participate in the proposed well, please sign and return the enclosed AFE to me and I will forward you our Operating Agreement for execution.

In the event you elect not to participate in the proposed well, Mewbourne hereby offers to purchase a two (2) year term assignment of the interest referenced above on the basis of \$200.00 per net acre wherein Mewbourne would be delivered a 75% net revenue interest, subject to proportionate reduction. Please indicate your acceptance of our offer by signing and returning this letter to me at your earliest convenience in the enclosed postage paid envelope and I will forward you our check and term assignment for your further handling.

As Mewbourne has a drilling rig available to commence operations on the proposed well within the next 60 days, your earliest response to our proposal would be greatly appreciated. Please call me should you have any questions regarding the above.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/m

Stringer Family Interests, LP
Long Draw "10" Federal Com #1 Well
April 18, 2006
Page 2

Agreed and Accepted this _____ day of April, 2006.

STRINGER FAMILY INTERESTS, LP

By: _____

Tax I.D. No. _____

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Elizabeth Ferguson Blanek
c/o Stringer Oil and Gas Company
P.O. Box 3037
San Angelo, Texas 76902

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X *J. Frank Stringer Jr.* Agent Addressee

B. Received by (Printed Name) C. Date of Delivery
J. Frank Stringer Jr. 4-22-06

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number
(Transfer from service label)

7003 3110 0002 5112 1304

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(432) 682-3715
FAX (432) 685-4170

April 18, 2006

Via Certified Mail-Return Receipt No. 1304

Elizabeth Ferguson Blaneck
c/o Stringer Oil and Gas Company
P.O. Box 3037
San Angelo, Texas 76902

Re: Long Draw "10" Federal Com #1 Well
1980' FSL 7 660' FWL
Section 10, T20S, R25E
Eddy County, New Mexico

Gentlemen:

Mewbourne Oil Company (Mewbourne) as Operator hereby proposes to drill the referenced well at the captioned location to a depth sufficient to adequately evaluate the Morrow formation, estimated total depth being 9,800' beneath the surface. The above well will be dedicated to the W/2 of the captioned Section 10 for proration unit purposes. Enclosed for your consideration in connection with the proposed well is our AFE dated March 6, 2006.

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In the event you elect not to participate in the proposed well, Mewbourne hereby offers to purchase a two (2) year term assignment of your interest referenced above on the basis of \$200.00 per net acre wherein Mewbourne would be delivered a 75% net revenue interest, subject to proportionate reduction. Please indicate your acceptance of our offer by signing and returning this letter to me at your earliest convenience in the enclosed postage paid envelope and I will forward you our check and term assignment for your further handling.

As Mewbourne has a drilling rig available to commence operations on the proposed well within the next 60 days, your earliest response to our proposal would be greatly appreciated. Please call me should you have any questions regarding the above.

Sincerely yours,

MEWBOURNE OIL COMPANY


D. Paul Haden
Senior Landman

DPH/m

Elizabeth Ferguson Blanek
Long Draw "10" Federal Com #1 Well
April 18, 2006
Page 2

Agreed and Accepted this _____ day of April, 2006.

Elizabeth Ferguson Blanek

Tax I. D. No. _____

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Elizabeth S. Ferguson
 c/o Stringer Oil and Gas Company
 P.O. Box 3037
 San Angelo, Texas 76902

COMPLETE THIS SECTION ON DELIVERY

A. Signature *Elizabeth S. Ferguson* Agent
 Addressee

B. Received by (Printed Name) *Elizabeth S. Ferguson* Agent
 Addressee

C. Date of Delivery *4-22-05*

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
 4. Restricted Delivery? (Extra Fee) Yes

2. Article Number: *7003 3110 0002 5122 1298*

(Transfer from service label) PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(432) 682-3715
FAX (432) 685-4170

April 18, 2006

Via Certified Mail-Return Receipt No. 1298

Elizabeth S. Ferguson
c/o Stringer Oil and Gas Company
P.O. Box 3037
San Angelo, Texas 76902

Re: Long Draw "10" Federal Com #1 Well
1980' FSL 7 660' FWL
Section 10, T20S, R25E
Eddy County, New Mexico

Gentlemen:

Mewbourne Oil Company (Mewbourne) as Operator hereby proposes to drill the referenced well at the captioned location to a depth sufficient to adequately evaluate the Morrow formation, estimated total depth being 9,800' beneath the surface. The above well will be dedicated to the W/2 of the captioned Section 10 for proration unit purposes. Enclosed for your consideration in connection with the proposed well is our AFE dated March 6, 2006.

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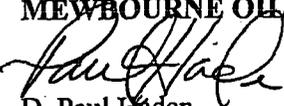
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Sincerely yours,

MEWBOURNE OIL COMPANY


D. Paul Haden
Senior Landman

DPH/m

Elizabeth S. Ferguson
Long Draw "10" Federal Com #1 Well
April 18, 2006
Page 2

Agreed and Accepted this _____ day of April, 2006.

Elizabeth S. Ferguson

Tax I. D. No. _____

**MEWBOURNE OIL COMPANY
AUTHORIZATION FOR EXPENDITURE**

Prospect: Long Draw Well Name & No: Long Draw 10 Fee Com #1
 Field: Cemetery Morrow Location: 1980' FSL & 660' FWL
 Section: 10 Block: _____ Survey: _____ Township 20S Range: 25E
 County: Eddy ST: NM Proposed Depth: 9800'

DESCRIPTION		Cost To Casing Point AFE NO.	Completion Cost AFE NO.			
INTANGIBLE COST 180						
300	Permits and Surveys	\$2,000	\$1,000			
301	Location, Roads and Site Preparation	\$47,000	\$1,600			
302	Footage or Turnkey Drilling					
303	Day Work 24 Days @ 17000/Day + 2 Days @ TD + GRT	\$432,500	\$36,100			
304	Fuel 26 Days @ 1000 gal/day @ \$2.00/gal + GRT	\$55,000				
305	Completion / Workover Rig		\$32,000			
306	Mud and Chemicals	\$23,000	\$1,000			
307	Cementing	\$21,000	\$43,000			
308	Logging, Wireline and Coring Services	\$30,000	\$12,000			
309	Casing, Tubing & Snubbing Services	\$6,000	\$4,000			
310	Mud Logging	\$20,000				
311	Testing		\$5,000			
312	Treating 70Q Binary w/ 100K# HSP		\$185,000			
313	Water & Other	\$21,000	\$2,000			
314	Bits (1 - 14 3/4", 3 - 8 3/4")	\$28,000				
315	Inspection & Repair Services	\$2,500	\$6,500			
316	Misc. Air and Pumping Services	\$2,000	\$6,500			
320	Rig Mobilization & Transportation	\$80,000	\$3,200			
321	Welding and Construction	\$2,500	\$2,000			
322	Engineering & Contract Supervision	\$15,000				
330	Equipment Rental	\$23,000	\$1,000			
334	Well / Lease Legal	\$15,000	\$1,000			
335	Well / Lease Insurance	\$3,000				
350	Intangible Supplies	\$1,000	\$500			
355	Damages	\$1,500				
360	Pipeline and Electrical ROW and Easements		\$5,200			
367	Pipeline Interconnect					
375	Company Supervision	\$15,000	\$5,000			
380	Overhead Fixed Rate	\$6,000	\$4,000			
398	Well Abandonment	\$12,000	(\$12,000)			
399	Contingencies 10% / 10%	\$84,400	\$34,600			
	Total Intangibles	\$928,400	\$380,100			
TANGIBLE COST 181						
797	Conductor Casing 80' 20" (Included in location)					
797	Surface Casing 1200' 8 5/8" 32# K65 STC @ \$20.72/ft	\$24,900				
797	Intermediate Casing					
797	Intermediate Casing					
797	Production Casing 9,800' 4 1/2" 11.6# HCP-110 LTC @ \$13.19/ft		\$129,300			
798	Tubing 8,700' 2 3/8" 4.7# N-80 EUE 8rd @ \$4.60/ft		\$47,300			
860	Drilling Head	\$5,500				
870	Tubing Head & Upper Section		\$10,000			
875	Sucker Rods					
880	Packer Pump & Subsurface Equipment					
884	Artificial Lift Systems					
885	Pumping Unit					
886	Surface Pumps & Prime Movers					
890	Tanks - Steel 1 - 300 bbl Steel		\$6,000			
891	Tanks - Other 1 - 210 bbl Fiberglass		\$4,000			
895	Separation Equipment		\$12,000			
896	Gas Treating Equipment					
898	Metering Equipment		\$5,300			
900	Line Pipe - Gas Gathering and Transportation		\$25,000			
901	Line Pipe - Production		\$1,000			
906	Miscellaneous Fittings, Valves & Accessories		\$8,000			
909	Electrical Installations					
910	Production Equipment Installation		\$15,000			
920	Pipeline Construction		\$20,000			
Prepared by:	Mike Johnson	Date Prepared:	3/6/2008	Total Tangibles	\$30,400	\$282,900
Company Approval:	<i>M. White</i>	Date Approved:	3/7/2008	SUBTOTAL	\$958,800	\$663,000
Joint Owner Interest:		Joint Owner Amount:		TOTAL WELL COST	\$1,621,800	

EXHIBIT C

Joint Owner: _____ Joint Owner Approval: _____

Operator has secured Operator's Extra Expense Insurance covering costs of well control, clean up, and redrilling, as estimated in Line Item 335. Non-operator may elect not to be covered by this Operator's Extra Expense Insurance only by signing below. The undersigned elects not to be covered by Operator's Extra Expense Insurance for their well.

By: _____ Name: _____