

# Lynx Petroleum Consultants, Inc.

P.O. Box 1708  
3325 Enterprise Drive  
Hobbs, New Mexico 88241

505 392-6950 Fax: 505 392-7886

July 14, 2008

Moore & Shelton Company, Ltd.  
P.O. Box 3070  
Galveston, TX 77552

Re: Emperor Federal 'B' Gas Com No. 1  
1980' FNL and 1980' FWL Section 28, T-20S, R-30E,  
Eddy County, New Mexico  
Return Well to Production

Dear Working Interest Owner:

Lynx Petroleum has recently acquired operatorship of the above referenced well which has been shut-in substantially since 1998. We believe that the potential exists to recover additional reserves from the currently completed Strawn formation. Accordingly, attached for your review and approval are two copies of an Authority for Expenditure to perform the following work:

1. Pull the existing 2-3/8" tubing and packer
2. Test the 7" production casing for integrity
3. Acidize the existing Strawn perforations
4. Run new 2-7/8" tubing and install sucker rods with a rod pump
5. Set a new 640D pumping unit with associated base and motor
6. Return well to production

If you are in agreement with the proposed work, please sign and return one copy of the AFE to Lynx at your earliest convenience. The other copy may be retained for your files. Thanks in advance for your prompt consideration and please do not hesitate to call or write if you have any questions.

Sincerely,

LYNX PETROLEUM CONSULTANTS, INC.

  
Larry R. Scott

LRS/ad

encs

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Case No. ....14263- Exhibit No. 3  
Submitted by:  
LYNX PETROLEUM CONSULTANTS, INC.  
Hearing Date: JANUARY 8, 2009

**DETAILED WELL COST ESTIMATE  
AND  
AUTHORITY FOR EXPENDITURE**

Well Name : Emperor Federal 1980' FNL & 1980' FWL  
B Gas Com No. 1 Loc. Section 28, T-20S,R-30E Co. Eddy St. NM  
 Estimated T.D. PB: 11,405' Field or Prospect Golden Lane Formation Strawn

		Estimated Cost	
		Dry Hole (\$)	Producer (\$)
<b>Intangible Costs:</b>			
Location:	Damages & R.O.W.	0	0
	Roads & Location	3,000	3,000
Drilling:	Footage _____ ft. @ _____ /ft.	0	0
	Daywork Drilling _____ days @ _____ /day	0	0
	Completing _____ 14 days @ _____ \$5,000 /day	70,000	70,000
	Mud Materials _____	0	0
	Fuel _____	0	0
	Water _____	5,000	5,000
	Transportation _____	4,500	4,500
	Cement, Cementing & Accessories _____	0	0
	Logging Open Hole _____	0	0
	Drill Stem Testing _____	0	0
	Perforating _____	0	0
	Stimulation _____	15,000	15,000
	Supervision _____	15,000	15,000
	Special Services & Bits _____	0	0
	Tool Rental _____	15,000	15,000
	Miscellaneous _____ + 5% Contingency	10,000	10,000
<b>TOTAL INTANGIBLE COSTS</b>		<b>137,500</b>	<b>137,500</b>
<b>Tangible Well Costs:</b>			
	Wellhead _____		5,000
	Casing _____ ft. _____		
	_____ ft. _____		
	_____ ft. _____		
	_____ ft. _____		
	Tubing _____ 11,000 ft. _____ 2 7/8", 6.5 #/ft, L-80, EUE		66,000
	Rods _____ 11,000' Norris Type 97 (1", 7/8", 3/4")		50,000
	Artificial Lift Equipment _____ 456D-365-120 Set w/Concrete Base		80,000
	Miscellaneous Well Equipment _____ TAC & Pump		7,100
<b>TOTAL TANGIBLE WELL COSTS</b>		<b>0</b>	<b>208,100</b>
<b>Tangible Lease Costs:</b>			
	Tankage _____		
	Separating & Treating _____		
	Flowlines _____		
	Special Equipment _____		
	Miscellaneous Valves & Fittings _____		
	Transportation, Installation & Labor _____ Power Line		7,500
<b>TOTAL TANGIBLE LEASE COSTS</b>		<b>0</b>	<b>7,500</b>
<b>TOTAL WELL COSTS</b>		<b>\$137,500</b>	<b>\$353,100</b>

Ownership Division: \_\_\_\_\_

By: **Lynx Petroleum Consultants, Inc.**  
 P.O. Box 1708  
 Hobbs, NM 88241

July 10, 2008

**Joint Interest Approval**

Company : Moore & Shelton Company Ltd.

Signed: \_\_\_\_\_

Date : \_\_\_\_\_

UNITED STATES

U.S. Postal Service  
**CERTIFIED MAIL RECEIPT**  
(Domestic Mail Only, No Insurance Coverage Provided)

First-Class Mail  
Postage & Fees Paid  
Permit No. G-10

7007 2560 0003 0322 4373

For delivery information visit our website at www.usps.com  
GALVESTON TX 77552

Emplo Postage	\$ 04.72	0640
APC Certified Fee	22.70	06
Return Receipt Fee (Endorsement Required)	22.90	
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 55.32	07/15/2008

Postmark Here

Sent To  
 Moore + Shelton Co., Ltd  
 Street, Apt. No.,  
 or PO Box No. PO Box 3070  
 City, State, ZIP+4  
 Galveston, TX 77552

1708

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <input type="checkbox"/> Date of Delivery</p> <p>DONALD B. MOORE 7/22/08</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If YES, enter delivery address below:</p>
<p>1. Article Addressed to:</p> <p>Moore + Shelton Co., Ltd          PO Box 3070          Galveston, TX 77552</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>2. Article Number (Transfer from service label)</p> <p>7007 2560 0003 0322 4373</p>	<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>

# Lynx Petroleum Consultants, Inc.

P.O. Box 1708  
3325 Enterprise Drive  
Hobbs, New Mexico 88241

575 392-6950

Fax: 575 392-7886

September 3, 2008

Re: Emperor Fed B Com 1  
W/2 Section 28, T-20S, R-30E  
Eddy County, New Mexico

Dear Working Interest Owner:

Lynx Petroleum has recently acquired operatorship of the above referenced well which has been shut-in substantially since 1998. We believe the potential exists to recover additional reserves from the currently completed Strawn formation. Accordingly, enclosed is an Authority for Expenditure and a Joint Operating Agreement for your review. If the documents meet with your approval, please sign the **detached** signature pages for the JOA and the Recording Supplement and return to Lynx. Please note your signature must be notarized. The Operating Agreement may be retained for your files. Also, please sign and return one copy of the AFE to Lynx along with your signature pages.

Thank you in advance for your prompt attention to these documents. As always, please call or write with any questions or concerns.

Sincerely,

LYNX PETROLEUM CONSULTANTS, INC.

  
Larry R. Scott

/ad

encs

**DETAILED WELL COST ESTIMATE  
AND  
AUTHORITY FOR EXPENDITURE**

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Daywork Drilling	days @ _____ /day	0	0
Completing	14 days @ \$5,000 /day	70,000	70,000
Mud Materials		0	0
Fuel		0	0
Water		5,000	5,000
Transportation		4,500	4,500
Cement, Cementing & Accessories		0	0
Logging Open Hole		0	0
Drill Stem Testing		0	0
Perforating		0	0
Stimulation		15,000	15,000
Supervision		15,000	15,000
Special Services & Bits		0	0
Tool Rental		15,000	15,000
Miscellaneous	+ 5% Contingency	10,000	10,000
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Flowlines			
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Miscellaneous Valves & Fittings			
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<b>TOTAL WELL COSTS</b>		<b>\$137,500</b>	<b>\$353,100</b>

Ownership Division: \_\_\_\_\_

By: **Lynx Petroleum Consultants, Inc.**  
 P.O. Box 1708  
 Hobbs, NM 88241

August 25, 2008

**Joint Interest Approval**

Company : Edward R. Hudson Trust 4

Signed: \_\_\_\_\_

Date : \_\_\_\_\_