

# BK EXPLORATION CORPORATION

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July 2, 1996

JUL 10 1996

New Mexico Oil Conservation Division  
2040 S. Pacheco  
Santa Fe, NM 87504

ATTN: Mr. William J. LeMay, Director

RE: Compulsory Pooling Case No. 11359, Order No. R-10481, 10-13-95  
SE/SE/4, Unit P, Sec. 22, T-23-S R-28-E, Eddy Co., NM  
Jasso "22" Well No. 2, BK Exploration Corp., Operator

Mr. LeMay,

BK Exploration submits for your review an itemized schedule of actual well costs incurred in drilling and completing the referenced well. The attached schedule includes all invoices received as of 5-31-95.

Damar Energy Company was the original applicant for the subject pooling hearing in 1995. BK Exploration Corporation was contracted by Damar Energy in late 1995 to operate the Jasso "22" No. 2. Operations are still controlled by BK Exploration to date.

In reference to our letter to your office dated 1-12-96, two working interest owners were deemed non-consent in the proposal. The two owners are Ronald T. May and Rhonda L. May, each holding an interest of 0.44922% in the 40 acre unit. They were pooled due to their lack of response to all attempts of communication.

A copy of the attached itemized schedule of costs is being furnished to all working interest owners per the requirements of the referenced order. Likewise, the non-consent interests will be handled per the referenced order.

Please contact our office if you require additional information. Your cooperation in this matter is genuinely appreciated.

Yours very truly,

BK EXPLORATION CORPORATION

*Brad D. Burks*

Brad D. Burks  
Vice-President, Operations

Attachment

xc: C. Dan Smith, Damar Energy Company, Plano, TX  
William F. Carr, Esq., Campbell, Carr, & Berge, PA, Santa Fe, NM

# AUTHORIZATION FOR EXPENDITURE ("AFE")

LEASE NAME: Jasso "22" WELL NUMBER: 2

Location: SE/SE/4 Section 22 T-23-S R-28-E NMPM  
 Field: Loving Delaware County: Eddy State: NM  
 Objective: Drill Delaware "C+D" sands, then test "A+B" sands  
 TD: 6750' Prepared By: B D Burks Date: 10-30-95

## INTANGIBLES

	<u>DRY HOLE</u>		<u>COMPLETION</u>	
	<u>EST.</u>	<u>ACTUAL</u>	<u>EST.</u>	<u>ACTUAL</u>
1. Abstract & Title	<u>15,000</u>	15,097		1,293
2. Surveys	<u>500</u>	531		0
3. Damages	<u>5,000</u>	3,000		0
4. Dirtwork	<u>8,500</u>	9,456	<u>2,000</u>	986
5. Drilling, Footage \$ <u>12.00/Ft</u>	<u>81,000</u>	79,284		0
Daywork \$ <u>4,500/Day</u>	<u>2,500</u>	4,499	<u>2,000</u>	3,521
6. Water	<u>4,000</u>	3,525	<u>7,000</u>	3,965
7. Transportation	<u>0</u>	0	<u>500</u>	0
8. Mud & Chemicals	<u>3,500</u>	1,717		0
9. Mud Logger	<u>4,500</u>	3,641		0
10. Cementing	<u>3,500</u>	4,725	<u>6,000</u>	5,298
11. Casing Crew	<u>0</u>	0	<u>2,000</u>	1,473
12. Supervision	<u>5,500</u>	2,585	<u>8,000</u>	5,317
13. Geological	<u>0</u>	0		0
14. Drill Stem Tests	<u>0</u>	0		0
15. Coring & Analysis, Sidewall	<u>0</u>	0	<u>1,000</u>	1,440
16. Logging, Open Hole Services	<u>5,500</u>	7,000	<u>6,500</u>	7,124
Cased Services		0	<u>3,500</u>	2,188
17. Administrative Overhead	<u>3,000</u>	1,626	<u>3,000</u>	2,168
18. Insurance	<u>2,500</u>	2,228		0
19. Completion Unit, \$ <u>1,500/Day</u>		0	<u>15,000</u>	7,713
20. Stimulation		0	<u>55,000</u>	32,654
21. Rentals	<u>0</u>	0	<u>8,000</u>	2,179
22. Labor	<u>0</u>	144	<u>1,000</u>	1,031
23. Contingencies, <u>5</u> %	<u>7,000</u>	0	<u>6,000</u>	0
24. ESTIMATED TOTAL (1 - 23)	<u>151,500</u>	139,058	<u>126,500</u>	78,350
25. ESTIMATED TOTAL INTANGIBLES			<u>278,000</u>	217,408

## TANGIBLES

26. Pipe, Surface <u>400' 8.625" \$8.75</u>	<u>3,500</u>	3,151		
Intermediate	<u>0</u>	0		
Production <u>6750' 5.5" \$3.70</u>			<u>25,000</u>	26,265
Tubing <u>6300' 2.875" \$1.90</u>			<u>12,000</u>	12,009
27. Float Equipment	<u>500</u>	0	<u>1,000</u>	0
28. Packer, Anchor, Plugs, Retainers			<u>500</u>	671
29. Wellhead			<u>5,500</u>	4,555
30. Tanks			<u>9,000</u>	9,553
31. Treating Vessels			<u>5,000</u>	3,000
32. Connections			<u>5,500</u>	5,627
33. Pumping Unit <u>320 Conventional</u>			<u>17,500</u>	24,552
34. Engine and Accessories			<u>1,000</u>	0
35. Rods and Accessories			<u>7,000</u>	10,277
36. Downhole Pump			<u>2,000</u>	1,475
37. Gas Sales Lines			<u>3,000</u>	1,162
38. Electrical			<u>10,500</u>	10,758
39. Equipment, Miscellaneous		48	<u>2,500</u>	550
40. Labor on Equipment			<u>9,000</u>	9,230
41. Contingencies, <u>5</u> %	<u>0</u>	0	<u>6,000</u>	0
42. TOTAL (26 - 41)	<u>4,000</u>	3,199	<u>122,000</u>	119,684
43. TOTAL TANGIBLES			<u>126,000</u>	122,883
44. DRY HOLE TOTAL (24 + 42)	<u>155,500</u>	142,257		
45. COMPLETION TOTAL (24 + 42)			<u>248,500</u>	198,034
46. TOTAL ESTIMATED EXPENDITURE (44 + 45)			\$ <u>404,000</u>	340,291