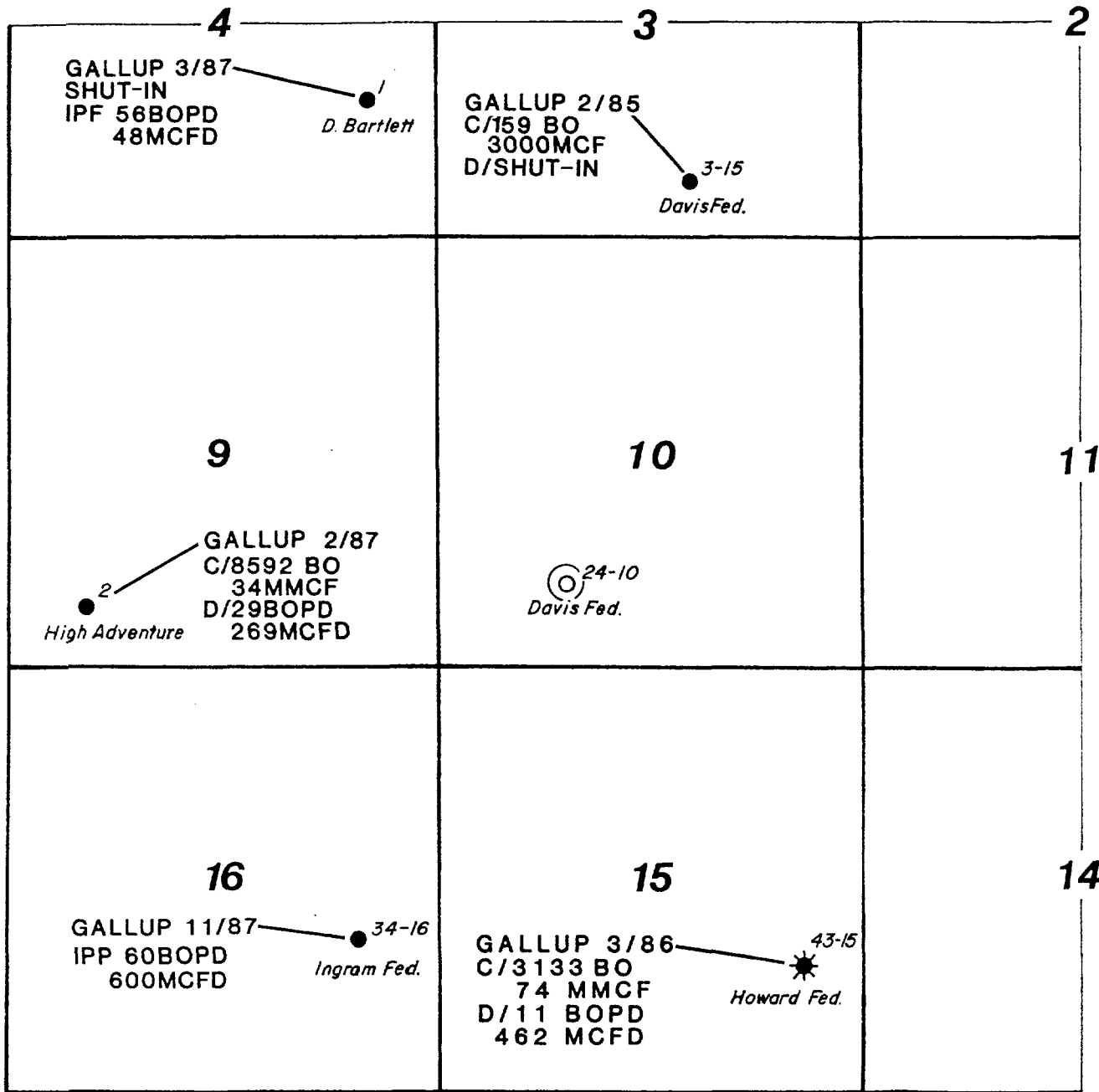


R 2 W



C/ CUMULATIVE PRODUCTION(8/87)
D/ DAILY (as of 8/87)

NOV 87

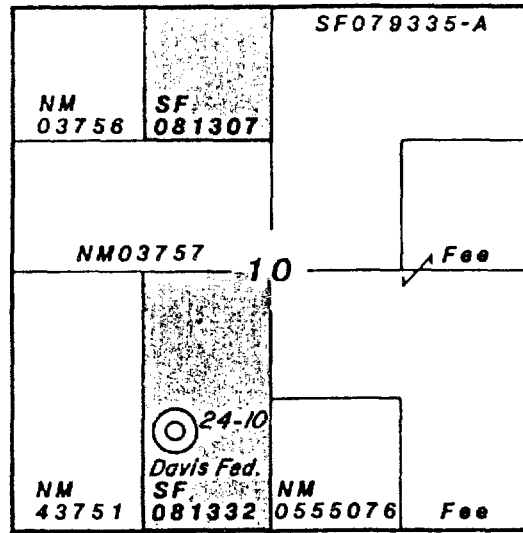
**GAVILAN MANCOS OIL POOL
-OFFSET PRODUCTION-**

**DAVIS FEDERAL WELL
SE/SW 10-25N-2W**

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION
READING +
BATES — EXHIBIT, NO. 1
9277

EXAMINER CATALOG
 CONSERVATION DIVISION
 READING BATES EXHIBIT NO. 2
 CASE NO: 9227

R 2 W



LEASEHOLD OWNERSHIP SEC. 10-25N-2W

24-10 Davis Federal

SF081307

| | |
|---------------|-------------------|
| R & B | 3.33333 |
| Hooper | 33.33333 |
| Petro. of Tx. | 31.21746 |
| W.C. TR. | .81380 |
| Test Tr. | .42724 |
| Oatman | .87483 |
| | <u>100.00000%</u> |

NM03756

| | |
|--------------|---------------|
| Mtn. States | 50. |
| D. Wagner | 25. |
| R. Gilliland | 25. |
| | <u>100.0%</u> |

NM03757

| | |
|-------|--------|
| Exxon | 100.0% |
|-------|--------|

NM43751

| | |
|----------|--------|
| Meridian | 100.0% |
|----------|--------|

SF081332

| | |
|----------|-------------------|
| R & B | 33.33334 |
| Hooper | 33.33333 |
| Ibex | 15.60873 |
| P.C. Ltd | 15.60873 |
| W.C. Tr. | .81380 |
| Test Tr. | .42724 |
| Oatman | .87483 |
| | <u>100.00000%</u> |

SF079335-A

| | |
|-------|--------|
| Exxon | 100.0% |
|-------|--------|

Fee-SE/NE

| | |
|-------|--------|
| Dugan | 100.0% |
|-------|--------|

Fee-SE/4 Less SW/SE

| | |
|-------|--------|
| Dugan | 100.0% |
|-------|--------|

NM0555076

| | |
|-----------------------|--------|
| E.L. Fundings Land | 100.0% |
|-----------------------|--------|

GAVILAN AREA

Rio Arriba County, New Mexico



READING & BATES PETROLEUM CO.

3200 Mid-Continent Tower
Tulsa, Oklahoma 74103
918 583-8180

October 9, 1987

OVERNIGHT COURIER

TO ALL WORKING INTEREST OWNERS

Re: Davis Federal #24-10
Section 10-25N-2W
Rio Arriba County, New Mexico
Gavilan Prospect

Gentlemen:

Reading & Bates Petroleum Co. has previously proposed the subject well in the SW/4 of Section 10 based on 320 acre spacing. In accordance with recent New Mexico Conservation Division Order No. R7407E, we are now amending said proposal based on 640 acre spacing. As a result, enclosed you will find an Operating Agreement and AFE appropriately revised for the larger spacing unit.

If you desire to participate, please execute and return one copy of our AFE and the extra signature page for the Operating Agreement. Also enclosed are three (3) Designation of Operator forms for those parties not included in the original proposal. We ask that you return all three original forms to the undersigned for submittal to the BLM.

Should you wish to farmout your interest in this section, Reading & Bates would be willing to negotiate a farmout based on Reading & Bates earning 100% of your interest in the spacing unit and an 80% NRI lease subject to a 25% back-in at payout.

If you need further information, please do not hesitate to contact the undersigned.

Very truly yours,

READING & BATES PETROLEUM CO.

Eric Koelling
Assistant Land Manager

EK/kl

Enclosures

| | |
|---------------------------|-------------------|
| BEFORE EXAMINER CATANACH | |
| OIL CONSERVATION DIVISION | |
| READING + BATES | FEED NO: <u>3</u> |
| CASE NO | <u>9227</u> |

10/9/87

**WORKING INTEREST OWNERS ADDRESS LIST
DAVIS FEDERAL #24-10**

Meridian Oil Company
P. O. Box 4289
Farmington, New Mexico 87499

Exxon Co. U.S.A.
P. O. Box 1600
Midland, Texas 79702

Mountain States Natural Gas Corp.
P. O. Box 35426
Tulsa, Oklahoma 74135

Duer Wagner, Jr.
1420 Continental Plaza
777 Main Street
Fort Worth, Texas 76102

Duer Wagner III
1420 Continental Plaza
777 Main Street
Fort Worth, Texas 76102

Ralph Gilliland Estate
Attn: Anne St. Clair
7420 Caruth
Dallas, Texas 75225

Reading & Bates Petroleum Co.
3200 Mid-Continent Tower
Tulsa, Oklahoma 74103

Hooper, Kimball & Williams, Inc.
P. O. Box 520970
Tulsa, Oklahoma 74152

PC, Ltd.
P. O. Box 911
Breckenridge, Texas 76024

Ibex Partnership
P. O. Box 911
Breckenridge, Texas 76024

Warren Clark Trust
Mabel Reed, Trustee
P. O. Box 1846
Austin, Texas 78767

**Testamentary Trust Under the
Will of Warren Clark**
Mabel Reed, Trustee
P. O. Box 1846
Austin, Texas 78767

Carolyn Clark Oatman
P. O. Box 1846
Austin, Texas 78767

E. L. Fundingsland
7400 E. Orchard Rd. #240
Englewood, Colorado 80111

Dugan Production Corp.
P. O. Box 208
Farmington, New Mexico 87499

Mesa Grande, Ltd
1307 Philtower Building
Tulsa, Oklahoma 74103

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION

~~READING +~~
~~BATES~~ EXHIBIT NO. 4

CASE NO. 9277

P 307 895 326

Natural
Mountain States Gas Corp.

P.O. Box 35426

Julsa, OK 74135

22

75

70

167

11-25-87

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery.

3. Article Addressed to:
Mountain States Natural Gas Corp.
P.O. Box 35426
Julsa, OK 74135

4. Article Number: P307895326

Type of Service:
 Registered
 Certified
 Express Mail
 Insured
 COD

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
X

6. Signature - Agent
X

7. Date of Delivery
DEC 1 1987

8. Addressee's Address (ONLY if requested and fee paid)
NOT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box (es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery.

3. Article Addressed to: WU

Rueer Wagner III

1426 Continental Plaza

777 Main Street

Fort Worth, TX 76102

4. Article Number
P307895327

Type of Service:

Registered
 Certified
 Insured
 Express Mail
 COD

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee

6. Signature - Agent

7. Date of Delivery 30 1987

PS Form 3811, Feb. 1986

DOMESTIC RETURN RECEIPT

P 307 895 327

RECEIPT FOR CERTIFIED MAIL

| | |
|-------------------------------|------|
| <u>Rueer Wagner III</u> | |
| <u>1426 Continental Plaza</u> | |
| <u>777 Main Street</u> | |
| <u>Fort Worth, TX 76102</u> | |
| 22 | 75 |
| 70 | 1.67 |
| <u>11-25-87</u> | |

U.S. POST OFFICE • P.O. BOX 180754 • Fort Worth, TX 76118 • PS Form 3800, June 1985

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. **RESTRICTED DELIVERY**

2. Restricted Delivery.

3. Article Addressed to:
 PC Ltd.
 P.O. Box 911
 Breckenridge, TX 76024

4. Article Number: **PC 742.**
2307895328

Type of Service:
 Registered Certified Express Mail
 Insured COD

Always obtain signature of addressee or agent and **DATE DELIVERED.**

5. Signature - Addressee
 X

6. Signature - Agent
 X *[Signature]*

7. Date of Delivery
 AM PM
 11-30-87

8. Addressee's Address (ONLY if requested and fee paid)
 P.O. Box 911
 BRECKENRIDGE, TX. 76024

PS Form 3871, Feb. 1986

DOMESTIC RETURN RECEIPT

P 307 895 328

RECEIPT FOR CERTIFIED MAIL

| | |
|---|------|
| PC Ltd. P.O. Box 911 Breckenridge, TX 76024 | |
| Weight | 22 |
| Postage and Fees | 75 |
| Insurance (if any) | 70 |
| Total Postage and Fees | 1.67 |
| 11-25-87 | |

467 494 4961 70 70 8 5 0 1
 5861 1000 10083 1000 7 1 1

307 895 329

REGISTERED MAIL

Warren Clark Trust
Mabel Reed Trustee
P.O. Box 1846
Austin, TX 78767

| | |
|--|------|
| | 22 |
| | 75 |
| | |
| | 75 |
| | |
| | 1.67 |

11-25-87

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery.

3. Article Addressed to: Warren Clark Trust
Mabel Reed, Trustee
P.O. Box 1846
Austin, TX 78767

4. Article Number: P307895329

Type of Service:
 Registered Certified Express Mail
 Insured COD

Always obtain signature of addressee or agent and **DATE DELIVERED**.

5. Signature - Addressee: *Mabel Reed*
X

6. Signature - Agent: *Warren Clark*
X

7. Date of Delivery: *11-25-87*

8. Addressee's Address (ONLY if requested and fee paid): Warren Clark Trust
Mabel Reed Trustee
P.O. Box 1846
Austin, TX 78767

DOMESTIC RETURN RECEIPT

PS Form 3811, Feb. 1986

P 307 895 330

RECEIPT FOR REGISTERED MAIL

PS Form 3811, June 1986

★ U.S.G.P.O. 1985-480-794

Carolyn Clark Outman
P.O. Box 1846
Austin, TX 78767

| | |
|--|----------|
| Postage | 22 |
| Registration Fee | 75 |
| Insurance Fee | |
| Delivery Receipt (if being returned to Date of Delivery) | 70 |
| Postage and Fees | 167 |
| Date of Delivery | 11-25-87 |

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery.

3. Article Addressed to:
Carolyn Clark Outman
P.O. Box 1846
Austin, TX 78767

4. Article Number
P307895330

Type of Service:
 Registered Certified Express Mail Insured COD

Always obtain signature of addressee or agent and **DATE DELIVERED.**

5. Signature - Addressee
 X

6. Signature - Agent
 X *[Signature]*

7. Date of Delivery
11

8. Addressee's Address (*ONLY if requested and fee paid*)

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery.

| | | |
|--|--|--|
| 3. Article Addressed to: <i>Dugan Production Corp.</i> <i>P.O. Box 208</i> <i>Farmington Nm 87499</i> | | 4. Article Number <i>307895331</i> |
| 5. Signature - Addressee <i>X</i> <i>D. H. Dugan</i> | | Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> COD |
| 6. Signature - Agent <i>X</i> | | Always obtain signature of addressee or agent and DATE DELIVERED. |
| 7. Date of Delivery <i>11/28/87</i> | | 8. Addressee's Address (ONLY if requested and fee paid) <i>BOX 208</i> <i>FARM NM 87499</i> |

PS Form 3811, Feb. 1986 DOMESTIC RETURN RECEIPT

F 307 895 331

| | |
|-------------------------------------|--|
| <i>Dugan Production Corp.</i> | |
| <i>P.O. Box 208</i> | |
| <i>Farmington, nm 87499</i> | |
| 22 | |
| 75 | |
| 70 | |
| 167 | |
| Postmark or Date <i>11-25-87</i> | |

PS Form 3800, June 1985

P 307 895 332

PS Form 3866, June 1985

11-25-87

Mesa Grande, Ltd.
 1307 Philtower Bldg.
 Tulsa, Ok 74103

22
 75
 70
 167

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery.

3. Article Addressed to:
 Mesa Grande, Ltd.
 1307 Philtower Bldg.
 Tulsa, OK 74103

4. Article Number
 P307895332

Type of Service:
 Registered Certified Express Mail
 Insured COD

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
 X

6. Signature - Agent
 X *J. J. J. J.*

7. Date of Delivery
 11-30-87

8. Addressee's Address (ONLY if requested and fee paid)
 1305 Philtower Bldg.
 Tulsa, Ok. 74103

PS Form 3811, Feb. 1986 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

| | | | |
|---|--|---|--|
| 1. <input checked="" type="checkbox"/> Show to whom delivered, date, and addressee's address. | | 2. <input type="checkbox"/> Restricted Delivery. | |
| 3. Article Addressed to: EUKON Co. U.S.A. P.O. Box 1600 Midland, TX 79702 | | 4. Article Number 307895333 | |
| 5. Signature - Addressee X | | Type of Service: <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> COD | |
| 6. Signature - Agent X <i>Maureen</i> | | Always obtain signature of addressee or agent and DATE DELIVERED. | |
| 7. Date of Delivery 11-28-87 | | 8. Addressee's Address (ONLY if requested and fee paid) Box 1600 Midland TX 79702 | |

PS Form 3811, Feb. 1986

DOMESTIC RETURN RECEIPT

F 307 895 333

EUKON Co. U.S.A.
P.O. Box 1600
Midland, TX 79702

22
75

70

167

11-25-87

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery.

3. Article Addressed to:
Deer Wagner Jr.
1420 Continental Plaza
777 Main Street
Ft Worth, TX 76102

4. Article Number
PS07895334
 Type of Service:
 Registered
 Certified
 Express Mail
 Insured
 COD

5. Signature - Addressee
 X

6. Signature - Agent
 X *[Signature]*

7. Date of Delivery
NOV 30 1987

8. Addressee's Address (ONLY if requested and fee paid)
 Always obtain signature of addressee or agent and DATE DELIVERED.

PS Form 3811, Feb. 1986

DOMESTIC RETURN RECEIPT

P 307 895 334
 RECEIPT FOR CERTIFIED MAIL
 ALL SERVICES COVERED PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

| | |
|---|----------------|
| To: <i>Deer Wagner Jr.</i> | |
| <i>1420 Continental Plaza</i> | |
| <i>777 Main Street</i> | |
| City, State and ZIP Code <i>Ft Worth TX 76102</i> | |
| Postage | \$ <i>22</i> |
| Certified Fee | <i>75</i> |
| Special Delivery Fee | |
| Restricted Delivery Fee | |
| Return Receipt showing to whom and Date Delivered | <i>70</i> |
| Return Receipt showing to whom, Date, and Address of Delivery | |
| TOTAL Postage and Fees | \$ <i>1.67</i> |
| Postmark or Date <i>11-25-87</i> | |

PS Form 3800, June 1985

P 307 895 335

Ralph Gilliland Estate
7420 Caruth
Dallas, TX 75225
1.67
70
75
22
ATtn: Currier St. Casin

11.25.87

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional services requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery.

3. Article Addressed to: *Ralph Gilliland Estate*

4. Article Number: *P307895335*

Type of Service:
 Registered
 Certified
 Express Mail
 Insured
 COD

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee: *Ralph Gilliland*

6. Signature - Agent: *Ralph Gilliland*

7. Date of Delivery: *11.25*

8. Addressee's Address (ONLY if requested and fee paid):
*7420 Caruth
Dallas, TX 75225*

DOMESTIC RETURN RECEIPT

PS Form 3811, Feb. 1986

P 307 895 336

RECEIPT FOR CERTIFIED MAIL

* U.S.C.P.O. 1965-70-91

PS Form 3800, June 1985

*Hooper, Kimball
Williams, Inc.*

*P.O. Box 520970
Tulsa, OK 74152*

| | |
|---|-----------------|
| Postage | <i>22</i> |
| Registration Fee | <i>75</i> |
| Restricted Delivery Fee | |
| Return Receipt showing to whom and Date Delivered | <i>70</i> |
| Return Receipt showing to whom Date and Address of Delivery | |
| POSTAL Postage and Fees | <i>1.67</i> |
| Postmark or Date | <i>11-25-87</i> |

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery.

3. Article Addressed to: *Hooper, Kimball & Williams, Inc.*

4. Article Number: *P307895336*

Type of Service: Registered Insured Certified COD Express Mail

Always obtain signature of addressee or agent and **DATE DELIVERED.**

5. Signature - Addressee: *[Signature]* **1987** **NOV 30** **ACN**

6. Signature - Agent: *[Signature]*

7. Date of Delivery: *11/30/87*

PS Form 3811, Feb. 1986 DOMESTIC RETURN RECEIPT

P 307 895 337

Ibel Partnership
P.O. Box 911
Breckenridge, TX 76024
22
75

70

1.67

11-25-87

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery.

3. Article Addressed to:
Ibel Partnership
P.O. Box 911
Breckenridge, TX 76024

4. Article Number
P307895337

Type of Service:
 Registered Certified
 Express Mail
 Insured
 COD

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
X

6. Signature - Agent
X *Robert Blankley*

7. Date of Delivery
11-20-87

8. Addressee's Address (ONLY if requested and fee paid)
P.O. Box 911
BRECKENRIDGE, TX 76024

PS Form 3811, Feb. 1986 DOMESTIC RETURN RECEIPT

P 307 895 338

Testamentary Trust under
the Will of Warren Clark
Mabel Reed, Trustee
P.O. Box 1846
Austin, TX 78767

22

75

70

167

11-25-87

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery.

3. Article Addressed to:
Testamentary Trust
Under the Will of Warren Clark
Mabel Reed, Trustee
P.O. Box 1846
Austin, TX 78767

4. Article Number
R307895338

Type of Service:
 Registered
 Certified
 Express Mail
 Insured
 COD

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
X

6. Signature - Agent
X *M. Reed*

7. Date of Delivery
DEC 01 1987

8. Addressee's Address (ONLY if requested and fee paid)

DOMESTIC RETURN RECEIPT

PS Form 3811, Feb. 1986

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box for additional service(s) requested.

| | | | |
|--|--|--|--|
| 1. <input checked="" type="checkbox"/> Show to addressee date and address's address. | | 2. <input type="checkbox"/> Restricted Delivery. | |
| 3. Article Addressed to: E. L. Sundbergland 7400 E. Orchard Rd Englewood, CO 80111 #540 | | 4. Article Number P307895339 | |
| 5. Signature - Addressee X | | Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> COD | |
| 6. Signature - Agent X AD. Gans | | Always obtain signature of addressee or agent and DATE DELIVERED. | |
| 7. Date of Delivery 1-30 | | 8. Addressee's Address (ONLY if requested and fee paid) | |

PS Form 3811, Feb. 1986

DOMESTIC RETURN RECEIPT

P 307 895 339

E. L. Sundbergland
 7400 E. Orchard Rd. #540
 Englewood, CO 80111
 22
 75

70

1.67

11-25-87

WELL COST ESTIMATE

COMPANY Reading & Bates Petroleum Co.

DATE 11-5-86

WELL Davis Federal #24-10

LOCATION SE SW Sec. 10, T25N, R2W, Rio Arriba County, New Mexico

PROPOSED TD 8200' Dakota EST. DRILLING DAYS 15 days drill.
12 days to complete

Tangible Well Costs

Well Pipe

| | |
|--------------|---|
| <u>500'</u> | of <u>9-5/8"</u> , <u>36#</u> @ \$ <u>8.35</u> /ft. |
| <u>5600'</u> | of <u>5 1/2"</u> , <u>15.5#</u> @ \$ <u>4.00</u> /ft. |
| <u>2600'</u> | of <u>5 1/2"</u> , <u>17#</u> @ \$ <u>4.75</u> /ft. |
| <u>5800'</u> | of <u>2-7/8"</u> , <u>J55</u> @ \$ <u>2.25</u> /ft. |

Wellhead Assembly

Subsurface Equip. - packer, rods, pumps, etc.

Separation Facilities, Installed

Tanks and Shipping Facilities, Installed

Flow Lines, Pipe & Electric Lines, Installed

Other Equipment - Pumping Unit, Misc.

Total Tangibles

| <u>Producer</u> | <u>Dry Hole</u> |
|-------------------|-----------------|
| \$ | \$ |
| <u>51,975</u> | <u>4,175</u> |
| <u>3,900</u> | <u>2,000</u> |
| <u>19,000</u> | |
| <u>13,000</u> | |
| <u>18,000</u> | |
| <u>25,000</u> | |
| <u>40,000</u> | |
| <u>\$ 170,875</u> | <u>\$ 6,175</u> |

Intangible Well Costs

Permits, Surveys, Foundations

Location, Roads & Damages

Contract Drilling

| | |
|--------------|-----------------------------|
| <u>8,200</u> | ft. @ \$ <u>8.90</u> /ft. |
| <u>2</u> | days @ \$ <u>3,250</u> /day |
| | days @ \$ _____ /day |
| <u>12</u> | days @ \$ <u>1,800</u> /day |

Cement and Cement Service

Drilling Fluid Materials

Fuel, Water & Power

Supplies

Drill Stem Testing _____ @ _____

Coring and Analysis

Wireline Service

Logging 12,500

Perforating 5,000

Other CBL 3,500

Formation Treating

Transportation and Hauling

Rentals, Contract Labor, Misc.

Engineering Supervision

Geological Supervision

Overhead

Contingencies 7.5%

Total Intangibles

TOTAL

| | |
|-------------------|-------------------|
| \$ <u>1,600</u> | \$ <u>1,600</u> |
| <u>21,000</u> | <u>17,500</u> |
| <u>79,480</u> | <u>79,480</u> |
| <u>21,600</u> | |
| <u>23,500</u> | <u>3,500</u> |
| <u>30,000</u> | <u>30,000</u> |
| <u>7,500</u> | <u>5,000</u> |
| <u>5,000</u> | <u>2,500</u> |
| | |
| | |
| | |
| <u>21,000</u> | <u>12,500</u> |
| <u>60,000</u> | |
| <u>10,000</u> | <u>5,000</u> |
| <u>12,500</u> | <u>5,000</u> |
| <u>10,800</u> | <u>6,000</u> |
| <u>5,000</u> | <u>5,000</u> |
| <u>5,000</u> | <u>2,500</u> |
| <u>36,500</u> | <u>13,600</u> |
| <u>\$ 350,480</u> | <u>\$ 189,180</u> |
| <u>\$ 521,355</u> | <u>\$ 195,355</u> |

Prepared By:

T. Bruce Pettit

ATTACHMENT TO AFE

| <u>COMPANY</u> | <u>%</u> |
|---|----------|
| Exxon Co. U.S.A. | 31.2500% |
| Meridian Oil Company | 12.5000% |
| Mesa Grande Ltd | 18.7500% |
| Hooper, Kimball and Williams Inc | 6.2500% |
| Dugan Production Co. | 6.2500% |
| E. L. Fundingsland | 6.2500% |
| Mountain States Natural Gas Corporation | 3.1250% |
| Ibex Partnership | 2.9266% |
| PC LTD | 2.9266% |
| Ralph Gilliland Estate | 1.5625% |
| Duer Wagner Jr. | 1.4531% |
| Duer Wagner III | .1094% |
| Warren Clark Trust | .1526% |
| Testamentary Trust Under the | |
| Will of Warren Clark | .0801% |
| Carolyn Clark Oatman | .1641% |