

Manana Gas, Inc.

P. O. BOX 145

FARMINGTON, NEW MEXICO 87401

ED HARTMAN, PRES.

TEL. (505) 325-3066
(505) 327-6176

June 15, 1978

Energy and Minerals Department
Oil Conservation Division
State Land Office Bldg.
Santa Fe, New Mexico 87503

Re: Case No. 6111
Order No. R-5612
Force Pooling-Charlie # 1
SE $\frac{1}{4}$ Sec. 7-30N-11W

Gentlemen:

Enclosed are a copy of the June 15th letter to Mr. Brimhall and a copy the Summary of Expenditures for our Charlie # 1.

We will pay Mr. Brimhall his share of the royalty as the income is received and his full 20/160ths of the income after we have recovered our costs as set out in your Order No. R-5612.

Of course, if Mr. Brimhall elects to pay his share of the cost, he will receive the full 20/160ths of the income immediately.

We appreciate your cooperation and assistance in this matter.

With best personal regards.

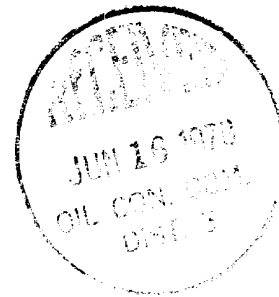
Very truly yours

MANANA GAS, INC.

By Ed Hartman
Pres.

EMH/bh
Encl.

CC: Aztec Office



CHARLIE #1
Artec-Pictured Cliffs Well
SE/4 Sec. 7-3 ON-11W

Summary of Development Expenditures

<u>CHECK NO.</u>	<u>PAYEE</u>	<u>PURPOSE</u>	<u>AMOUNT</u>
<u>INTANGIBLE DRILLING COSTS:</u>			
206	Odeco, Inc.	Clean up location-repair ditches and culverts	\$ 1,091.08
207	Donham Tool Co.	Rental-1½ slips	73.38
214	Chief Transport Co.	Suck mud from pit	50.96
216	Herman McAnally, et al	Test well misc.	59.57
225	Odeco, Inc.	Fill pits. clean up location	528.55
230	Runnels Mud Co.	Drilling Mud	519.38
109	Cecil Evans	Manifold well, paint equip	140.74
103	Odeco, Inc.	Move fences	307.01
104	Kent Knowlin Const.	Base course material-repair site	271.59
	Manana Gas, Inc.	Drilling rate 6 days	250.00
119	Atomic Signs	Well sign	23.51
	Additional intangible costs		<u>\$ 3320.77</u>

TOTAL INTANGIBLE DRILLING COSTS TO DATE \$ 39,726.39

<u>TANGIBLE DRILLING COSTS:</u>			
210	Midcontinent Supply	Guage	\$ 6.74
211	Midcontinent Supply	Guage	6.74
222	Midcontinent Supply	Guage	7.25
218	W. M. Galloway	743.57' 1½" tubing	929.46
253	Franklin Supply	Fittings, valves, etc	422.03
300	Brad Keyes	½ cost of Gentle #2 tubing used in Charlie #1	1022.40
110	Lee Wilson	1/16 cost of Gentle #2 tubing	127.80
111	Curtis Little	7/64 cost of Gentle #2 tubing	223.65
112	Anne B. Little	7/64 cost of Gentle #2 tubing	223.65
113	Ed Hartman	7/64 cost of Gentle #2 tubing	223.65
	Additional tangible drilling costs		<u>\$ 4346.47</u>

TOTAL TANGIBLE DRILLING COSTS TO DATE \$ 11,460.16

TOTAL LEASEHOLD COSTS TO DATE \$ 3,500.00

TOTAL COST OF COMPLETED WELL TO DATE \$ 54,686.55

Distribution of Costs

<u>Working Interest</u>	<u>Percent</u>	<u>Total</u>	<u>Intangibles</u>	<u>Tangibles</u>	<u>Lease Costs</u>
Curtis J. Little	20%	\$ 10,169.51	\$ 7,177.48	\$ 2,292.03	\$ 700.00
Anne B. Little	20%	10,169.51	7,177.48	2,292.03	700.00
Lee Wilson	10%	5,468.66	3,972.64	1,146.02	350.00
Ed Hartman	15%	8,663.66	6,419.64	1,719.02	525.00
Erik & Mary Ackroyd	5%	2,887.89	2,139.88	573.01	175.00
Doug & Linda Hartman	5%	2,887.89	2,139.88	573.01	175.00
Phyllis Hartman	5%	2,887.89	2,139.88	573.01	175.00
Ron & Barbara Herrera	5%	2,887.89	2,139.88	573.01	175.00
Debi Kruse	5%	2,887.89	2,139.88	573.01	175.00
Manana Gas, Inc.	10%	5,775.76	4,279.75	1,146.01	350.00
Totals	100%	<u>\$ 54,686.55</u>	<u>\$39,726.39</u>	<u>\$ 11,460.16</u>	<u>\$3,500.00</u>

Note: This cost distribution reflects the adjustment of drilling rate between Curtis Little/Anne Little and Ed Hartman, et al. in the amount of \$1,535.60.

CHARLIE # 1
Aztec-Pictured Cliffs Well
SE/4 Sec. 7-30N-11W

Summary of Development Expenditures

<u>Check</u> <u>No.</u>	<u>Payee</u>	<u>Purpose</u>	<u>Amount</u>
<u>INTANGIBLE DRILLING COSTS:</u>			
1081	Ernest Echohawk	Survey Location	\$ 88.60
1127	San Juan Abstract & Title	Abstract of Title	786.36
*	Arthur Jones	Surface Damage Deposit	500.00
102	San Juan County Clerk	Filing Leases	33.00
112	Kellahin & Fox	Legal-Force Pooling	238.46
153	Lea Equipment Co.	Fittings, etc.	163.38
155	Bloomfield Mfg. Company	Welding	56.30
156	BJ-Hughes, Inc.	Cementing Surface Pipe	1,091.03
158	Ray Atchinson Construction	Pull trucks out of mud	156.00
161	Odeco, Inc.	Location	1,972.15
168	Basin Power Tongs	Run Main String	764.40
171	BJ-Hughes, Inc.	Cementing Main String	1,710.21
172	Schlumberger, Inc.	Logging Well	2,581.59
173	Schlumberger, Inc.	Perforate Casing	1,885.89
174	Birdwell Division	Temperature Survey	832.57
175	The Western Company	Frac Well	7,359.46
176	Triple S. Trucking	Water Hauling-Frac	500.24
177	L. Lee Wilson Drilling Co.	Two Bits	406.58
181	Lea Equipment Co.	Centralizers, etc.	116.71
187	L. Lee Wilson Drilling Co.	Drilling Well	10,562.61
188	Bloomfield Oil Field Service	Completion Work	1,443.13
189	Odeco, Inc.	Frac Tanks, Hauling, Compl.	2,029.02
192	Franklin Supply	Nipple	21.85
193	Donham Tool Co.	Rental-Blowout Preventer, etc	681.08
	Manana Gas, Inc.	Drilling Administrative	425.00
<u>Total Intangible Drilling Costs to Date</u>			<u>\$ 36,405.62</u>
<u>TANGIBLE DRILLING COSTS:</u>			
131	Lea Equipment Co.	7" Casing Shoe	\$ 70.74
151	Nine Star Trading Co.	Wellhead, Valves, etc.	705.37
154	Delta Service Co.	164' - 7" Surface Casing	820.00
177	L. Lee Wilson Drilling Co.	2100' - 3½" Casing	5,517.58
<u>Total Tangible Drilling Costs to Date</u>			<u>\$ 7,113.69</u>
<u>LEASEHOLD COSTS:</u>			
156	Harfield C. Crane	Lease	\$ 1,000.00
102	Charles G. Shepard	Lease	500.00
199	Lee Huddleston	Lease	2,000.00
<u>Total Lease Costs to Date</u>			<u>\$ 3,500.00</u>
<u>Total Development Costs to Date</u>			<u>\$ 47,019.31</u>

* Surface damage will be refunded if approved by landowner.

	<u>Percent</u>	<u>Total</u>	<u>Intangibles</u>	<u>Tangibles</u>	<u>Lease Costs</u>
Curtis & Anne Little	40%	\$ 18807.72	\$ 14562.25	\$ 2845.47	\$ 1400.00
L. Lee Wilson	10%	4701.93	3640.56	711.37	350.00
Ed Hartman et al	40%	18807.73	14562.25	2845.48	1400.00
Manana Gas, Inc.	10%	4701.93	3640.56	711.37	350.00
Totals	<u>100%</u>	<u>\$ 47019.31</u>	<u>\$ 36405.62</u>	<u>\$ 7113.69</u>	<u>\$ 3500.00</u>