Clay Johnson Oil & Gas Properties



203 WEST WALL, SUITE 202*MIDLAND, TEXAS 79701*(432) 684-4110*FAX (432) 684-5166

AAPI -CPI

November 10, 2004

Bank One, Texas, N.A. Bill Coats

VIA FACSIMILE 817-884-5458

Re: Oil and Gas Lease Proposal

N/2 NE/4, SW/4 NE/4 & SE/4 Sec. 19, NE/4 NE/4 Sec. 30, T-26-S, R-35-E, N.M.P.M., Lea County, New Mexico 320 acres

Dear Mr. Coats:

The Deed Records of Lea County, New Mexico indicate that EFS Royalty Partners, L.P. owns an undivided 55% of 1/16th mineral interest under the above referenced lands, being 11 net mineral acres.

This letter shall offer to lease all of the above mineral interest under the above referenced lands according to the following terms:

1/4th Royalty

3 year paid-up primary term

\$150.00/acre lease bonus consideration

Your prompt and favorable response would be greatly appreciated. Should you have any questions, do not hesitate to call.

Thank you for your time and consideration on this matter.

Respectfully,

Mary Kay Brasuel

NII CONSERVATION DIVISION

CASE NUMBER

EXHIBIT NUMBER 2



Lone Star Overnight 800.800.8984 www.lso.com

Airbill No. Z1127687

To: BILL COATS
C/O BANK ONE NA; EFS
ROYALTY
420 THROCKMORTON
200
FORT WORTH, TX 76102

(817) 884 - 4486 Service Type: By 10:30am

1D00V

From: KANEEPER

PURE RESOURCES LP

500 W ILLINOIS MIDLAND, TX 79701 (432) 498 - 8600

FTW

By 10:30am

QuickCode: EFS ROYALTY
Date Printed: 12/14/2004

Fold on above line and place shipping label in pouch on package. Please be sure the barcodes and addresses can be read and scanned.

Shipping Instructions

- 1. Fold this page along the horizontal line above.
- 2. Place this Airbill in the shipping label pouch on the package you are shipping. Please be sure the barcodes and addresses can be read and scanned.
- 3. To Print a record of your shipment, click on View Customer Record or View History.
- 4. To schedule a pickup, visit us at www.lso.com.
- 5. To locate a drop box near you, visit us at <u>www.lso.com</u> and click on **Drop Box Locations**.

WARNING: Use only the printed original label for shipping. Using a photocopy of this label for shipping purposes is fraudulent and could result in additional billing charges, along with the cancellation of your Lone Star Overnight account number.

LIMIT OF LIABILITY: We are not responsible for claims in excess of \$100 for any reason unless you: 1) declare a greater value (not to exceed \$25,000); 2) pay an additional fee; 3) and document your actual loss in a timely manner. We will not pay any claim in excess of the actual loss. We are not liable for any special or consequential damages. Additional limitations of liability are contained in our current Service Guide. If you ask us to deliver a package without obtaining a delivery signature, you release us of all liability for claims resulting from such service. NO DELIVERY SIGNATURE WILL BE OBTAINED FOR 8:30 AM DELIVERIES OR RESIDENTIAL DELIVERIES.

TRANSMISSION OK

TX/RX NO

CONNECTION TEL

SUBADDRESS CONNECTION ID

ST. TIME

USAGE T PGS. SENT RESULT 2338

918178845458p966

12/14 15:14

01'40

OK

FAX COVER SHEET

PURE RESOURCES, L.P. 500 W. ILLINOIS MIDLAND, TX 79701 USA

Phone: (432) 498-8600 Fax: (432) 498-2610

SEND TO							
Company name	From						
EFS Royalty Partners, L.P. C/O Bank One N.A.	Robert Ready						
Attention	Date						
Bill Coats	12/14/04						
Office location	Office location						
Fort Worth, TX	Midland, TX						
Fax number	Phone number						
817-884-5458	432-498-8600						
Total pages, including cover: 4							
Total pages, including cover: 4 COMMENTS							
COMMENTS							
COMMENTS Beckham 19 #1 Well Proposal (AFE 1050023)							
COMMENTS Beckham 19 #1 Well Proposal (AFE 1050023)							
COMMENTS Beckham 19 #1 Well Proposal (AFE 1050023)							
COMMENTS Beckham 19 #1 Well Proposal (AFE 1050023)							
COMMENTS Beckham 19 #1 Well Proposal (AFE 1050023)							



December 14, 2004

A Unocal Company

Via fax to (817) 884 5458 and Overnight Delivery

EFS Royalty Partners, L.P. c/o Bank One, N. A. Attn: Mr. Bill Coats 420 Throckmorton, Suite 200 Fort Worth, TX 76102

RE: Well Proposal - Beckham 19 #1 Well (AFE NO. 1050023)

W/2 of Section 19-T26S-R35E, NMPM Madera Prospect; Lea County, New Mexico

Dear Mr. Coats:

Pure Resources, L.P. ("Pure"), as Operator, proposes to drill the Beckham 19 #1 well at a legal location approximately 1,650' FSL and 1,310' FEL of said Section 19 to a depth of 15,500' to test the Atoka formation ("Operation"). We plan to spud the well in late January or early February. The total cost of the Operation is estimated to be \$3,868,323, and a detailed description of such cost is set out in the enclosed Authorization for Expenditure.

Our records reflect that you own 55% of 1/16 unleased mineral interest (9.625 net acres) in the N/2 NE/4, SW/4 NE/4 and SE/4 of said Section 19 (280 acres), being a 3.0078125% interest in the 320 acre spacing unit (W/2 of Section 19).

Please evidence your election whether or not to participate in the Operation by marking the corresponding space on the following page, and if you choose to participate, also mark your election concerning participation in Pure's well control insurance. Then sign, date and return one (1) executed copy of this letter by fax to the attention of Kathy Neeper at (432) 498-2610 and/or send the executed original to Pure in the return envelope provided herewith.

Upon receipt of your election to participate we will submit our proposed form of operating agreement for your review and execution. Technical questions should be directed to Ken Krawietz and land questions to the undersigned.

Sincerely,

J. Robert Ready

Land Director

	<u>.P. Well Proposal - Beckham 1</u> T26S-R35E, NMPM	9 #1 Well (AFE NO.	1050023)
	ea County, New Mexico		
We elect TO participa	te in the above-described Operat	tion for the Beckham	19 #1 well; and
ACCEPT	DECLINE - participation in P	ure's well control ins	urance.
·	g well control insurance, please ince carrier or evidence that yo	^	ce certificate from
We elect <u>NOT TO</u> pa	articipate in the above-described	Operation for the Bed	ckham 19 #1 well.
EXECUTED THIS	DAY OF	, 20	
EFS ROYALTY PARTN	ERS, L.P.		
BY:	PHONE:	ЕМА	IL:
TITI E.	FAY NI IMRER		

PURE RESOURCES AUTHORIZATION FOR EXPENDITURE

			AUT	HORIZATIO	ON FOR	EXPE	NDITURE			DATE: 11/9/04	<u> </u>
PREPARED BY :	K. Krawiei	7			_		AFE NO.:				
LEASE/WELL:	Beckhar	n "19" #1					PROPOSED DEPTH	ł:	15,500		
SURFACE LOCATION:	1650' FSL	& 1310 FEL	Sec 19 - T2	6S - R35E	_		COUNTY & STATE:		Lea County, Ne	w Mexico	
PROPOSAL:	Orill 15,500	Y Vertical Ato	ka Test		_		FIELD:		Wildcat (Atoka)		
EXPENSE	STORY SE	ere e	(M) y4 (8)		NGIBLE			To the Control of	i esta e e e e e e e e e e e e e e e e e e e	ra gio de la fig ione.	学院植植园的
<u></u>				Mic			DRY-HOLE	COMPLETION CASING COST	STIMULATION COST	TOTAL	TOTAL
CAPITAL					# UNITS	\$/UNIT	COST \$10,000	CASING COST		COMPLETION	COST
1 Access & Damages 2 Locations & Roads (includes site co	nstruct cond	uctor nit dea	0410)		 	+	\$285,000	\$3,000		\$3,000	\$10,000 \$288,000
3 Rig Move	HOU BOLL GOING	dotor, pit dica	il-up)		 	 	\$66,000	- 40,000		\$3,000	\$66,000
4 Day Work	1				72/5	\$11,000		\$55,000		\$55,000	\$847,000
5 Footage											
6 Bits & Reamers							\$125,000				\$125,000
7 Fuel						<u> </u>	\$108,000	\$7,500		\$7,500	\$115,500
8 Water					 	ļ	\$75,000	\$5,000		\$5,000	\$80,000
9 Mud Materials						 	\$165,000	\$7,500		\$7,500	\$172,500
10 Cementing 11 Pipe Inspection		······································	···		 	 	\$75,000	\$20,000		\$20,000	\$95,000
12 Coring & Testing	<u></u>				 	ļ	\$35,000	\$2,000		\$2,000	\$37,000
13 Logging & Perforating	12 OH Issori	ng runs 0 7°	CO TO DE	T's A TIN	 	 	\$100,000		\$15,000	\$15,000	6445 000
IS Tubing Conveyed Perforating	LE CHI KOMP	ing rous & r	OF, 10. NF	15 (10)	 		\$100,000		815,000	\$15,000	\$115,000
4 Casing Crews & Tools					} 	 	\$15,000	\$5,000		\$5,000	\$20,000
15 Stimulation - Frac					1	1	7.31.5.1		\$200,000	\$200,000	\$200,000
5 Stimulation - Acid					 						
6 Completion Unit					10	\$2,400			\$24,000	\$24,000	\$24,000
7 Transportation					J		\$5,000	\$5,000		\$5,000	\$10,000
8 Equipment Rental							\$115,000	\$8,000	\$7,500	\$15,500	\$130,500
8 Equipment Flental - Top Drive	<u>'r</u>				75	\$500	\$37,500				\$37,500
8 Equipment Rental - Reverse Unit											
8 Equipment Rental - BOP							\$35,000		\$1,500	\$1,500	\$36,500
6 Equipment Rental - Tank Rental			frank (a a)			67700	\$42,000		\$15,000	\$15,000	\$15,000
9 Geological Expense 20 Engineering Expense			(mud Log)		60	\$700	\$10,000				\$42,000 \$10,000
1 Contract Labor					! 		\$25,000				\$25,000
2 Supervision & Overhead					795/15	\$1,000	\$72,000	\$5,000	\$15,000	\$20,000	\$92,000
3 Other Drilling/Completion Expense					723310	0.000	\$7,500				\$7,500
M Drilletring Rentals		·		***	 		\$60,000	\$7,500		\$7,500	\$67,500
M Other Rentals							\$10,000				\$10,000
M Other Services							\$50,000				\$50,000
5 Directional Drilling Services											
S Fishing Tools & Services											
7 P&A Costs							\$50,000				\$50,000
8 Legal & Insurance					 		2122 222		4/5 000		A. 40 A00
9 Contingencies					<u> </u>		\$125,000		\$15,000	\$15,000	\$140,000
							40 405 600	6190 F00	6000 000	6400 500	60 049 600
O TOTAL INTANGIBLES				15,8119 1 7 5 48 1 5 A	1 - 1 - 1 - 7 - 7	Liver Place 12	\$2,495,000	\$130,500	\$293,000	\$423,500	\$2,918,500
			7		GIBLE C				1		
				IAN	MIDLE U	J319					
	LENGTH	SIZE	#FT	GRADE	CONN	\$/FT					
I Surface Casing	1,100	13-3/8"	54.0 #	K55		\$37.25	\$40,975			. 1	\$40,975
2. Intermediate Casing	5,400	9-6/8"	40.0 #	K&HCK55		\$28.51	\$153,954				\$153,954
3 Intermediate Casing	13,400	7	29.0 #	P-110		\$25.66	\$343,844				-\$343,844
4 Intermediate Liner						-					
6 Production Liner	2,300	4-1/2"	15.1 #	P-110	LTC	\$13.50		\$31,050		\$31,050	\$31,050
6 Production Casing (Tie-Back)											
7 Liner Equipment .	ı							\$30,000		\$30,000	\$30,000
8 Tubing	15,000	2-7/8"	6.5#	NBO	EUE	\$6.00		\$90,000		\$90,000	\$90,000
9 Tubing	1										
0 Flowline											
1 Sucker Rods				ļ							
2 Pump Unit							- HE 000		\$30,000	\$30,000	\$45,000
Welthead Equipment Insert Pump							\$15,000				المالادا
5 Subsurface Equipment	i i				 				\$15,000	\$15,000	\$15,000
B Producing Facilities									\$200,000	\$200,000	\$200,000
7 Tanks											
8 Electrical Equipment											
P. Contingencies (% TAN)							·				
											300 20 000
TOTAL TANGIBLES						1	\$553,773	\$151,060	\$245,000	\$396,050	\$949,823
TOTAL WELL COST				·			69 848 976	eggs eggl	6500 000	2010 EEN	\$3,868,823
I IVITE WELL WOI						i	\$3,048,773	\$281,550	8538,000	\$819,550	

\$281,650 8538,000

\$3,048,773



January 24, 2005

A Unocal Company

Via fax to (817) 884 5458 and Overnight Delivery

EFS Royalty Partners, L.P. c/o Bank One, N. A. Attn: Mr. Bill Coats 420 Throckmorton, Suite 200 Fort Worth, TX 76102

RE: Well Proposal - Beckham 19 #1 Well (AFE NO. 1050023)

E/2 of Section 19-T26S-R35E, NMPM Madera Prospect; Lea County, New Mexico

Dear Mr. Coats:

Pure Resources, L.P. ("Pure"), as Operator, proposes to drill the Beckham 19 #1 well at a legal location approximately 1,650' FSL and 1,310' FEL of said Section 19 to a depth of 15,500' to test the Atoka formation ("Operation"). We currently plan to spud the well in late February or early March 2005. The total cost of the Operation is estimated to be \$3,868,323, and a detailed description of such cost is set out in the enclosed Authorization for Expenditure.

Our records reflect that you own 55% of 1/16 unleased mineral interest (9.625 net acres) in the N/2 NE/4, SW/4 NE/4 and SE/4 of said Section 19 (280 acres), being a 3.0078125% interest in the 320 acre spacing unit (E/2 of Section 19).

Please evidence your election whether or not to participate in the Operation by marking the corresponding space on the following page, and if you choose to participate, also mark your election concerning participation in Pure's well control insurance. Then sign, date and return one (1) executed copy of this letter by fax to the attention of Kathy Neeper at (432) 498-2610 and/or send the executed original to Pure in the return envelope provided herewith.

Upon receipt of your election to participate we will submit our proposed form of operating agreement for your review and execution. Technical questions should be directed to Ken Krawietz and land questions to the undersigned.

Sincerely,

Land Director

RE: Pure Resources.	L.P. Well Proposal - Beckhar	m 19 #1 Well (AFE NO. 105	<u>0023)</u>
E/2 of Section 19	9-T26S-R35E, NMPM		
Madera Prospect	; Lea County, New Mexico		
We elect TO partic	ipate in the above-described Op	peration for the Beckham 19#	1 well; and
ACCEPT	DECLINE - participation i	in Pure's well control insurance	ce.
	ing well control insurance, ple trance carrier or evidence that	-	ertificate from
We elect NOT TO	participate in the above-describ	bed Operation for the Beckhar	m 19 #1 well.
EXECUTED THIS	_ DAY OF	, 20	
EFS ROYALTY PART	'NERS, L.P.		
BY:	PHONE:	EMAIL: _	
TITLE:	FAX NUMBER:		

PURE RESOURCES

AUTHORIZATION FOR EXPENDITURE

			AUT	HORIZATION	ON FOF	REXPE	NDITURE			DATE: 11/9/04	
PREPARED BY :	K. Krawiet	z			_		AFE NO.:	<u> </u>	105002	3	
LEASE/WELL:	Beckhan	n "19" #1					PROPOSED DEPT	1 :	15,500		
SURFACE LOCATION:	1650' FSL	& 1310' FEL,	Sec 19 - T26	SS - R35E	_		COUNTY & STATE:		Lea County, New	w Mexico	
PROPOSAL:	Drill 15,500	Vertical Ato	ka Test		_		FIELD:		Wildcat (Atoka)	·	
EXPENSE	10 mg	A12.0 %	74 W =		NGIBLE			C TO THE REAL PROPERTY.	Water of St	本格的 是可以	AND THE PROPERTY OF
				INIA			DRY-HOLE	COMPLETION	STIMULATION	TOTAL	TOTAL
CAPITAL					#UNITS	\$/UNIT	COST	CASING COST	COST	COMPLETION	COST
1 Access & Damages 2 Locations & Roads (includes site co	nstruct condu	ictor nit clear	2-(10)		 	 	\$10,000 \$285,000	\$3,000		\$3,000	\$10,000 \$288,000
3 Rig Move	ribirout, corice	scior, pir ciear	(-0p)		+	 	\$66,000	\$0,000		- 30,000	\$66,000
4 Day Work					72/5	\$11,000		\$55,000		\$55,000	\$847,000
5 Footage											
6 Bits & Reamers							\$125,000				\$125,000
7 Fuel							\$108,000	\$7,500		\$7,500	\$115,500
8 Water							\$75,000	\$5,000		\$5,000	\$80,000
9 Mud Materials					<u> </u>	<u> </u>	\$165,000	\$7,500		\$7,500	\$172,500
10 Cementing							\$75,000	\$20,000		\$20,000	\$95,000
11 Pipe Inspection						<u> </u>	\$35,000	\$2,000		\$2,000	\$37,000
12 Coring & Testing	/o. C · · ·				4	↓					
13 Logging & Perforating	(2 OH loggir	ng runs 🥝 7°	CP, TD. RF	Ts (PTD)	 	 	\$100,000		\$15,000	\$15,000	\$115,000
13 Tubing Conveyed Perforating 14 Casing Crews & Tools					}		645.000	\$5,000			\$20,000
15 Stimulation - Frac			······		┼		\$15,000	\$5,000	\$200,000	\$5,000 \$200,000	
15 Stimulation - Acid					 	 			\$200,000	\$200,000	\$200,000
16 Completion Unit					10	\$2,400	 		\$24,000	\$24,000	\$24,000
17 Transportation					1	02,100	\$5,000	\$5,000	<u> </u>	\$5,000	\$10,000
18 Equipment Rental					+-		\$115,000	\$8,000	\$7,500	\$15,500	\$130,500
18 Equipment Rental - Top Drive	,				75	\$500	\$37,500		V. 1		\$37,500
18 Equipmen: Rental - Reverse Unit	-				 	- V					
18 Equipment Rental - BOP					1		\$35,000		\$1,500	\$1,500	\$36,500
18 Equipment Rental - Tank Rental									\$15,000	\$15,000	\$15,000
19 Geological Expense			(mud Log)		60	\$700	\$42,000				\$42,000
20 Engineering Expense							\$10,000				\$10,000
21 Contract Labor							\$25,000				\$25,000
22 Supervision & Overhead					72/5/15	\$1,000	\$72,000	\$5,000	\$15,000	\$20,000	\$92,000
23 Other Drilling/Completion Expense							\$7,500				\$7,500
24 Drillstring Rentals							\$60,000	\$7,500		\$7,500	\$67,500
24 Other Rentals					<u> </u>	1	\$10,000				\$10,000
24 Other Services					1		\$50,000				\$50,000
25 Directional Drilling Services					1						
26 Fishing Tools & Services					 	 	6E0 000				\$50,000
27 P&A Costs					 	ļ	\$50,000				\$50,000
28 Legal & Insurance 29 Contingencies					 	-	\$125,000		\$15,000	\$15,000	\$140,000
as Contropencies					1	Ĺ	\$ 3725,000		\$15,000	4.0,000	\$740,500
30 TOTAL INTANGIBLES							\$2,495,000	\$130,500	\$293,000	\$423,500	\$2,918,500
THE RESIDENCE AND ASSESSED.	State and the state of the state of	essantan.	. S. Maria	Su esta de Car	Wallet 1	and the same		<u> </u>	4200,000	A 44 2 2 6	47 - Hart & 62
And a second subsequent distribution of the first and a second of the con-	With the state of	THE CANADAMA	E. S. P. Hall & Sandar B.	TAL	IGIBLE C	NAMES AND STREET				-158000941 ,FG-0-18-4-4-1	TARGET A SHIP PARTY CO.
				100	1010000						i
	LENGTH	SIZE	#FT	GRADE	CONN	\$/FT					
31 Surface Casing	1,100	13-3/8"	54.0#	K55	STC	\$37.25	\$40,975				\$40,975
32 Intermediate Casing	5,400	9-5/8"	40.0#	K & HCK55	LTC	\$28.51	\$153,954				\$153,954
33 Intermediate Casing	13,400	7"	29.0#	P-110	LTC	\$25.66	\$343,844				\$343,844
34 Intermediate Liner					 						
35 Production Liner	2,300	4-1/2"	15.1 #	P-110	LTC	\$13.50		\$31,050		\$31,050	\$31,050
96 Production Casing (Tie-Back)				I	L						
37 Liner Equipment								\$30,000		\$30,000	\$30,000
38 Tubing	15,000	2-7/8"	6.5 #	N80	EUE	\$6.00		\$90,000		\$90,000	\$90,000
39 Tubing							 				
10 Flowline						ļ					
I1 Sucker Rods	ļ			ļ			ļ				
2 Pump Unit		J		ļ	 	ļ	45000		600 000	\$30,000	\$45,000
IS Wellhead Equipment	 			 	1		\$15,000		\$30,000	\$30,000	\$45,000
14 Insert Pump 15 Subsurface Equipment	 	 		 		 	 		\$15,000	\$15,000	\$15,000
16 Producing Facilities	 			 	-	 			\$200,000	\$200,000	\$200,000
7 Tanks	 			}	 		 		- 		
8 Electrical Equipment	 			 	\vdash	 					
9 Contingencies (% TAN)	 			 	\vdash						
				L		·			·····		
O TOTAL TANGIBLES							\$553,773	\$151,050	\$245,000	\$396,050	\$949,823
Charles of the second sections		200		(COMPLETED)				2006-09-09			42 969 423
1 TOTAL WELL COST							\$3,048,773	\$281,550	\$538,000	\$819,550	\$3,868,323

State of New Mexico

DISTRICT I 1626 K. FRENCE DR., BOBBS, NM 86240

100 mg

DISTRICT IV

Energy, Minerals and Natural Resources Departmen.

WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102

DISTRICT II 1301 T. CRAIG AVENUE, ARTESIA, NIK 66210

OIL CONSERVATION DIVISION Submit to Appropriate District Office 1220 SOUTH ST. FRANCIS DR.

Revised JUNE 10, 2003 State Lease - 4 Copies Fee Lease - 3 Copies

DISTRICT III Santa Fe. New Mexico 87505 1000 Rio Brazos Rd., Aztec, NM 87410

C AMENDED DEDOOR

1230 S. ST. FRANCIS DEL, SANTA FE, NY 875	05	C AMENDED REFUR
API Number	Pool Code	Pool Name
Property Code	Property Name BECKHAM 19	Well Number
OGRID No.	Operator Name PURE RESOURC	ES Elevation 3180'

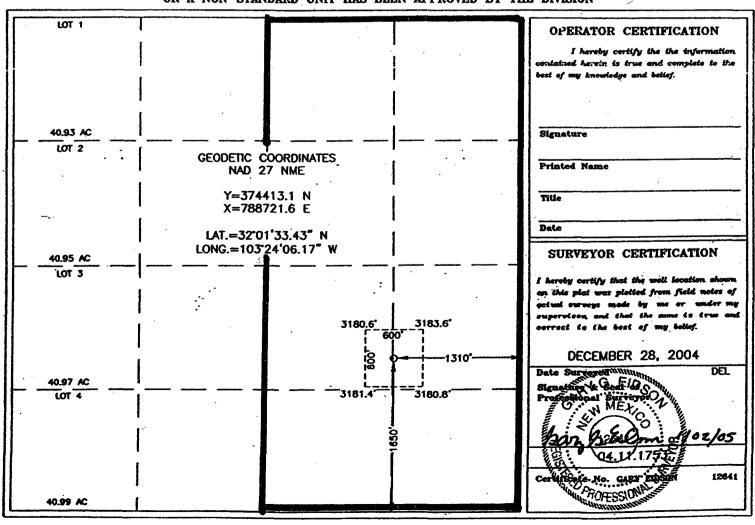
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	19	26-S	35-E		1650	SOUTH	1310	EAST	LEA

Bottom Hole Location If Different From Surface

Dedicated Acres Joint or Infill Consolidation Code Order No.	

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



Clay Johnson Oil & Gas Properties



203 WEST WALL, SUITE 202*MIDLAND, TEXAS 79701*(432) 684-4110*FAX (432) 684-5166

AAPL-CPL

November 4, 2004

Dorchester Minerals, L.P. Ms. Terri Farmer 3738 Oaklawn Ave., Suite 300 Dallas, Texas 78219-4379

Re:

Oil and Gas Lease Proposal N/2 NE/4, SW/4 NE/4 & SE/4 Sec. 19, NE/4 NE/4 Sec. 30, T-26-S, R-35-E, N.M.P.M., Lea County, New Mexico 320 acres

Dear Ms. Farmer:

The Deed Records of Lea County, New Mexico indicate that Dorchester Minerals, L.P. owns an undivided 45% of 1/16th mineral interest under the above referenced lands, being 9 net mineral acres each.

This letter shall offer to lease all of the above mineral interest under the above referenced lands according to the following terms:

1/4th Royalty

3 year paid-up primary term

\$150.00/acre lease bonus consideration

Your prompt and favorable response would be greatly appreciated. Should you have any questions, do not hesitate to call.

Thank you for your time and consideration on this matter.

Respectfully,

Mary Kay Brasuel



Lone Star Overnight 800.800.8984 www.lso.com

AITDIII No. Z1127673

To: BRAD EHRMAN

DORCHESTER MINERALS LP 3838 OAKLAWN AVE

300

DALLAS, TX 75219 (214) 559 - 0300

Service Type: By 10:30am

1D00V

From: KANEEPER

PURE RESOURCES LP

500 W ILLINOIS MIDLAND, TX 79701

(432) 498 - 8600

RBD

By 10:30am

QuickCode: DORCHESTER
Date Printed: 12/14/2004

Fold on above line and place shipping label in pouch on package. Please be sure the barcodes and addresses can be read and scanned.

Shipping Instructions

- 1. Fold this page along the horizontal line above.
- 2. Place this Airbill in the shipping label pouch on the package you are shipping. Please be sure the barcodes and addresses can be read and scanned.
- 3. To Print a record of your shipment, click on View Customer Record or View History.
- 4. To schedule a pickup, visit us at www.lso.com.
- 5. To locate a drop box near you, visit us at www.lso.com and click on Drop Box Locations.

WARNING: Use only the printed original label for shipping. Using a photocopy of this label for shipping purposes is fraudulent and could result in additional billing charges, along with the cancellation of your Lone Star Overnight account number.

LIMIT OF LIABILITY: We are not responsible for claims in excess of \$100 for any reason unless you: 1) declare a greater value (not to exceed \$25,000); 2) pay an additional fee; 3) and document your actual loss in a timely manner. We will not pay any claim in excess of the actual loss. We are not liable for any special or consequential damages. Additional limitations of liability are contained in our current Service Guide. If you ask us to deliver a package without obtaining a delivery signature, you release us of all liability for claims resulting from such service. NO DELIVERY SIGNATURE WILL BE OBTAINED FOR 8:30 AM DELIVERIES OR RESIDENTIAL DELIVERIES.

Beckham 19 #1 Well Proposal (AFE 1050023)

Lea County, New Mexico



December 14, 2004

A Unocal Company

Via fax to (214) 559 0301 and Overnight Delivery

Dorchester Minerals, L.P. Attn: Mr. Brad Ehrman 3838 Oaklawn Avenue, Suite 300 Dallas, Texas 75219-4541

RE: Well Proposal - Beckham 19 #1 Well (AFE NO. 1050023)

> W/2 of Section 19-T26S-R35E, NMPM Madera Prospect; Lea County, New Mexico

Dear Mr. Ehrman:

Pure Resources, L.P. ("Pure"), as Operator, proposes to drill the Beckham 19 #1 well at a legal location approximately 1,650' FSL and 1,310' FEL of said Section 19 to a depth of 15,500' to test the Atoka formation ("Operation"). We plan to spud the well in late January or early February. The total cost of the Operation is estimated to be \$3,868,323, and a detailed description of such cost is set out in the enclosed Authorization for Expenditure.

Our records reflect that you own 45% of 1/16 unleased mineral interest (7.875 net acres) in the N/2 NE/4. SW/4 NE/4 and SE/4 of said Section 19 (280 acres), being a 2.4609375% interest in the 320 acre spacing unit (W/2 of Section 19).

Please evidence your election whether or not to participate in the Operation by marking the corresponding space on the following page, and if you choose to participate, also mark your election concerning participation in Pure's well control insurance. Then sign, date and return one (1) executed copy of this letter by fax to the attention of Kathy Neeper at (432) 498-2610 and/or send the executed original to Pure in the return envelope provided herewith.

Upon receipt of your election to participate we will submit our proposed form of operating agreement for your review and execution. Technical questions should be directed to Ken Krawietz and land questions to the undersigned.

Sincerely.

J. Robert Read Land Director

		am 19 #1 Well (AFE NO. 1050023)	
	-T26S-R35E, NMPM Lea County, New Mexico		
	200 County, New Market		
We elect <u>TO</u> particip	pate in the above-described Op	Operation for the Beckham 19 #1 well; and	
ACCEPT _	DECLINE - participation	n in Pure's well control insurance.	
•	ng well control insurance, pl rance carrier or evidence tha	olease provide an insurance certificate from at you are self-insured.)	n
We elect NOT TO	participate in the above-descri	ribed Operation for the Beckham 19 #1 well.	
EXECUTED THIS	DAY OF	, 20	
DORCHSTER MINERA	ALS, L.P.		
BY:	PHONE:	EMAIL:	
TITLE:	FAX NUMBER:	k:	

PURE RESOURCES AUTHORIZATION FOR EXPENDITURE

DATE: 11/9/04

PREPARED BY:	K. Krawiet	z			_		AFE NO.:		· · · · · · · · · · · · · · · · · · ·		
LEASEMELL:	Beckhan	n "19" #1					PROPOSED DEPTH	ł:	15,500		
SURFACE LOCATION:	1650' FSL	& 1310' FEL	Sec 19 - T26	S - R35E	_		COUNTY & STATE:		Lea County, Nev	w Mexico	
PROPOSAL:	Driff 15,500	Vertical Ato	ka Test		-		FIELD:		Wildcat (Atoka)		
EXPENSE	Section of the second	er er	357 y 1 3 40		NGIBLE		CHARLES A	A PROPERTY OF	i kaya j edi	- Le nger of Lenger to	प्रमे के प्रमा लकार
CAPITAL					# UNITS	\$/UNIT	DRY-HOLE COST	COMPLETION CASING COST	STIMULATION COST	TOTAL COMPLETION	TOTAL COST
1 Access & Damages							\$10,000				\$10,000
2 Locations & Roads (includes site co 3 Rig Move	instruct, condu	uctor, pit clear	n-up)		 	-	\$265,000 \$66,000	\$3,000		\$3,000	\$288,000 \$66,000
4 Day Work					72/5	\$11,000		\$55,000		\$55,000	\$847,000
5 Footage						Ţ	0105.000				
6 Bits & Reamers 7 Fuel					 	 	\$125,000 \$108,000	\$7,500		\$7,500	\$125,000 \$115,500
8 Water						<u> </u>	\$75,000	\$5,000		\$5,000	\$80,000
9 Mud Materials							\$165,000	\$7,500		\$7,500	\$172,500
10 Cementing 11 Pipe Inspection					}	 	\$75,000 \$35,000	\$20,000 \$2,000		\$20,000	\$95,000
12 Coring & Testing					 		\$30,000	\$2,000		32,000	\$37,000
13 Logging & Perforating	(2 OH loggir	ng runs @ 7°	CP, TD. RF	rs @ TD)	,		\$100,000		\$15,000	\$15,000	\$115,000
13 Tubing Conveyed Perforating							2/5 000			20.000	
14 Casing Crews & Tools 15 Stimulation - Frac							\$15,000	\$5,000	\$200,000	\$5,000 \$200,000	\$20,000 \$200,000
15 Stimutation - Acid						 			<u> </u>	- \$200,000	- 62 00,000
6 Completion Unit					10	\$2,400			\$24,000	\$24,000	\$24,000
7 Transportation						<u> </u>	\$5,000	\$5,000	47.500	\$5,000	\$10,000
18 Equipment Rental 18 Equipment Runtal - Too Drive					76	\$500	\$115,000 \$37,500	\$8,000	\$7,500	\$15,500	\$130,500 \$37,500
18 Equipment Rental - Reverse Unit					 '`						
18 Equipment Rental - BOP							\$35,000		\$1,500	\$1,500	\$36,500
18 Equipment Rental - Tank Rental			formal Local		 	\$700	\$42,000		\$15,000	\$15,000	\$15,000 \$42,000
19 Geological Expense 20 Engineering Expense			(mud Log)		60	\$700	\$10,000				\$10,000
Contract Labor							\$25,000				\$25,000
2 Supervision & Overhead					72/5/15	\$1,000	\$72,000	\$5,000	\$15,000	\$20,000	\$92,000
23 Other Oriting/Completion Expense		<u> </u>			 		\$7,500 \$60,000	\$7,500		\$7,500	\$7,500 \$67,500
M Officting Rentals M Other Rentals					 	-	\$10,000			0.,000	\$10,000
H. Other Services							\$50,000				\$50,000
5 Directional Dritting Services											
15 Fishing Tools & Services 17 P&A Costs					 		\$50,000				\$50,000
2 Legal & Insurance					 						
9 Contingencies							\$125,000		\$15,000	\$15,000	\$140,000
O TOTAL INTANGIBLES	matinia matin			WARRING TON 118	d 41 - 22 70 70		\$2,495,000	\$130,500	\$293,000	\$423,500	\$2,918,500
	ar Theory				IGIBLE C	OSTS	İ		1		
	LENGTH	SIZE	#FT	GRADE	CONN	\$/FT	. •.*				
1 Surface Casing	1,100	13-3/8"	54.0 #	K55		\$37.25	\$40,975			·	\$40,975
2 Intermediate Casing	5,400	9-5/8"	40.0#	K&HCK55		\$28.51	\$153,954				\$153,954 \$240,844
3 Intermediate Casing	13,400	7	29.0#	P-110	LTC	\$25.66	-\$343,844				\$343,844
4 Intermediate Liner 5 Production Liner	2,300	4-1/2"	15.1 #	P-110	170	\$18.50		\$31,050		\$31,050	\$31,050
6 Production Casing (Tie-Back)			10.14			Ţ,C.					
7 Liner Equipment								\$30,000		\$30,000	\$30,000
8 Tabing 9 Tubing	15,000	2-7/6"	6.5 #	NBO	EUE	\$6.00		\$90,000		\$90,000	\$90,000
O Flowing	 				 						
1 Sudker Rods											
2. Pump Unit										000,002	
Welfheed Equipment Insert Pump		<u>-</u>			 	 	\$15,000		\$30,000	***************************************	\$45,000
5 Subsurface Equipment									\$15,000	\$15,000	\$15,000
8 Producing Facilities									\$200,000	\$200,000	\$200,000
7 Tanka											
B Electrical Equipment Confingencies (% TAN)	 										
TOTAL YANGIBLES							\$553,778	\$151,050	\$245,000	\$398,050	\$949,828
TOTAL WELL COST		-					\$3,048,773	\$281,650	\$538,000	\$819,650	\$3,868,\$23



January 24, 2005

A Unocal Company

Via fax to (214) 559 0301 and Overnight Delivery

Dorchester Minerals, L.P. Attn: Mr. Brad Ehrman 3838 Oaklawn Avenue, Suite 300 Dallas, Texas 75219-4541

RE: Well Proposal - Beckham 19 #1 Well (AFE NO. 1050023)

E/2 of Section 19-T26S-R35E, NMPM Madera Prospect; Lea County, New Mexico

Dear Mr. Ehrman:

Pure Resources, L.P. ("Pure"), as Operator, proposes to drill the Beckham 19 #1 well at a legal location approximately 1,650' FSL and 1,310' FEL of said Section 19 to a depth of 15,500' to test the Atoka formation ("Operation"). We plan to spud the well in late February or early March 2005. The total cost of the Operation is estimated to be \$3,868,323, and a detailed description of such cost is set out in the enclosed Authorization for Expenditure.

Our records reflect that you own 45% of 1/16 unleased mineral interest (7.875 net acres) in the N/2 NE/4, SW/4 NE/4 and SE/4 of said Section 19 (280 acres), being a 2.4609375% interest in the 320 acre spacing unit (E/2 of Section 19).

Please evidence your election whether or not to participate in the Operation by marking the corresponding space on the following page, and if you choose to participate, also mark your election concerning participation in Pure's well control insurance. Then sign, date and return one (1) executed copy of this letter by fax to the attention of Kathy Neeper at (432) 498-2610 and/or send the executed original to Pure in the return envelope provided herewith.

Upon receipt of your election to participate we will submit our proposed form of operating agreement for your review and execution. Technical questions should be directed to Ken Krawietz and land questions to the undersigned.

Sincerely,

V. Robert Read

Land Director

RE: <u>Pure Resources, L.P. Well P</u>	roposal - Beckham 19 #1 Well (Al	<u> E NO. 1050023)</u>
E/2 of Section 19-T26S-R35E	, NMPM	
Madera Prospect; Lea County,	New Mexico	
We elect TO participate in the ab	pove-described Operation for the Be	ckham 19 #1 well; and
ACCEPT DECLIN	NE - participation in Pure's well con	trol insurance.
, o	· • •	
We elect NOT TO participate in	n the above-described Operation for	the Beckham 19 #1 well.
EXECUTED THIS DAY OF _	, 20	
DORCHSTER MINERALS, L.P.		
BY:	PHONE:	_EMAIL:
Madera Prospect; Lea County, New Mexico We elect TO participate in the above-described Operation for the Beckham 19 #1 well; and ACCEPT DECLINE - participation in Pure's well control insurance. (If declining well control insurance, please provide an insurance certificate from your insurance carrier or evidence that you are self-insured.) We elect NOT TO participate in the above-described Operation for the Beckham 19 #1 well. EXECUTED THIS DAY OF, 20		

PURE RESOURCES

DATE: 11/9/04

AUTHORIZATION FOR EXPENDITURE

PREPARED BY :	K. Krawiet	z			_		AFE NO.:		105007	3	
LEASEWELL:	Beckhar	n "19" #1			_		PROPOSED DEPT	H:	15,500′		
SURFACE LOCATION:	1650' FSL (& 1310' FEL,	Sec 19 - T20	6S - R35E	_		COUNTY & STATE	<u> </u>	Lea County, Ne	w Mexico	
PROPOSAL:	Drill 15,500	Vertical Ato	ka Test		_		FIELD:		Wildcat (Atoka)		
AL MARKET AND DESCRIPTION OF THE PERSON NAMED AND DESCRIPTION OF T	COMPANY)	A TOTAL PARTY						CONTRACTOR OF THE PARTY OF	WALKE COME.	THE STATE OF THE STATE OF	HE WALLE
EXPENSE				INTA	NGIBLE	costs	DRY-HOLE	COMPLETION	STIMULATION	TOTAL	TOTAL
CAPITAL					# UNITS	\$/UNIT	COST	CASING COST	COST	COMPLETION	COST
1 Access & Damages 2 Locations & Roads (includes site co	vistaict condi	ctor oit clear	D-411D/		Ţ		\$10,000 \$285,000	\$3,000		\$3,000	\$10,000 \$288,000
3 Rig Move	ATOLICOX, COTIC	oto, pir oca	1-up/		 		\$66,000			\$0,000	\$66,000
4 Day Work					72/5	\$11,000	\$792,000	\$55,000		\$55,000	\$847,000
5 Footage 6 Bits & Reamers					 	 	\$125,000				\$125,000
7 Fuel							\$108,000	\$7,500		\$7,500	\$115,500
8 Water	· · · · · · · · · · · · · · · · · · ·				ļ	 	\$75,000	\$5,000		\$5,000	\$80,000
9 Mud Materials 10 Cementing					 	 	\$165,000 \$75,000	\$7,500 \$20,000		\$7,500 \$20,000	\$172,500
11 Pipe Inspection					}	}	\$35,000	\$2,000		\$2,000	\$95,000 \$37,000
12 Coring & Testing											
13 Logging & Perforating	(2 OH loggir	ng runs @ 7"	CP, TD. RF	T's @ TD)			\$100,000		\$15,000	\$15,000	\$115,000
13 Tubing Conveyed Perforating					↓		245.000	45.000			
14 Casing Crews & Tools 15 Stimulation - Frac					├ ──		\$15,000	\$5,000	\$200,000	\$5,000 \$200,000	\$20,000 \$200,000
15 Stimulation - Acid					┼	 			\$200,000	\$200,000	\$200,000
16 Completion Unit	·····				10	\$2,400			\$24,000	\$24,000	\$24,000
17 Transportation							\$5,000	\$5,000		\$5,000	\$10,000
18 Equipment Rental						ļ	\$115,000	\$8,000	\$7,500	\$15,500	\$130,500
18 Equipment Rental - Top Drive					75	\$500	\$37,500				\$37,500
18 Equipment Rental - Reverse Unit 18 Equipment Rental - BOP					 	}	\$35,000		\$1,500	\$1,500	\$36,500
18 Equipment Rental - Tank Rental					 	-	\$03,000		\$15,000	\$15,000	\$15,000
19 Geological Expense			(mud Log)		60	\$700	\$42,000				\$42,000
O Engineering Expense							\$10,000				\$10,000
1 Contract Labor	·						\$25,000	00.000	245 000	****	\$25,000
2 Supervision & Overhead					72/5/15	\$1,000	\$72,000 \$7,500	\$5,000	\$15,000	\$20,000	\$92,000 \$7,500
3 Other Drilling/Completion Expense 4 Orilistring Rentals					 	 	\$60,000	\$7,500		\$7,500	\$67,500
4 Other Rentals					\vdash		\$10,000				\$10,000
M Other Services							\$50,000				\$50,000
5 Directional Drilling Services					ļ	 					
6 Fishing Tools & Services 7 P&A Costs					 		\$50,000				\$50,000
8 Legal & Insurance					 		1 20,000				
9 Contingencies							\$125,000		\$15,000	\$15,000	\$140,000
O TOTAL INTANGIBLES							\$2,495,000	\$130,500	\$293,000	\$423,500	\$2,918,500
A SHIP SHIP SHIP SHIP SHIP SHIP SHIP SHIP	No.	estructure.	A STATE OF	AAT	IGIBLE C	OSTS	L		•	A 41 24 1	
	LENGTH	SIZE	#FT	GRADE	CONN	S/FT					
1 Surface Casing	1,100	13-3/8"	54.0 #	K55		\$37.25	\$40,975				\$40,975
2 Intermediate Casing	5,400	9-5/8"	40.0 #	K & HCK55	LTC	\$28.51	\$153,954			ļ	\$153,954
3 Intermediate Casing	13,400	7"	29.0#	P-110	LTC	\$25.66	\$343,844			 	\$343,844
4 Intermediate Liner	2 200	4 6 5 5 5	15 1 2	B 440	170	\$13.50		\$31,050		\$31,050	\$31,050
5 Production Liner 6 Production Casing (Tie-Back)	2,300	4-1/2"	15.1 #	P-110	LTC	313.5 €					
7 Uner Equipment	<u> </u>							\$30,000		\$30,000	\$30,000
8 Tubing	15,000	2-7/8"	6.5 #	N80	EUE	\$6.00		\$90,000		\$90,000	\$90,000
9 Tubing	1			ļ		-	 			 	
) Flowline 1 Sucker Rods	 			 	 	 	l			-	
2 Pump Unit	 			 	 	 					
3 Wellhead Equipment				1			\$15,000		\$30,000	\$30,000	\$45,000
Finsert Pump											645.600
Subsurface Equipment	ļ					ļ	<u> </u>		\$15,000	\$15,000 \$200,000	\$15,000 \$200,000
Producing Facilities Tanks	 			 	-	1			\$200,000		
Electrical Equipment				 	\vdash						
Contingencies (% TAN)											
TOTAL VANOTIES							- Acca 7221	#4F4 AFA	60.45 A00	\$396,050	\$949,823
TOTAL TANGIBLES	A CONTRACTOR	COR TOP STREET	ne segrepares.	Herrica Const	Samuel Comment	THE STATE OF THE S	\$553,773	\$151,050	\$245,000 \$15,000		
TOTAL WELL COST							\$3,048,773	\$281,550	\$538,000	\$819,550	\$3,868,323

State of New Mexico

DISTRICT I 1625 M. FRENCH DR., BOBBS, MM 86240

Energy, Minerals and Natural Resources Departmen

DISTRICT II 1301 W. GRAND AVENUE, ARTESIA, NIC 68210

OIL CONSERVATION DIVISION 1220 SOUTH ST FRANCIS DR

Form C-102 Revised JUNE 10, 2003 Submit to Appropriate District Office

State Lease - 4 Copies

DISTRICT III	Rd., Aztec, P	TM 87410	Santa Fe, New Mexico 87505					Fee Lease - 3 Copie		
DISTRICT IV 1200 S. SE. FRANCIS DR., SANTA PR., NK 87805			WELL LOCATION AND ACREAGE DEDICATION PLAT					□ AMENDED REPOR		
API	Number			Pool Code		Pool Name				
Property Code			<u> </u>		Well Nur	Well Number				
			Property Name BECKHAM 19					1	11	
OGRID No.		1	Operator Name					1	Elevation	
			PURE RESOURCES					3180'		
					Surface Lo	cation				
UL or lot No.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	Bast/West line	County	
1	19	26-S	35-E		1650	SOUTH	1310	EAST	LEA	
			Bottom	Hole Loc	cation If Diff	erent From Sur	face			
UL or lot No.	Section	Township	Renge	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County	
Dedicated Acres	Joint o	r infill Co	nsolidation	Code Or	der No.				•	
NO ALLO	WABLE W					UNTIL ALL INTER APPROVED BY		ZEN CONSOLIDA	ated	
LOT 1			OPERATO					R CERTIFICATION		

