

HAYES LAND CORPORATION

P.O. Box 51510
Midland, Texas 79710-1510
(432) 682-4336

June 29, 2005

Unit Petroleum Company
PO Box 702500
Tulsa, OK 74170-2500

Re: Byers #1 Well
E/2 Sec. 23, T20S, R35E
Lea Co., NM
Osudo West Prospect

OCD Case No. 13124
Order No. R-12050

RECEIVED
JUL - 1 2005
OIL CONSERVATION
DIVISION
DIVISION

Gentlemen:

Thank you for your fax 6-9-05 reflecting a payout statement on the referenced well as of October 2004. My first written request 5-11-05 and now this my second written request, is asking for **AN ITEMIZED SCHEDULE OF ACTUAL WELL COSTS WITHIN 90 DAYS FOLLOWING COMPLETION OF THE PROPOSED WELL.** The well was completed May 21, 2004 and I have never received this information. For your convenience, a copy of Page 5 of the Oil Conservation Division Case No. 13124, Paragraph (11) reflecting Operator obligations has been enclosed.

Your prompt attention to this matter is appreciated. Please do not hesitate to contact me if you have any questions.

Sincerely,



M. Brad Bennett

Cc: Unit Petroleum Company
407 N. Big Spring, Suite 101
Midland, TX 79701

Mr. Mark Fesmire
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, NM 87504

(8) Applicant is hereby designated the operator of the proposed well and of the 320-Acre Unit.

(9) After pooling, uncommitted working interest owners are referred to as non-consenting working interest owners. ("Uncommitted working interest owners" are owners of working interests in the Unit, including unleased mineral interests, who are not parties to an operating agreement governing the Unit.) After the effective date of this order, the operator shall furnish the Division and each known non-consenting working interest owner in the Unit an itemized schedule of estimated costs of drilling, completing and equipping the proposed well ("well costs").

(10) Within 30 days from the date the schedule of estimated well costs is furnished, any non-consenting working interest owner shall have the right to pay its share of estimated well costs to the operator in lieu of paying its share of reasonable well costs out of production as hereinafter provided, and any such owner who pays its share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges. Pooled working interest owners who elect not to pay their share of estimated well costs as provided in this paragraph shall thereafter be referred to as "non-consenting working interest owners."

(11) The operator shall furnish the Division and each known pooled working interest owner (including non-consenting working interest owners) an itemized schedule of actual well costs within 90 days following completion of the proposed well. If no objection to the actual well costs is received by the Division, and the Division has not objected within 45 days following receipt of the schedule, the actual well costs shall be deemed to be the reasonable well costs. If there is an objection to actual well costs within the 45-day period, the Division will determine reasonable well costs after public notice and hearing.

(12) Within 60 days following determination of reasonable well costs, any non-consenting working interest owner who has paid its share of estimated well costs in advance as provided above shall pay to the operator its share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator its share of the amount that estimated well costs exceed reasonable well costs.

(13) The operator is hereby authorized to withhold the following costs and charges from production:

HAYES LAND CORPORATION
P.O. Box 51510
Midland, Texas 79710-1510
(432) 682-4336

May 11, 2005

Unit Petroleum Company
PO Box 702500
Tulsa, OK 74170-2500

Re: Byers #1 Well
E/2 Sec. 23, T20S, R35E
Lea Co., NM
Osudo West Prospect

OCD Case No. 13124
Order No. R-12050

Gentlemen:

As per Paragraph 11 of the referenced Oil Conservation Division case, this letter is written to request a complete schedule of the itemized costs and payout statements through March 2005.

Thank you for your assistance and please do not hesitate to contact me if you have any questions.


Sincerely,



M. Brad Bennett

Cc: Unit Petroleum Company
407 N. Big Spring, Suite 101
Midland, TX 79701

Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, NM 87504

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none">■ Complete Items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.■ Print your name and address on the reverse so that we can return the card to you.■ Attach this card to the back of the mailpiece, or on the front if space permits.		<p>A. Signature  <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>X</p>	
1. Article Addressed to:		B. Received by (Printed Name) <u>Larry Albright</u>	C. Date of Delivery
Unit Petroleum Company PO Box 702500 Tulsa, OK 74170-2500		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
2. Article Number (Transfer from service label)		3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
7004 1160 0000 4839 8575		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	

PS Form 3811, February 2004 Domestic Return Receipt 102585-02-M-1540



UNIT PETROLEUM COMPANY

A Subsidiary of Unit Corporation

June 30, 2005

2005 JUL 5 11 1 48

M. Brad Bennett
Hayes Land Corporation
P.O. Box 51510
Midland, Texas 79710-1510

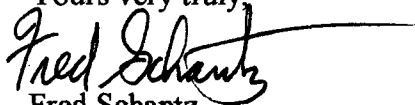
Itemized Schedule of Well Costs
Compulsory Pooling Order R-12050
Byers #1 Well
E/2 Section 23, T-20-S, R-35-E,
Lea County, New Mexico
Osudo West Prospect

Dear Mr. Bennett:

We are in receipt of your letter dated June 29, 2005. I reviewed the files regarding this matter and found that Garland H. Lang, III furnished you a detailed schedule of actual well costs by letter dated August 30, 2004 via certified mail. This was the identical information furnished to the New Mexico Oil Conservation Division who did not object to the detailed well costs furnished to them. Enclosed is a copy of the aforementioned letter and attached well cost schedule for your further review. This information was furnished in accordance with item numbered 10 in the subject order.

If you have any questions, please contact our office.

Yours very truly,


Fred Schantz
District Landman

Enclosures

cc: Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505



UNIT PETROLEUM COMPANY

A Subsidiary of Unit Corporation

August 30, 2004

Via Certified Mail

4446 6325

M. Brad Bennett
Hayes Land Corporation
P.O. Box 51510
Midland, Texas 79710-1510

RE: Compulsory Pooling Order R-12050
Byers #1 Well
E/2 Section 23, T-20-S, R-35-E,
Lea County, New Mexico
Osudo West Prospect

Gentlemen:

In accordance with item numbered 10 in the subject order, please find enclosed an itemized schedule of well costs for the subject well.

If you have any questions, please contact our office.

Yours very truly,

Garland H. Lang III
District Landman

Enclosures

cc: Lori Wrotenbery
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

8/27/04 9:37:13 06RL9106
REQUESTED BY: DANA EDDY

UNIT PETROLEUM COMPANY
DRILLING
BYERS #1 OSUDO PROSPECT
LEA NH -
FROM 1/01/03 THRU 8/31/04

PAGE 1

MAJOR MINOR	DESCRIPTION	8/01THS CHARGES	ORIGINAL BUDGET	SUPPLEMENTAL BUDGET	AMOUNT VARIANCE	%AGE VAR
1626	INTANGIBLE DRILLING COST					
0001	PERMITS, SURVEYS & DAMAGES	34308.24	5000.00	.00	29308.24-686.1	
0002	CONSTRUCTION, ROAD & LOCATION	45290.19	20000.00	.00	25290.19-226.4	
0004	DAYWORK	492169.55	467500.00	.00	24669.55-105.2	
0005	RIG MOBILIZATION & DEMOBIL	.00	50000.00	.00	50000.00 .0	
0006	POWER AND FUEL	70271.55	50000.00	.00	20271.55-140.5	
0007	WATER	42871.90	20000.00	.00	22871.90-214.3	
0008	CONTRACT LABOR/WEIDING	2344.47	3000.00	.00	655.53 78.1	
0009	BITS	48758.23	75000.00	.00	26241.77 65.0	
0010	DRILLING FLUID AIR & CHEMICAL	104702.48	70000.00	.00	34702.48-149.5	
0012	WELL SURVEYS, LOGGING	18075.15	15000.00	.00	3075.15-120.5	
0013	CEMENT & SERVICES	49934.92	25000.00	.00	24934.92-199.7	
0014	TOOL RENTALS & SERVICES	194328.58	100000.00	.00	94328.58-194.3	
0018	GEOL. & ENG., PROF. SERVICES	11996.70	7500.00	.00	4496.70-159.9	
0019	WELL SUPERVISION	54125.99	40000.00	.00	14125.99-135.3	
0020	OVERHEAD	11579.60	10000.00	.00	1579.60-115.7	
0022	ABANDONMENT EXPENSE	.00	10000.00	.00	10000.00 .0	
0023	INSTAL. & SERV. THRU WELLHEAD	21248.79	5000.00	.00	16248.79-424.9	
0024	TRUCKING & OTHER SERVICES	44929.30	10000.00	.00	34929.30-449.2	
	MAJOR ACCOUNT TOTALS	1246935.62	983000.00	.00	263935.62-126.8	
1628	TANGIBLE DRILLING COST					
0101	CONDUCTOR CASING	4902.55	4000.00	.00	902.55-122.5	
0102	SURFACE CASING	69664.24	6300.00	.00	63364.24-105.7	
0103	INTERMEDIATE CASING	130865.91	51600.00	.00	79265.91-253.6	
0109	WELLHEAD EQUIPMENT	20067.15	10000.00	.00	10067.15-200.6	

8/27/04 9:37:15 OSRL9106
REQUESTED BY: DANA EDDY

PAGE 2

UNIT PETROLEUM COMPANY
BYERS #1
LEA NM - OSUDO PROSPECT
FROM 1/01/03 THRU 8/31/04
CO# 2317100
A.F.E. # 2317100
ENTITY # W 740680
BYERS #1

MAJOR	MINOR	DESCRIPTION	8/8THS CHARGES	ORIGINAL BUDGET	SUPPLEMENTAL BUDGET	AMOUNT VARIANCE	%AGE VAR
		0126 CONTROLLABLE VALVES & FITTING	934.20	.00	.00	934.20	.0
		MAJOR ACCOUNT TOTALS	226434.05	71900.00	.00	154534.05-314.9	
		TOTALS FOR THIS A.F.E.	1473369.67	1054900.00	.00	418469.67-139.6	

8/27/04 9:57:15 06819106
REQUESTED BY: DANA EDDY

UNIT PETROLEUM COMPANY
BYERS #1
LEA NM - OSUNO PROSPECT
FROM 1/01/03 THRU 8/31/04
COMPLETED
A.F.E. # 2317101
ENTITY # W 740680
BYERS #1

PAGE 3

MAJOR MINOR	DESCRIPTION	8/8THS CHARGES	ORIGINAL BUDGET	SUPPLEMENTAL BUDGET	AMOUNT VARIANCE	%AGE VAR
1627	INTANGIBLE COMPLETION COST					
0001	PERMITS, SURVEYS & DAMAGES	10047.83	500.00	.00	9547.83-009.5	
0002	CONSTRUCTION: ROAD & LOCATION	1392.64	5000.00	.00	3607.36 27.8	
0004	DAYWORK	56447.18	50000.00	.00	6447.18-108.8	
0005	RIG MOBILIZATION & DEMOBIL	15787.50	15000.00	.00	787.50-105.2	
0007	WATER	.00	3000.00	.00	3000.00 .0	
0008	CONTRACT LABOR/WELDING	870.32	3000.00	.00	2129.68 29.0	
0011	TESTING, CORING & ANALYSIS	4934.82	5000.00	.00	65.18 98.6	
0013	CEMENT & SERVICES	15535.19	10000.00	.00	5535.19-155.3	
0014	TOOL RENTALS & SERVICES	36466.62	20000.00	.00	16466.62-182.3	
0015	PERFORATING, PROD LOGGING	23715.23	10000.00	.00	13715.23-237.1	
0016	FORMATION TREATING	127488.94	85000.00	.00	42488.94-149.9	
0017	SUPPLIES, MATERIALS & RENTAL	.00	1000.00	.00	1000.00 .0	
0018	GEOL. & ENG., PROF SERVICES	1851.68	.00	.00	1851.68- .0	
0019	WELL SUPERVISION	26249.01	15000.00	.00	11249.01-174.9	
0020	OVERHEAD	6255.90	4000.00	.00	2255.90-156.3	
0022	ABANDONMENT EXPENSE	.00	10000.00	.00	10000.00 .0	
0023	INSTAL. & SERV. THRU WELLHEAD	.00	5000.00	.00	5000.00 .0	
0024	TRUCKING & OTHER SERVICES	21679.16	7500.00	.00	14179.16-289.0	
0027	RENTALS	12202.14	.00	.00	12202.14- .0	
	MAJOR ACCOUNT TOTALS	358924.16	249000.00	.00	109924.16-144.1	
1629	TANGIBLE COMPLETION COST					
0104	PRODUCTION CASING	.00	149500.00	.00	149500.00 .0	
0105	LINER	27855.83	17600.00	.00	10255.83-158.2	
0106	TUBING	35636.64	47300.00	.00	11663.36 75.3	

8/27/04 9:37:13 06RL9106
REQUESTED BY: DANA EDDY

UNIT PETROLEUM COMPANY
COMPLETED
BYERS #1
LEA NM - OSUDO PROSPECT
FROM 1/01/03 THRU 8/31/04

PAGE 4

MAJOR MINOR	DESCRIPTION	8/01THS CHARGES	ORIGINAL BUDGET	SUPPLEMENTAL BUDGET	AMOUNT VARIANCE	%AGE VAR
0109	WELLHEAD EQUIPMENT	26210.86	25000.00	.00	1210.86-104.8	
0111	PACKERS & SUBSURFACE TOOLS	10505.99	40000.00	.00	29494.01 26.2	
0112	INSTALLATION COSTS	2719.99	10000.00	.00	7280.01 27.1	
0113	CONTROLLABLE VALVES & FITTINGS	189.70	.00	.00	189.70- .0	
0114	OTHER EQUIPMENT	27252.51	.00	.00	27252.51- .0	
0115	NON CONTROLLABLE MATERIAL	739.13	.00	.00	739.13- .0	
0121	TANKS AND ACCESSORIES	10078.95	15000.00	.00	4921.05 67.1	
0122	PROD UNIT, DEMYDR., COMPRESS.	52193.98	10000.00	.00	42193.98-521.9	
0126	CONTROLLABLE VALVES & FITTINGS	3571.13	10000.00	.00	6428.87 35.7	
0127	OTHER EQUIPMENT	3000.00	1500.00	.00	1500.00-200.0	
0128	NON-CONTROLLABLE LEASE MTL.	4500.00	.00	.00	4500.00- .0	
0129	INSTALLATION COSTS; LEASE EQ	14970.42	8000.00	.00	6970.42-187.1	
0131	LINE PIPE	10186.30	10000.00	.00	8186.30-181.8	
0132	METERING EQUIPMENT	2791.97	5000.00	.00	2208.03 55.8	
	MAJOR ACCOUNT TOTALS	240402.60	348900.00	.00	108497.40 68.9	
	TOTALS FOR THIS A.F.E.	599326.76	597900.00	.00	1426.76-100.2	