

Exhibit "K"
Hawk B-1 Lease
Request for Surface Commingling
Production Summary

Continuing to allocate production by monthly well test will not increase operating expense or require any capital expenditure. These marginal wells will be able to produce maximum reserves until their economic limit is reached.

If separate metering equipment is required, an immediate capital expense of +/- \$40,000 per well will be required to purchase and install a test separator on the following 7 wells: Hawk B-1 #33, #35, #37, #41, #43, #55 & #58. With the exception of well #43 (20 BOPD & 48 MCFD), the rest of the wells' production averages range from 2 - 6 BOPD and 35 - 135 MCF/D. Payout of the capital expenditure alone would be between 4 - 5 months assuming current realized product prices of \$90 / BO and \$2.70 / MCF. At least 3 of the wells (#35, #37 & #55) may not be economically able to withstand this expense.

In addition to the capital expenditure, an estimated increase of \$2,000 per year in operating expense would be incurred primarily through calibration of the oil, water & gas meters on each vessel. This additional cost would also cause the above wells to reach their economic limit much sooner.

Apache ran economic cases for the Hawk B-1 Lease comparing the remaining reserves producing the wells As Is allocating production by well tests versus installing individual metering vessels. The results are as follows:

	<u>MBO</u>	<u>MMCF</u>	<u>MBO NGL</u>	<u>\$M PV(12)</u>	<u>Life (Yrs)</u>	<u>Capital Cost \$M</u>	<u>Op Exp/Yr</u>
As Is Case	98.93	532.77	74.13	2,437.28	23.5	0	0
Indiv. Sep	98.02	531.20	73.91	2,239.26	22.7	280	2,000
Loss	0.91	1.567	0.22	197.98	0.8		

Should Apache install individual separators at a total cost of \$280K with an additional \$2,000 per year per well operating cost, the life of the lease will be shortened by 0.8 years with a potential economic loss of 0.9 MBO, 1.57 MMCFG, 0.22 MBO NGLs and \$197,977 loss in present value.

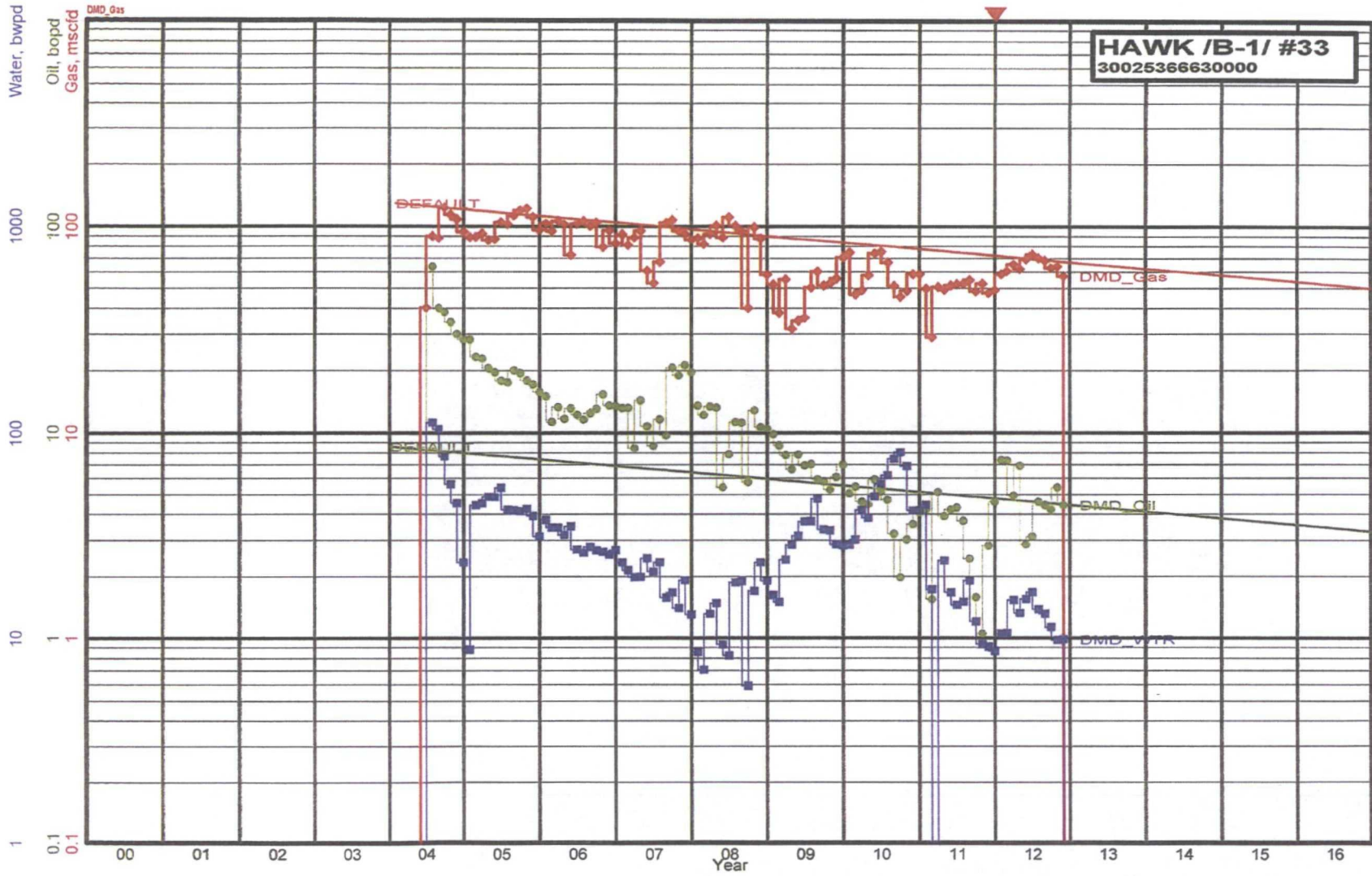
Hawk B-1 Lease
Diverse Ownership Well Economics

Well	Current Production		Remaining Reserves			PV (12)	Rem	Remaining Reserves			PV (12)	Rem	Undisc
	BOPD	MCFPD	As Is			AFIT	Life	\$40K Cap Exp + \$2K/yr Op Exp			AFIT	Life	Payout
			MBO	MMCF	MBO (NGL)	\$M	Yrs	MBO	MMCF	MBO (NGL)	\$M	Yrs	Yrs
Hawk B-1 #33	5	65	11.181	100.295	13.954	\$348.554	18.75	11.12	99.743	13.877	\$320.306	18.25	1.02
Hawk B-1 #35	2	135	3.194	148.75	20.696	\$210.504	10.33	3.194	148.75	20.696	\$195.986	10.33	0.98
Hawk B-1 #37	3	35	5.431	43.471	6.048	\$183.473	13.17	5.369	42.971	5.979	\$153.607	12.67	1.18
Hawk B-1 #41	6	90	15.161	156.916	21.832	\$544.646	22.17	15.161	156.916	21.832	\$513.774	22.17	0.97
Hawk B-1 #43	20	50	43.789	75.536	10.509	\$889.788	23.5	43.625	75.254	10.47	\$861.063	22.67	0.91
Hawk B-1 #55 (Non-Consent)	3	45	11.887	4.045	0.563	\$138.876	18.83	11.452	3.897	0.542	\$100.066	17.67	1.65
Hawk B-1 #58	4	80	8.283	3.758	0.523	\$121.434	13.67	8.096	3.673	0.511	\$94.495	12.83	1.35
	43	500	98.926	532.771	74.125	\$2,437.275		98.017	531.204	73.907	\$2,239.297		
All 7 wells	43	500	98.926	532.771	74.125	\$2,437.233	23.5	98.017	531.204	73.904	\$2,239.256	22.67	1.02

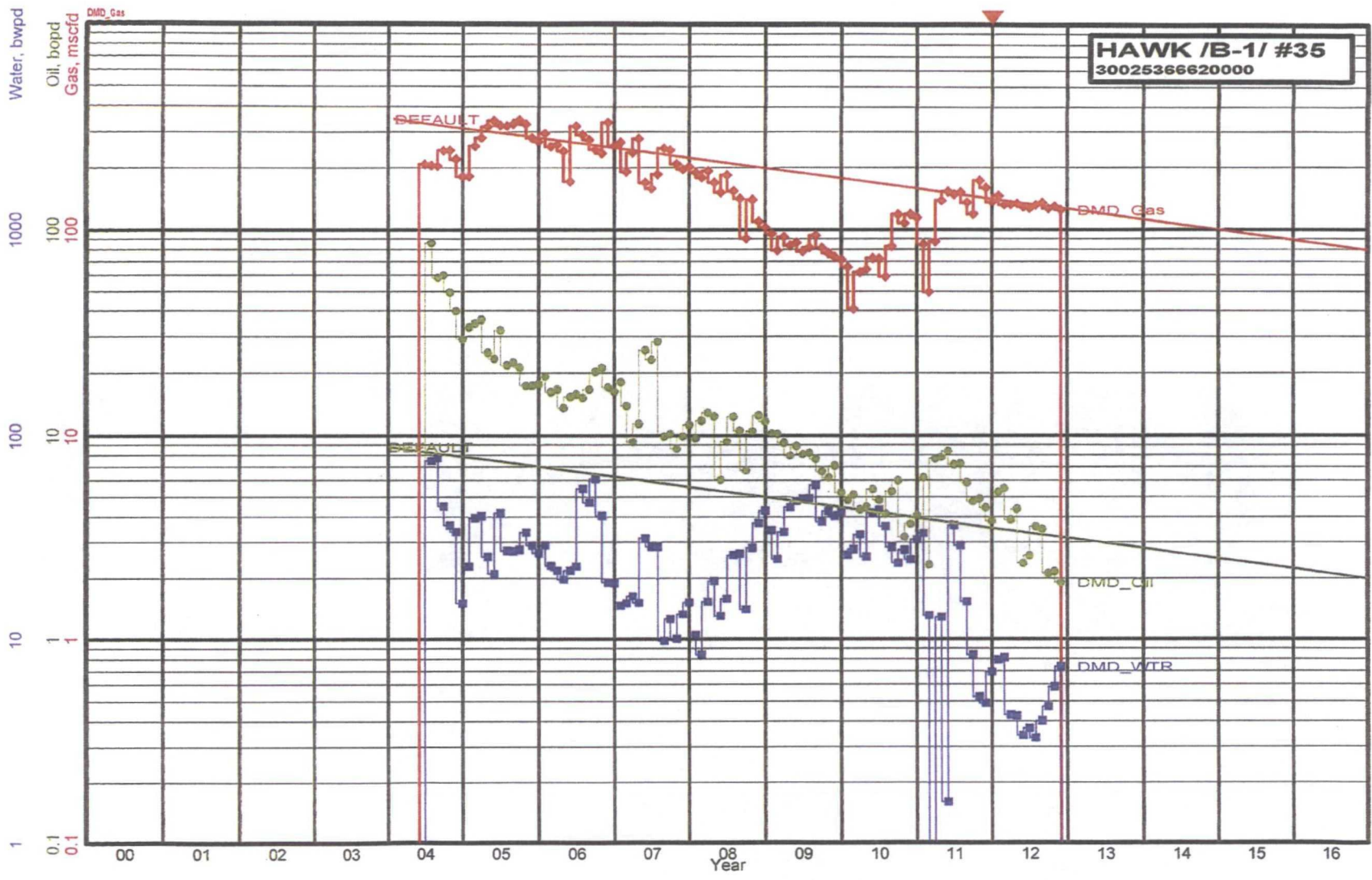
Combined Case

MBO Lost	0.909
MMCF Lost	1.567
NGL Lost	0.221
\$M PV (12) Lost	\$197.977
Yrs Life Lost	0.830

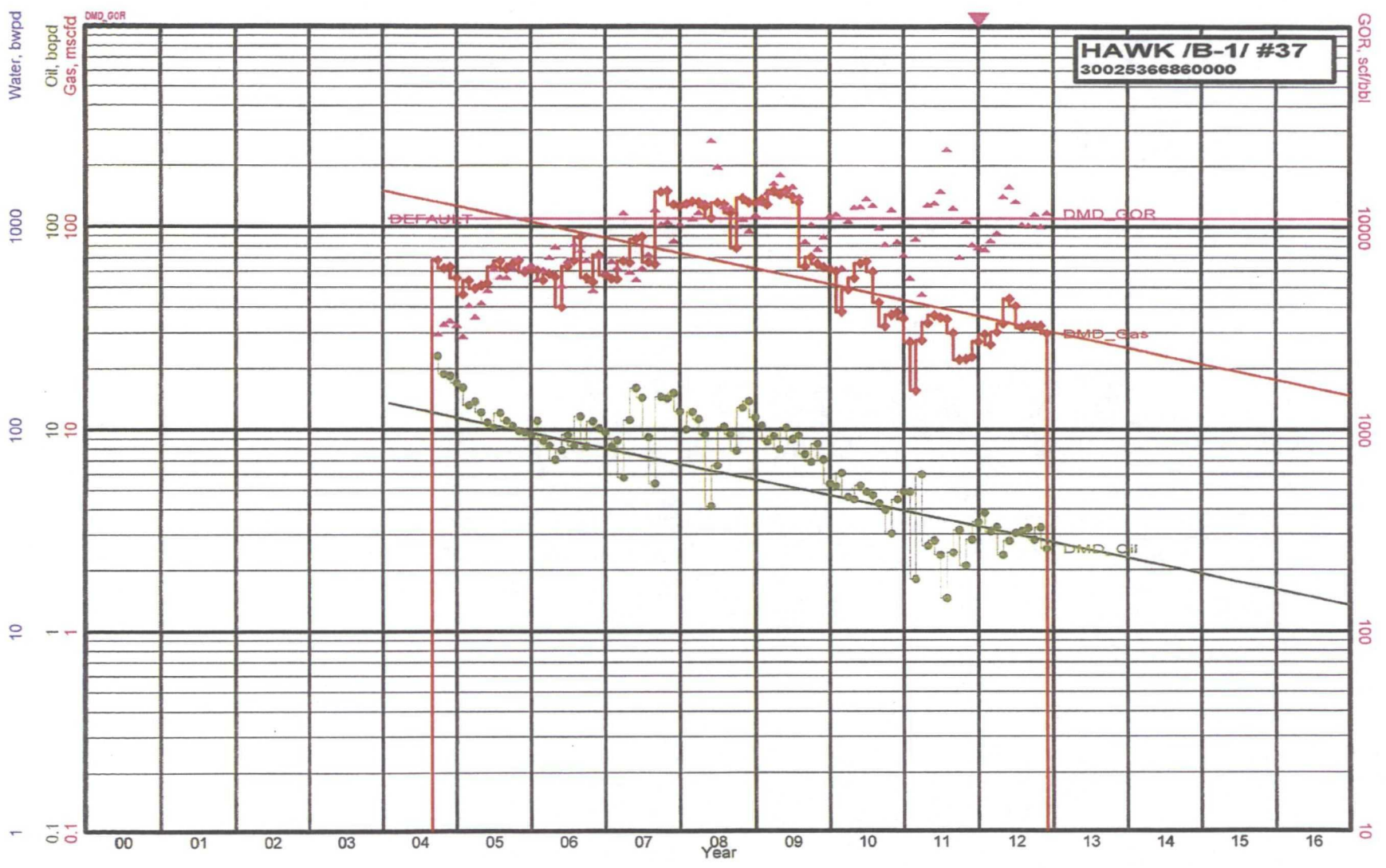
HAWK /B-1/ #33
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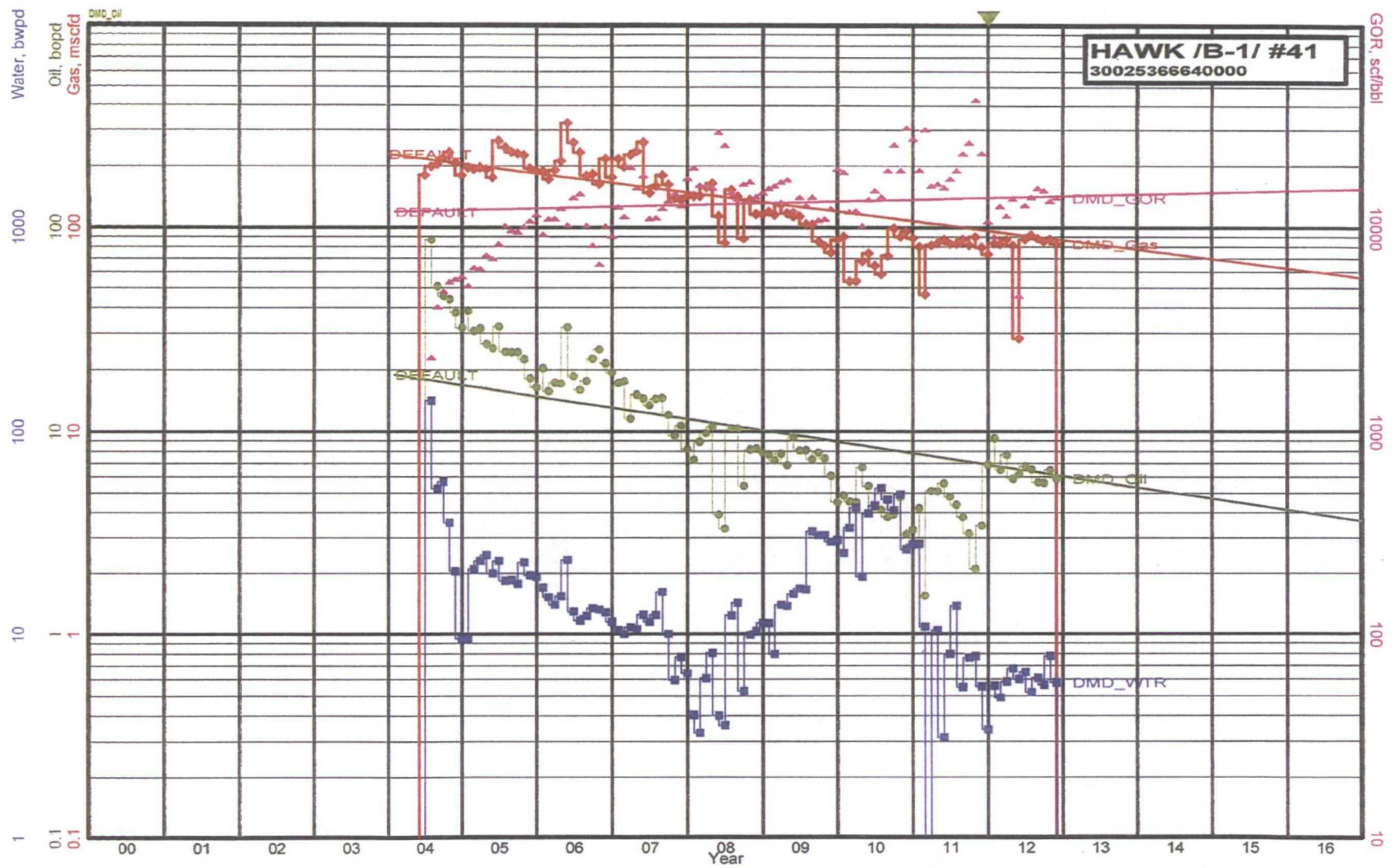
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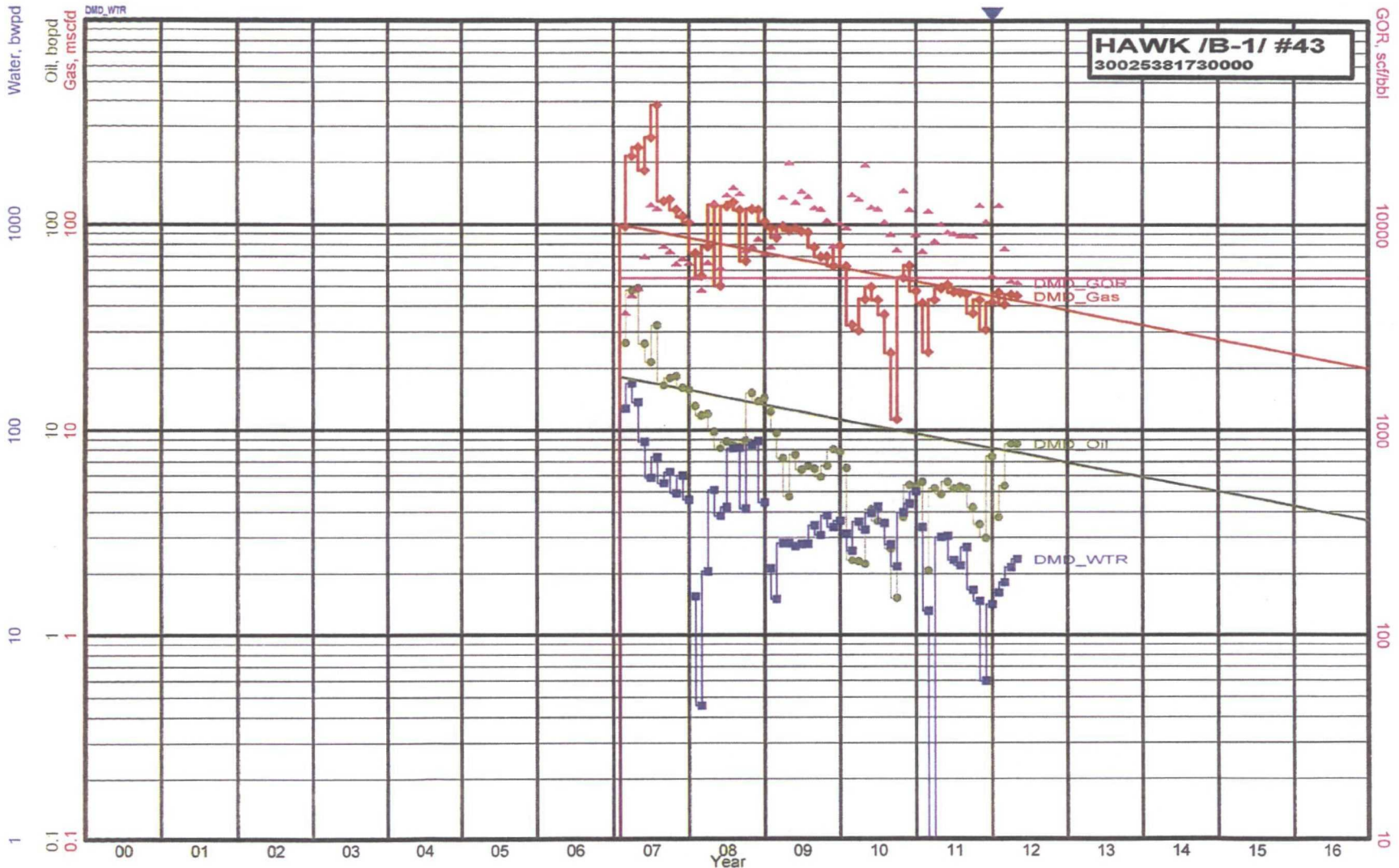
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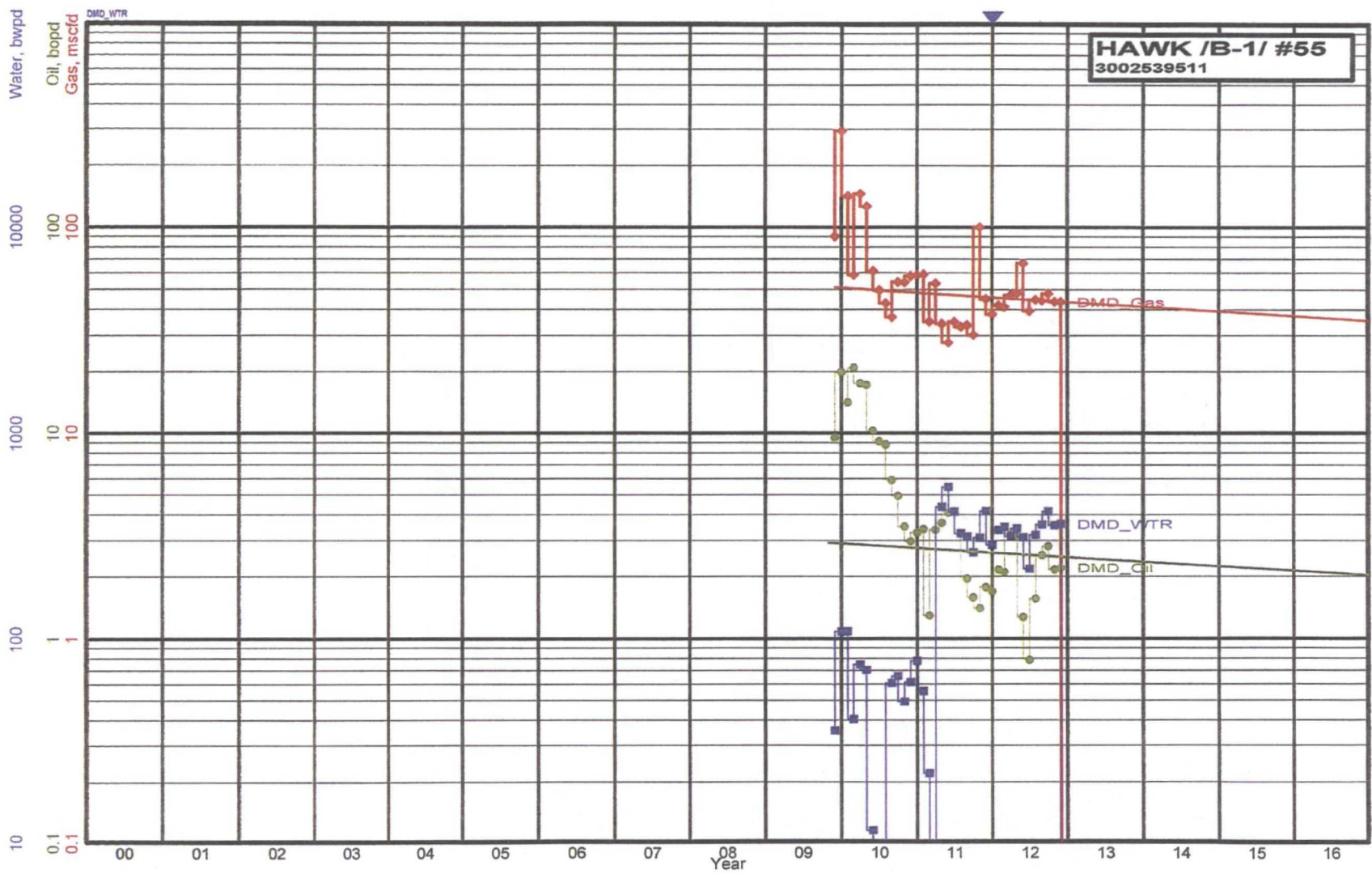
HAWK /B-1/ #41
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HAWK /B-1/ #43
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HAWK /B-1/ #55
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HAWK /B-1/ #58
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