

**STATE OF NEW MEXICO  
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION  
FOR THE PURPOSES OF CONSIDERING:**

**CASE NO. 13556**

**APPLICATION OF TREK RESOURCES, INC.  
FOR COMPULSORY POOLING  
LEA COUNTY, NEW MEXICO.**

**AFFIDAVIT OF FRANK MCCOLLOCH**

**STATE OF TEXAS                   §  
   §  
CITY & COUNTY DALLAS       §**

Before me, the undersigned authority, personally appeared Frank McColloch and being first duly sworn stated:

A. My name and qualification as expert are as follows:

Frank McColloch

Education:           BBA – University of Texas 1974  
                          Certified Professional Landman  
Experience:          31 years as a landman  
Occupation:          Landman & co-owner of an oil & gas  
                          company

I am over the age of majority and competent to make this Affidavit.

I am responsible for and involved in preparing the necessary documents for submittal to the New Mexico Oil Conservation Division for this case.

I am personally knowledgeable and familiar with the facts and circumstances of this case and the following factual statements.

B. This affidavit has been prepared in accordance with the New Mexico Oil Conservation Division Rule 1207.A(1)(b).

C. My expert opinions are based on the following facts and events:

**Affidavit of FRANK MCCOLLOCH  
NMOCD Case 13556  
-Page 1-**



## **CHRONOLOGICAL SUMMARY OF SIGNIFICANT EVENTS**

(1) Trek has obtained a "farmout" from Emerald Energy, LLC, who has a working interest ownership in the oil and gas minerals underlying the NE/4SW/4 of Section 30, T16S, R39E, NMPM, Lea County, New Mexico, to be dedicated as a standard 40-acre oil proration and spacing unit for its Stephenson Well No. 1 located in Unit K of this section.

(2) On July 7, 2005, Emerald Energy, LLC sent to Kenneth Cone, the only uncommitted mineral interest owner in this spacing unit with a 9/320<sup>th</sup> interest, a written well proposal, including an AFE, for the Stephenson Well No. 1 to be drilled at a standard well location in Unit K of this section.

(3) On August 2, 2005, Trek sent to Kenneth Cone a letter advising that Trek had obtained a "farmout" from Emerald Energy, LLC and again proposed this same well to Mr. Cone, sending an AFE, for the Stephenson Well No. 1 to be drilled at a standard well location in Unit K of this section.

(4) Despite reasonable efforts, Trek was unable to conclude a voluntary agreement with Mr. Cone as listed on Exhibit "A"

(5) Pursuant to Commission Order R-11992, effective August 15, 2003, Trek requests that the 200% risk charge be applied.

(6) This spacing unit is within the Lower Clearfork-Drinkard Pool and subject, among other things, to Division Rule 104 providing for standard 40-acre spacing unit and locations not closer than 330 feet to an outer boundary.

(7) Pursuant to Section 70-2-17.C NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Trek needs an order of the Division pooling the identified and described mineral interest involved in order to protect correlative rights and prevent waste.

(8) In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest is to be pooled as listed on Exhibit "A" notifying each of this case and of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for September 22, 2005.

## **RULE 1207.A(1)(b) REQUIREMENTS**

(9) In accordance with Division Rule 1207.A(1)(b) attached are the following statements and exhibits in support of this case:

- (i) No opposition for the hearing is expected because the party to be pooled has not responded to these well proposals or objected to the entry of this pooling order.

**Affidavit of FRANK MCCOLLOCH**  
**NMOCD Case 13556**

- (ii) Map (a) outlining the spacing unit, being the NE/4SW/4 of Section 30, T16S, R39E, NMPM, Lea County, New Mexico, forming a standard 40-acre oil spacing and proration unit for any production for any and all formations/pools developed on 40-acre spacing within that vertical extent, including but not limited to the Lower Clearfork-Drinkard Pool. This unit is to be dedicated to its Stephenson Well No. 1 that is to be drilled at a standard well location in Unit K of this section. **See Exhibit "B" attached**
- (iii) For name and last known address of the party to be pooled with the nature and percent of their interest; I attest that a diligent search has been conducted of all public records in the county where the well is located and the party has been contacted on our behalf on several occasions. **See Exhibit "A" attached**
- (iv) The names of the formations and pools to be pooled are the Lower Clearfork-Drinkard Pool, and any other formations/pools spacing in 40-acre gas spacing units.
- (v) The pooled unit is for oil.
- (vi) Written evidence of attempts to reach voluntary agreement including letters and summaries of telephone calls are included herein. **See Exhibit "C-1 and C-2"**
- (vii) The maximum 200% risk factor penalty was justified prior to drilling the well in accordance with Commission Order R-11992 and Division Order R-11926
- (viii) The well costs overhead rates of \$5000 per month drilling and \$600 per month producing well rates, subject to COPAS adjustment
- (ix) Copy of Division forms C-101 and C-102 showing the well location and the proposed depth of the well (approximately 6750 feet). **See Exhibit "D-1 and D-2"**
- (x) Copy of the AFE in the amount of \$ 999,000 completed well costs for this well, which I conclude, is fair, reasonable and current for wells of this type in this area. **See Exhibit "E"**

#### ATTESTATION

I, Frank McColloch attested that this submittal was prepared by me and the information is correct and complete to the best of my knowledge and belief. I recommend that a compulsory pooling order be entered which provides that:

- (1) Trek Resources, Inc. to be the named Operator;
- (2) for applicant and all working interest owners to participate in the costs of drilling, completing, equipping, and operating the infill gas well;

**Affidavit of FRANK MCCOLLOCH**  
**NMOCD Case 13556**

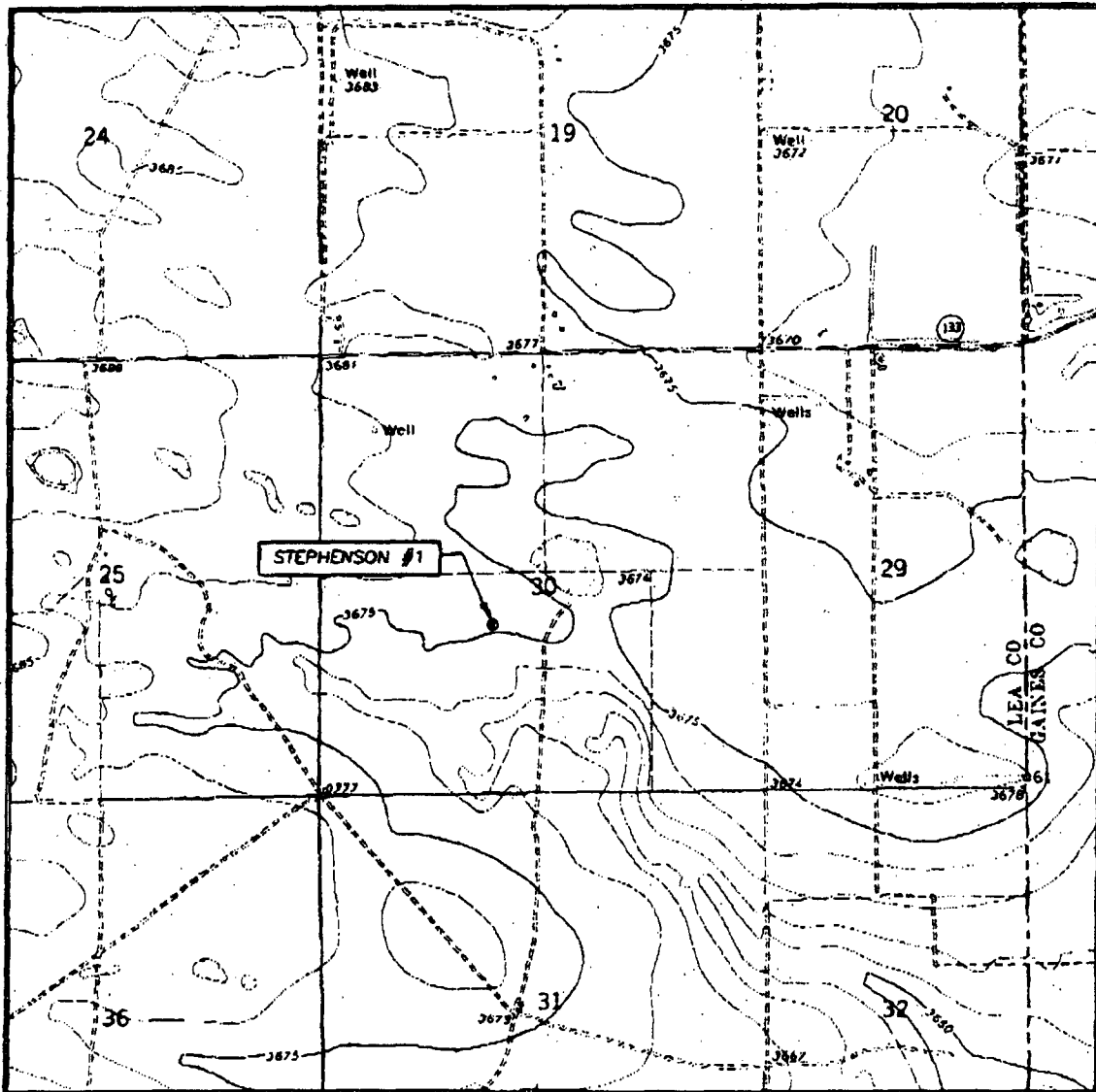


**EXHIBIT "A"**

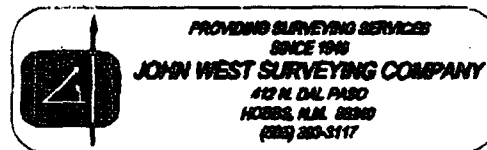
**Mr. Kenneth Cone  
P. O. Box 11310  
Midland, Texas 79702**

**2.8125% of S/2 spacing unit**

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:  
HUMBLE CITY NE, N.M. - 5'SEC. 30 TWP. 16-S RGE. 39-ESURVEY N.M.P.M.COUNTY LEADESCRIPTION 2030' FSL & 2070' FWLELEVATION 3677'OPERATOR TREK REOURCESLEASE STEPHENSONU.S.G.S. TOPOGRAPHIC MAP  
HUMBLE CITY NE, N.M.

**WM. SCOTT RAMSEY**

**Oil and Gas Properties**

P. O. Box 51181  
Midland, Texas 79710  
Phone (432) 682-7408  
Fax (432) 682-6611  
E-mail [sramsey@t3wireless.com](mailto:sramsey@t3wireless.com)

July 7, 2005

Kenneth Cone  
P. O. Box 11310  
Midland, Texas 79702

RE: The South Half (S/2) of Section 30,  
Township 16 South, Range 39 East,  
Lea County, New Mexico

Dear Mr. Cone:

A recent check of the records of Lea County, New Mexico, revealed a mineral interest owned by you in the captioned lands. By this letter Emerald Energy, LLC is offering a Paid-Up Oil and Gas Lease based on the following term:

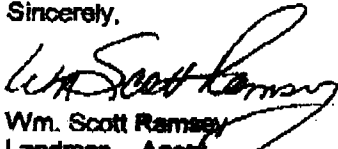
Bonus Consideration:	\$150.00 per net mineral acre
Royalty:	1/4
Term:	3 years

As an alternative, you are invited to participate in the drilling of the well with your mineral interest. Records indicate you own a 9/320<sup>th</sup> mineral interest or 2.8125% interest. Find enclosed an Authority for Expenditure (AFE) covering the drilling and completing of the Stephenson #1 well located in the SW/4 of Section 30, Township 16 South, Range 39 East. If this is acceptable, please execute the AFE and return it to the above address. A Joint Operating Agreement will be forwarded to you at a later date.

If you choose not to accept either of these alternatives, Emerald Energy, LLC will bring action to unitize your mineral interest under the Statutory Unitization Act, found in Chapter 70, Article 7, of the 1978 New Mexico Statutes.

If you have any questions or would like to discuss any of these alternatives, please call me at 682-7408. Your consideration of this matter is greatly appreciated.

Sincerely,

  
Wm. Scott Ramsey  
Landman - Agent



**TREK Resources Inc.**  
**AUTHORIZATION FOR EXPENDITURE**

APR 5		011	DATE: 08/03/2005	
OPERATOR: TREK Resources Inc.			WELL NAME: STEPHENSON #1	
LOCATION: SW/4 Sec 20 10E 39E Lem. New Mexico				
DESCRIPTION: Drill the final TREK Pac Prospect well - 2700' Drifted Test				
SUB ACCT	DESCRIPTIONS	DRILLING	ESTIMATED COSTS COMPLETION	TOTAL
<b>INTANGIBLES</b>				
10	PERMIT/LEGAL/TITLE	2,000	500	2,500
11	DAMAGES	5,000	500	5,500
12	LOCATION	28,500	8,000	36,500
13	DRILLING RIG MOVE	45,000		45,000
14	DRILLING FOOTAGE	0		
15	DRILLING DAYWORK 22 days	231,000		231,000
16	DRILLING TURNKEY			
17	CEMENTING SERVICES	37,000		37,000
18	MUD/CHEMICALS	7,500		7,500
19	BITS and TOOLS	22,500		22,500
20	ELECTRIC LOGGING	18,500		18,500
21	WIRELINE SERVICES/PERFORATING		10,000	10,000
22	MUD LOGGING/GEOLOGIC SUPERVISION		8,000	8,000
23	STIMULATION SERVICES		85,000	85,000
24	COMPLETION RIG 8 days		24,500	24,500
25	ENGINEERING/WELL SITE SUPERVISION	20,500	5,100	25,600
26	CONSULTING SERVICES			
27	CONTRACT LABOR			
28	HOIST/ABOUT SERVICES	1,000	3,000	4,000
29	CASING CREW AND SERVICES	2,500	3,500	6,000
30	INSPECTION			
31	EQUIPMENT RENTAL	4,500	500	5,000
32	TRUCKING		1,000	1,000
33	TRANSPORTATION			
34	FUEL/WATER	6,000	1,000	7,000
35	DRILL STEM TESTING/TESTING			
36	DIRECTIONAL TOOLS/SERVICES			
37	CORE ANALYSIS/TOOLS			
38	PLUGGING and ABANDONMENT			
39	INSURANCE	2,600		2,600
40	OVERHEAD	4,000	2,500	6,500
41	CONTINGENCIES & MISC.	44,000	10,900	54,900
	<b>TOTAL INTANGIBLES</b>	<b>\$482,000</b>	<b>\$144,000</b>	<b>\$626,000</b>
<b>TANGIBLES</b>				
10	SURFACE CASING - conductor and 400' 13 3/8" o.d.	13,600		13,600
11	INTERMEDIATE CASING - 4200' 8 5/8" o.d.	99,675		99,675
12	PRODUCTION CASING - 5700' 6 1/2" o.d.		93,525	93,525
13	TUBING		40,850	40,850
14	WELL HEAD ASSEMBLY	8,500	2,500	9,000
15	RODS/PUMPING STRING		20,000	20,000
16	DOWNHOLE EQUIPMENT		3,500	3,500
17	SEPARATOR/TREATER		4,500	4,500
18	TANK BATTERY		18,500	18,500
19	PUMPING UT W/ ELEC. MOTOR & CONTROL UT		55,000	55,000
20	FLOWLINES		800	800
21	VALVES/FITTINGS		1,200	1,200
22	SUPPLIES			
23	ELECTRIFICATION			
24	COMPRESSION			
25	CONTINGENCIES & MISC.	9,225	5,625	14,850
	<b>TOTAL TANGIBLES</b>	<b>\$129,000</b>	<b>\$244,000</b>	<b>\$373,000</b>
	<b>TOTALS</b>	<b>\$611,000</b>	<b>\$388,000</b>	<b>\$999,000</b>



TRISK Resources Inc.

WORKING INTEREST OWNER

REPRESENTAT **Conrad Miroshna**

REPRESENTATIVE

TITLE **V.P. Operations**

TITLE

SIGNATURE

SIGNATURE

DATE **09/22/2006**

DATE

PARTNER INTEREST

NET AFE AMOUNT

# TREK

RESOURCES, INC

August 2, 2005

## CERTIFIED MAIL-RETURN RECEIPT REQUESTED

Mr. Kenneth Cone  
P. O. Box 11310  
Midland, Texas 79702

RE: Spacing Unit and Well Proposal  
S/2 Section 30, T16S, R39E  
Initial Well: Stephenson Well No. 1, SW/4  
Footage: 2,070' FWL & 2,030' FSL  
Lea County, New Mexico

Dear Mr. Cone:

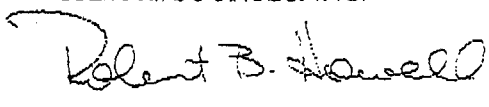
By letter dated July 7, 2005, Emerald Energy, LLC advised you that its review of the records of Lea County, NM revealed that you apparently own a 9/320-mineral interest within the S/2 of Section 30, T16S, R39E, NMPM. Based upon that information, it proposed to you participation in this well with your mineral interest and included an Authority for Expenditure ("AFE").

Since then, TREK Resources Inc. has obtained a farmout from Emerald Energy, LLC and will be the operator of this spacing unit and this well. On behalf of TREK Resources Inc., I wish to provide you with a final opportunity to voluntarily participate by signing and returning to me the enclosed AFE. The estimated total dry hole coats for this well is \$611,000.00 and to estimated total complete well costs are \$999,000.00. Due to rig availability, TREK intends to commence drilling of this well within the next 30-days.

TREK Resources Inc. respectfully requests your support and participation in the drilling of this well as proposed and in the event that you elect to participate, TREK requests that you execute one (1) copy of the enclosed AFE's and return same to the undersigned as soon as reasonably possible the other copy is for your file. Upon your election to participate, TERK will prepare and send a mutually acceptable Joint Operating Agreement 1982 A.A.P.L. Model Form Operating Agreement for your review and approval. In the event you elect not to participate, then TREK will file an application for compulsory pooling with the New Mexico Oil Conservation Division.

Very truly yours,

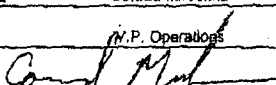
TREK RESOURCES, INC.

  
Robert B. Howell,  
Sr. Vice President, Operations



TREK Resources Inc.  
AUTHORIZATION FOR EXPENDITURE

AFE #:	811	DATE:	June 3, 2005	
OPERATOR:	TREK Resources Inc.	WELL NAME:	STEPHENSON #1	
LOCATION:	SW/4 Sec 30 16S 39E Lea, New Mexico			
DESCRIPTION:	Drill the first TEX Pac Prospect well - 8700' Drinkard Test			
		ESTIMATED COSTS		
SUB ACCT	DESCRIPTIONS	DRILLING	COMPLETION	TOTAL
INTANGIBLES				
10	PERMIT/LEGAL/TITLE	2,000	500	2,500
11	DAMAGES	5,000	500	5,500
12	LOCATION	28,500	8,000	36,500
13	DRILLING: RIG MOVE	45,000		45,000
14	DRILLING: FOOTAGE	0		
15	DRILLING: DAYWORK 22 days	231,000		231,000
16	DRILLING: TURNKEY			
17	CEMENTING SERVICES	37,000		37,000
18	MUD/CHEMICALS	7,500		7,500
19	BITS and TOOLS	22,500		22,500
20	ELECTRIC LOGGING	18,500		18,500
21	WIRELINE SERVICES/PERFORATING		10,000	10,000
22	MUD LOGGING/GEOLOGIC SUPERVISION		8,000	8,000
23	STIMULATION SERVICES		65,000	65,000
24	COMPLETION RIG 8 days		24,500	24,500
25	ENGINEERING/WELLSITE SUPERVISION	20,500	5,100	25,600
26	CONSULTING SERVICES			
27	CONTRACT LABOR			
28	ROUABOUT SERVICES	1,000	3,000	4,000
29	CASING CREW AND SERVICES	2,500	3,500	6,000
30	INSPECTION			
31	EQUIPMENT RENTAL	4,500	500	5,000
32	TRUCKING		1,000	1,000
33	TRANSPORTATION			
34	FUEL/WATER	8,000	1,000	9,000
35	DRILL STEM TESTING/TESTING			
36	DIRECTIONAL TOOLS/SERVICES			
37	CORE ANALYSIS/TOOLS			
38	PLUGGING and ABANDONMENT			
39	INSURANCE	2,500		2,500
40	OVERHEAD	4,000	2,500	6,500
41	CONTINGENCIES & MISC.	44,000	10,900	54,900
TOTAL INTANGIBLES		\$ 402,000	\$ 144,000	\$ 628,000
TANGIBLES				
10	SURFACE CASING - conductor and 400' 13 3/8" csg	13,600		13,600
11	INTERMEDIATE CASING - 4500' 8 5/8" csg	99,675		99,675
12	PRODUCTION CASING - 8700' 5 1/2" csg		93,525	93,525
13	TUBING		40,850	40,850
14	WELLHEAD ASSEMBLY	5,500	2,500	8,000
15	RODS/PUMPING STRING		20,000	20,000
16	DOWNHOLE EQUIPMENT		3,500	3,500
17	SEPARATOR/TREATER		4,500	4,500
18	TANK BATTERY		16,500	16,500
19	PUMPING UT w/ ELEC MOTOR & CONTROL UT		55,000	55,000
20	FLOWLINES		800	800
21	VALVES/FITTINGS		1,200	1,200
22	SUPPLIES			
23	ELECTRIFICATION			
24	COMPRESSION			
25	CONTINGENCIES & MISC.	9,225	5,625	14,850
TOTAL TANGIBLES		\$ 129,000	\$ 244,000	\$ 373,000
TOTALS		\$ 611,000	\$ 388,000	\$ 999,000

TREK Resources Inc.		WORKING INTEREST OWNER	
REPRESENTATIVE	Conrad Mirochna	REPRESENTATIVE	Bright & Company, L.L.C.
TITLE	N.P. Operations	TITLE	
SIGNATURE		SIGNATURE	
DATE	6/22/2005	DATE	
		PARTNER INTEREST	
		NET AFE AMOUNT	

7003 0500 0001 1849 9308

<b>U.S. Postal Service</b> <b>CERTIFIED MAIL™ RECEIPT</b> (Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a>	
<b>OFFICIAL USE</b>	
Postage \$ Certified Fee Return Receipt Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required) Total Postage & Fees \$	Postmark Here
Sent To <u>Kenneth Cone</u> Street, Apt. No., or PO Box No. <u>Box 11310</u> City, State, ZIP+4 <u>Midland TX 79702</u>	
PS Form 3800, June 2002 <span style="float: right;">See Reverse for Instructions</span>	

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> <li>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>■ Print your name and address on the reverse so that we can return the card to you.</li> <li>■ Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>		A. Signature x <u>K. Shapiro</u> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee B. Received by (Printed Name) <u>SHAPIRO</u> C. Date of Delivery D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
1. Article Addressed to: <u>Kenneth Cone</u> <u>Box 11310</u> <u>Midland TX 79702</u>		3. Service Type <input type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D. 4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
2. Article Number (Transfer from service label) PS Form 3811, February 2004		7003 0500 0001 1849 9308 Domestic Return Receipt 102595-02-M-1540	

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources

Form C-101  
May 27, 2004

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Submit to appropriate District Office

☐ AMENDED REPORT

**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

<sup>1</sup> Operator Name and Address Trek Resources, Inc., c/o Box 953, Midland, TX 79702		<sup>2</sup> OGRID Number: 234451	
<sup>3</sup> Property Code 34908	<sup>4</sup> Property Name Stenhenson	<sup>5</sup> API Number 30-025-37317	<sup>6</sup> Well No. 1
<sup>7</sup> Proposed Pool 1 Wildcat Undesignated, L. Clearfork (Drinkard)		<sup>8</sup> Proposed Pool 2	

**Surface Location**

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	30	16S	39E		2030	South	2070	West	Lea

**Proposed Bottom Hole Location If Different From Surface**

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

**Additional Well Information**

<sup>11</sup> Work Type Code N	<sup>12</sup> Well Type Code O	<sup>13</sup> Cable/Rotary R	<sup>14</sup> Lease Type Code S-P	<sup>15</sup> Ground Level Elevation 3677'
<sup>16</sup> Multiple NO	<sup>17</sup> Proposed Depth 8700'	<sup>18</sup> Formation Drinkard	<sup>19</sup> Contractor Will Notify	<sup>20</sup> Spud Date 7-5-05
Depth to Groundwater		Distance from nearest fresh water well		Distance from nearest surface water
Pit: Liner: Synthetic X 12 mils thick Clay <input type="checkbox"/> Pit Volume: 10000 bbls Drilling Method:				
Closed-Loop System <input type="checkbox"/> As per NMOCD Directives Fresh Water <input checked="" type="checkbox"/> Brine <input checked="" type="checkbox"/> Diesel Oil-based <input type="checkbox"/> Gas Air <input type="checkbox"/>				

**Proposed Casing and Cement Program**

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/2"	13 3/8"	48#	400'	400 sx	Surface
11"	8 5/8"	24#	4500'	600 sx	400'
7 7/8"	5 1/2"	15 5# & 17#	8700'	750 sx	4000'

<sup>21</sup> Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Propose to drill to total depth of 400' and run 13 3/8" casing as above.  
Drill to approximately 4500' and run 8 5/8" casing and cement as per above.  
Drill to total depth of 8700'.  
Log well.  
Evaluate the Lower Clearfork-Drinkard formation for completion.  
As per TC Consulting - do not anticipate H2S, will have necessary safety standards for drilling as per NMOCD directives.

Permit Expires 1 Year From Approval  
Date Unless Drilling Underway

<sup>23</sup> I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines X, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Printed name: Ann E. Ritchie

Title: Regulatory Agent

E-mail Address: ann.ritchie@wtor.net

Date: 6-28-05

Phone: 432 684-6381

**OIL CONSERVATION DIVISION**

Approved by:

Title:

Approval Date: JUN 30 2005

Expiration Date:

Conditions of Approval Attached ☐

EXHIBIT  
D-1

## DISTRICT I

1425 N. FRENCH BL., BOBBS, NM 86600

## DISTRICT II

1201 N. CHASE AVENUE, ALBUQUERQUE, NM 87110

## DISTRICT III

1000 Rio Grande Rd., Aztec, NM 87410

## DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

## State of New Mexico

Energy, Minerals and Natural Resources Department

## OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

Form C-102

Revised JUNE 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

## WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number <b>30-025-37317</b>	Pool Code <b>✓</b>	Pool Name <b>Wildcat Undesignated, L. Clearfork (Drinkard)</b>
Property Code <b>34908</b>	Property Name <b>STEPHENSON</b>	Well Number <b>1</b>
OCRD No. <b>234451</b>	Operator Name <b>TREK RESOURCES</b>	Elevation <b>3677'</b>

## Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>K</b>	<b>30</b>	<b>16-S</b>	<b>39-E</b>		<b>2030</b>	<b>SOUTH</b>	<b>2070</b>	<b>WEST</b>	<b>LEA</b>

## Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
<b>40</b>	<b>40</b>		

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

<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=690014.5 N X=883267.9 E</p> <p>LAT.=32°53'26.50" N LONG.=103°05'05.22" W</p>	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Ann E. Ritchie</i> Signature <b>Ann E. Ritchie</b> Printed Name <b>Regulatory Agent</b> Title <b>6-28-05</b> Date</p>
	<p><b>SURVEYOR CERTIFICATION</b></p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p><b>JUNE 23, 2005</b></p> <p>Date Surveyed <b>JR</b></p> <p><i>Gary E. Ripson</i> Signature Professional Surveyor <b>GARY E. RIPPSON</b> NEW MEXICO 05.11.0968 Certification No. <b>GARY RIPPSON</b> 12841</p>

EXHIBIT

D-2

TREK Resources Inc.  
AUTHORIZATION FOR EXPENDITURE

AFE #:	811	DATE:	June 3, 2005	
OPERATOR:	TREK Resources Inc.	WELL NAME:	STEPHENSON #1	
LOCATION:	SW/4 Sec 30 16S 39E Lea, New Mexico			
DESCRIPTION:	Drill the first TEX Pac Prospect well - 8700' Drinkard Test			
SUB ACCT	DESCRIPTIONS	DRILLING	COMPLETION	TOTAL
INTANGIBLES				
10	PERMIT/LEGAL/TITLE	2,000	500	2,500
11	DAMAGES	5,000	500	5,500
12	LOCATION	28,500	8,000	36,500
13	DRILLING: RIG MOVE	45,000		45,000
14	DRILLING: FOOTAGE	0		
15	DRILLING: DAYWORK 22 days	231,000		231,000
16	DRILLING: TURNKEY			
17	CEMENTING SERVICES	37,000		37,000
18	MUD/CHEMICALS	7,500		7,500
19	BITS and TOOLS	22,500		22,500
20	ELECTRIC LOGGING	18,500		18,500
21	WIRELINE SERVICES/PERFORATING		10,000	10,000
22	MUD LOGGING/GEOLOGIC SUPERVISION		8,000	8,000
23	STIMULATION SERVICES		65,000	65,000
24	COMPLETION RIG 8 days		24,500	24,500
25	ENGINEERING/WELLSITE SUPERVISION	20,500	5,100	25,600
26	CONSULTING SERVICES			
27	CONTRACT LABOR			
28	ROUABOUT SERVICES	1,000	3,000	4,000
29	CASING CREW AND SERVICES	2,500	3,500	6,000
30	INSPECTION			
31	EQUIPMENT RENTAL	4,500	500	5,000
32	TRUCKING		1,000	1,000
33	TRANSPORTATION			
34	FUEL/WATER	6,000	1,000	7,000
35	DRILL STEM TESTING/TESTING			
36	DIRECTIONAL TOOLS/SERVICES			
37	CORE ANALYSIS/TOOLS			
38	PLUGGING and ABANDONMENT			
39	INSURANCE	2,500		2,500
40	OVERHEAD	4,000	2,500	6,500
41	CONTINGENCIES & MISC.	44,000	10,000	54,000
TOTAL INTANGIBLES		\$ 462,000	\$ 144,000	\$ 628,000
TANGIBLES				
10	SURFACE CASING - conductor and 400' 13 3/8" csg	13,600		13,600
11	INTERMEDIATE CASING - 4500' 8 5/8" csg	99,675		99,675
12	PRODUCTION CASING - 8700' 5 1/2" csg		93,525	93,525
13	TUBING		40,860	40,860
14	WELLHEAD ASSEMBLY	6,500	2,500	9,000
15	RODS/PUMPING STRING		20,000	20,000
16	DOWNHOLE EQUIPMENT		3,500	3,500
17	SEPARATOR/TREATER		4,500	4,500
18	TANK BATTERY		16,500	16,500
19	PUMPING UT w/ ELEC MOTOR & CONTROL UT		55,000	55,000
20	FLOWLINES		800	800
21	VALUES/FITTINGS		1,200	1,200
22	SUPPLIES			
23	ELECTRIFICATION			
24	COMPRESSION			
25	CONTINGENCIES & MISC.	9,225	5,625	14,850
TOTAL TANGIBLES		\$ 129,000	\$ 244,000	\$ 373,000
TOTALS		\$ 611,000	\$ 388,000	\$ 999,000

TREK Resources Inc.

WORKING INTEREST OWNER

REPRESENTATIVE	Conrad Mirochna	REPRESENTATIVE	Bright & Company, L.L.C.
TITLE	N.P. Operations	TITLE	
SIGNATURE	<i>Conrad Mirochna</i>	SIGNATURE	
DATE	6/22/2005	DATE	
		PARTNER INTEREST	
		NET AFE AMOUNT	

EXHIBIT

E