

**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 PURPOSE OF CONSIDERING:**

**APPLICATION OF MEWBOURNE OIL COMPANY  
FOR COMPULSORY POOLING, EDDY COUNTY,  
NEW MEXICO.**

**Case No. 13,731**

**VERIFIED STATEMENT OF D. PAUL HADEN**

D. Paul Haden, being duly sworn upon his oath, deposes and states:

1. I am a landman for Mewbourne Oil Company, and have personal knowledge of the matters stated herein.

2. Pursuant to Division Rule 1207.A(1)(b), the following information is submitted in support of the compulsory pooling application filed herein:

(a) No opposition is expected because the working interest owners being pooled have been contacted regarding the proposed well, and have simply not decided whether to join in the well or farm out their interests.

(b) A plat outlining the spacing unit being pooled, and marking the location of the subject well, is attached hereto as Exhibit A. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W½ of Section 10, Township 20 South, Range 25 East, NMPM, Eddy County, New Mexico, to form a standard 320 acre gas and spacing and proration unit for all pools or formations developed on 320-acre spacing within that vertical extent, including the East Dagger Draw-Strawn Gas Pool and Cemetery-Morrow Gas Pool.

The unit is to be designated to the proposed Long Draw "10" Fee Com. Well No. 1, to be drilled at an orthodox location in the NW¼SW¼ of Section 10.

(c) The parties being pooled, their working interests in the well unit, and their addresses, are as follows:

Milton F. Kent and Anna P. Kent  
c/o Steve R. Bengtson  
10820 S.W. 74 Court  
Miami, FL 33156

0.78750%

OIL CONSERVATION DIVISION

CASE NUMBER

EXHIBIT NUMBER 1

Elizabeth S. Ferguson 0.49218%  
Elizabeth Ferguson Blaneck and  
Stringer Family Interests  
P.O. Box 3037  
San Angelo, TX 76902

Mark K. Wilson and Mary Lou Wilson 0.29531%  
4501 Greentree Boulevard  
Midland, TX 79707

(d) Copies of the proposal letters sent to the uncommitted working interest owners are attached hereto as Exhibit B. In addition, several phone calls have been made to the uncommitted working interest owners.

(e) Pursuant to Division rules, applicant requests that a 200% risk charge be assessed against the non-consenting interest owner.

(f) A copy of the Authority for Expenditure for the proposed well is attached hereto as Exhibit C. The drilling and completion costs set forth therein are fair and reasonable, and are comparable to those of other wells of this depth drilled in this area of Eddy County.

(g) Overhead charges of \$6500/month for a drilling well, and \$650/month for a producing well, are requested. These rates are fair and reasonable, and are in line with rates charged by other operators in this area for well of this depth.

(h) Applicant requests that it be designated operator of the well.


VERIFICATION

STATE OF TEXAS            )  
                                      ) ss.  
COUNTY OF MIDLAND    )

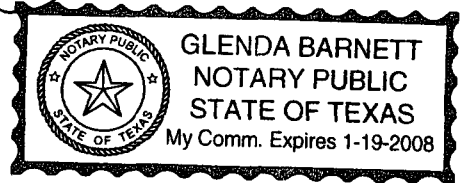
D. Paul Haden, being duly sworn upon his oath, deposes and states that: He is a landman for Mewbourne Oil Company; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his knowledge, information, and belief.

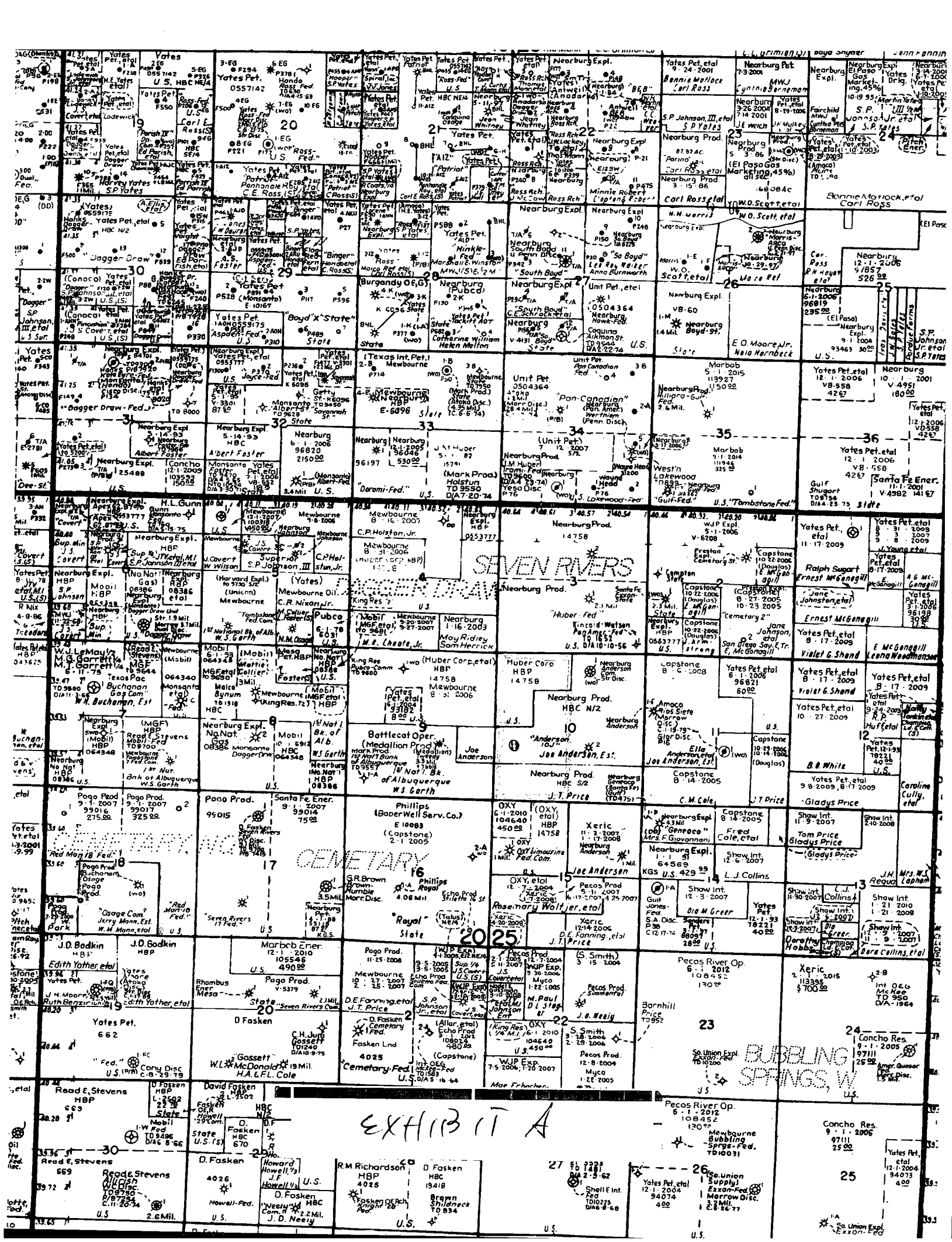
  
D. Paul Haden

SUBSCRIBED AND SWORN TO before me this 15<sup>th</sup> day of June, 2006 by D. Paul Haden.

  
Notary Public

My Commission Expires: 1-19-2008





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 <b>X</b> <div style="text-align: right;"> <input type="checkbox"/> Agent  <input type="checkbox"/> Addressee </div>	
1. Article Addressed to:  Milton F. Kent c/o Steve R. Bengtson 10820 SW 74 Court Miami, FL 33156		B. Received by (Printed Name) <span style="float: right;">C. Date of Delivery</span> <i>Steve R. Bengtson</i> <span style="float: right;">2/21</span>	
		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
		3. Service Type <input checked="" 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)		7003 3110 0002 5112 1137	
PS Form 3811, February 2004		Domestic Return Receipt 102595-02-M-1540	

EXHIBIT B

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

(432) 682-3715  
FAX (432) 685-4170

April 18, 2006

Via Certified Mail-Return Receipt No. 1137

Milton F. Kent ~~STURE~~  
c/o Steve R. Bengtson  
10820 SW 74 Court  
Miami, FL 33156

Re: Long Draw "10" Federal Com #1 Well  
1980' FSL 7 660' FWL  
Section 10, T20S, R25E  
Eddy County, New Mexico

Dear Mr. Bengtson:

Mewbourne Oil Company (Mewbourne) as Operator hereby proposes to drill the referenced well at the captioned location to a depth sufficient to adequately evaluate the Morrow formation, estimated total depth being 9,800' beneath the surface. The above well will be dedicated to the W/2 of the captioned Section 10 for proration unit purposes. Enclosed for your consideration in connection with the proposed well is our AFE dated March 6, 2006.

In reference to the above, public records indicate Milton F. Kent owns an undivided 2.100% leasehold interest (2.52 net acres) in the rights from the surface to a depth of 9,740' beneath the surface in the N/2NW/4 and SW/4NW/4 of the captioned Section 10 which acreage is subject to Federal Lease Serial No. NM-14758. On an 8/8<sup>th</sup> basis, apparently Mr. Kent has a 82.5% net revenue interest as to such acreage.


Should you elect to participate in the proposed well, please sign and return the enclosed AFE to me and I will forward you our Operating Agreement for execution.

In the event Mr. Kent elects not to participate in the proposed well, Mewbourne hereby offers to purchase a two (2) year term assignment of the interest referenced above on the basis of \$200.00 per net acre wherein Mewbourne would be delivered a 75% net revenue interest, subject to proportionate reduction. Please indicate your acceptance of our offer by signing and returning this letter to me at your earliest convenience in the enclosed postage paid envelope and I will forward you our check and term assignment for your further handling.

As Mewbourne has a drilling rig available to commence operations on the proposed well within the next 60 days, your earliest response to our proposal would be greatly appreciated. Please call me should you have any questions regarding the above.

Sincerely yours,

MEWBOURNE OIL COMPANY

  
D. Paul Haden  
Senior Landman

DPH/m

Milton F. Kent  
Long Draw "10" Federal Com #1 Well  
April 18, 2006  
Page 2

Agreed and Accepted this \_\_\_\_\_ day of April, 2006.

**MILTON F. KENT**

By: \_\_\_\_\_  
Steve R. Bengston

SS No. \_\_\_\_\_

Mark<sup>D</sup> Wilson - .945 N/A = .2953/%  
432-697-2206

- 1) Follow up call 5/4/06 - He said he'd get back with us.



**SENDER: COMPLETE THIS SECTION**

- 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.

1. Article Addressed to:

Mr. & Mrs. Mark D. Wilson  
4501 Greentree Blvd.  
Midland, Texas 79707

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

*Mary La Wilson* ☐ Agent ☒ Addressee

B. Received by (Printed Name)

C. Date of Delivery

MARY WILSON 4/20

D. Is delivery address different from item 1? ☐ Yes  
If YES, enter delivery address below: ☐ No

3. Service Type

- ☒ Certified Mail ☐ Express Mail  
☐ Registered ☐ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes2. Article Number  
(Transfer from service label)

7003 3110 0002 5112 1045

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

(432) 682-3715  
FAX (432) 685-4170

April 18, 2006

Via Certified Mail-Return Receipt No. 1045

Mr. & Mrs. Mark D. Wilson  
4501 Greentree Blvd.  
Midland, Texas 79707

Re: Long Draw "10" Federal Com #1 Well  
1980' FSL 7 660' FWL  
Section 10, T20S, R25E  
Eddy County, New Mexico

Dear Mr. & Mrs. Wilson:

Mewbourne Oil Company (Mewbourne) as Operator hereby proposes to drill the referenced well at the captioned location to a depth sufficient to adequately evaluate the Morrow formation, estimated total depth being 9,800' beneath the surface. The above well will be dedicated to the W/2 of the captioned Section 10 for proration unit purposes. Enclosed for your consideration in connection with the proposed well is our AFE dated March 6, 2006.

In reference to the above, public records indicate you own an undivided .7875% leasehold interest (0.945 net acres) in the rights from the surface to a depth of 9,740' beneath the surface in the N/2NW/4 and SW/4NW/4 of the captioned Section 10 which acreage is subject to Federal Lease Serial No. NM-14758. On an 8/8<sup>th</sup> basis, apparently you have a 82.5% net revenue interest as to such acreage.

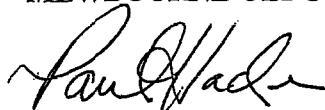
Should you elect to participate in the proposed well, please sign and return the enclosed AFE to me and I will forward you our Operating Agreement for execution.

In the event you elect not to participate in the proposed well, Mewbourne hereby offers to purchase a two (2) year term assignment of your interest referenced above on the basis of \$200.00 per net acre wherein Mewbourne would be delivered a 75% net revenue interest, subject to proportionate reduction. Please indicate your acceptance of our offer by signing and returning this letter to me at your earliest convenience in the enclosed postage paid envelope and I will forward you our check and term assignment for your further handling.

As Mewbourne has a drilling rig available to commence operations on the proposed well within the next 60 days, your earliest response to our proposal would be greatly appreciated. Please call me should you have any questions regarding the above.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden  
Senior Landman

DPH/m

Mr. & Mrs. Mark Wilson  
Long Draw "10" Federal Com #1 Well  
April 18, 2006  
Page 2

Agreed and Accepted this \_\_\_\_\_ day of April, 2006.

\_\_\_\_\_  
Mark D. Wilson

\_\_\_\_\_  
Mary Lou Wilson

SS No. \_\_\_\_\_

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

(432) 682-3715  
FAX (432) 685-4170

May 5, 2006

Stringer Family Interests, LP  
P.O. Box 3037  
San Angelo, Texas 76902  
Attn: Mr. J. Frank Stringer, Jr.

Re: Long Draw "10" Federal Com #1 Well  
1980' FSL & 660' FWL  
Section 10, T20S, R25E  
Eddy County, New Mexico

Dear Mr. Stringer:

Pursuant to your request, enclosed are two isopach maps for Mewbourne's proposed target zones for the Middle Morrow formation which zones we refer to as the Middle Morrow Blue and Green Sands. The pie shaped shaded areas by each well indicate production from the Middle Morrow Blue and Green Sands as well as the Lower Morrow Yellow and Orange Sands. Cumulative production is indicated at the right of each well symbol with the top number being gas, the middle being oil and the bottom number being water production.

As discussed with you, the average cums in Township 20 South is around ½ BCFG. We are hoping to get a BCF.

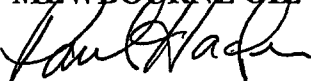
In reference to the above, I've also enclosed a land plat of the area and a completion report for our Long Draw "9" Federal Com #1 Well in the NE/4 NE/4 of the adjoining Section 9.

As we plan to commence drilling the proposed Long Draw "10" Federal Com #1 Well soon, we would appreciate receiving a decision from you and Elizabeth Ferguson Blanek and Elizabeth S. Ferguson at the earliest possible date.

Should you have any further questions, please call me.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden  
Senior Landman

DPH/m

Stringer Family Interests, LP .16406%  
Elizabeth Ferguson Blank .16406%  
Elizabeth S. Ferguson .16406%  
Attn: J. Frank Stringer, Jr.  
325-949-8506

- 1) Follow up call 5/4/06, left message.
- 2) Frank Stringer called back 5/4/06, enquired about our prospect interpretation, wanted our geology in order to make up his mind. Advised him I would send him an isopach of the area with production info to help his decision.

## SENDER: COMPLETE THIS SECTION

- 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.

## 1. Article Addressed to:

Stringer Family Interests, LP  
P.O. Box 3037  
San Angelo, Texas 76902

## COMPLETE THIS SECTION ON DELIVERY

## A. Signature

X *[Signature]*

☒ Agent  
☐ Addressee

## B. Received by (Printed Name)

*J. Frank Stringer Jr.*

## C. Date of Delivery

*4/2/00*

D. Is delivery address different from Item 1? ☐ Yes

If YES, enter delivery address below: ☐ No

## 3. Service Type

☒ Certified Mail ☐ Express Mail  
☐ Registered ☐ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.

## 4. Restricted Delivery? (Extra Fee)

☐ Yes

## 2. Article Number

(Transfer from service label)

7003 3110 0002 5112 1144

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

(432) 682-3715  
FAX (432) 685-4170

April 18, 2006

Via Certified Mail-Return Receipt No. 1144

Stringer Family Interests, LP  
P.O. Box 3037  
San Angelo, Texas 76902

*J. Frank Stringer, Jr.*  
*325-949-8506*

Re: Long Draw "10" Federal Com #1 Well  
1980' FSL 7 660' FWL  
Section 10, T20S, R25E  
Eddy County, New Mexico

Gentlemen:

Mewbourne Oil Company (Mewbourne) as Operator hereby proposes to drill the referenced well at the captioned location to a depth sufficient to adequately evaluate the Morrow formation, estimated total depth being 9,800' beneath the surface. The above well will be dedicated to the W/2 of the captioned Section 10 for proration unit purposes. Enclosed for your consideration in connection with the proposed well is our AFE dated March 6, 2006.

In reference to the above, public records indicate you own an undivided .43750% leasehold interest (.525 net acres) in the rights from the surface to a depth of 9,740' beneath the surface in the N/2NW/4 and SW/4NW/4 of the captioned Section 10 which acreage is subject to Federal Lease Serial No. NM-14758. On an 8/8<sup>th</sup> basis, apparently you have a 82.5% net revenue interest as to such acreage.

Should you elect to participate in the proposed well, please sign and return the enclosed AFE to me and I will forward you our Operating Agreement for execution.

In the event you elect not to participate in the proposed well, Mewbourne hereby offers to purchase a two (2) year term assignment of the interest referenced above on the basis of \$200.00 per net acre wherein Mewbourne would be delivered a 75% net revenue interest, subject to proportionate reduction. Please indicate your acceptance of our offer by signing and returning this letter to me at your earliest convenience in the enclosed postage paid envelope and I will forward you our check and term assignment for your further handling.

As Mewbourne has a drilling rig available to commence operations on the proposed well within the next 60 days, your earliest response to our proposal would be greatly appreciated. Please call me should you have any questions regarding the above.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden  
Senior Landman

DPH/m

Stringer Family Interests, LP  
Long Draw "10" Federal Com #1 Well  
April 18, 2006  
Page 2

Agreed and Accepted this \_\_\_\_\_ day of April, 2006.

**STRINGER FAMILY INTERESTS, LP**

By: \_\_\_\_\_

Tax I.D. No. \_\_\_\_\_



**SENDER: COMPLETE THIS SECTION**

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- 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.

**1. Article Addressed to:**

Elizabeth Ferguson Blanek  
c/o Stringer Oil and Gas Company  
P.O. Box 3037  
San Angelo, Texas 76902

**COMPLETE THIS SECTION ON DELIVERY****A. Signature**

X *[Signature]*

☐ Agent☐ Addressee**B. Received by (Printed Name)**

J. Frank Stringer Jr.

**C. Date of Delivery**

4-22-06

**D. Is delivery address different from item 1?**☐ Yes

If YES, enter delivery address below:

☐ No**3. Service Type**☒ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.**4. Restricted Delivery? (Extra Fee)**☐ Yes**2. Article Number**

(Transfer from service label)

7003 3110 0002 5112 1304

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

(432) 682-3715  
FAX (432) 685-4170

April 18, 2006

Via Certified Mail-Return Receipt No. 1304

Elizabeth Ferguson Blaneck  
c/o Stringer Oil and Gas Company  
P.O. Box 3037  
San Angelo, Texas 76902

Re: Long Draw "10" Federal Com #1 Well  
1980' FSL 7 660' FWL  
Section 10, T20S, R25E  
Eddy County, New Mexico

Gentlemen:

Mewbourne Oil Company (Mewbourne) as Operator hereby proposes to drill the referenced well at the captioned location to a depth sufficient to adequately evaluate the Morrow formation, estimated total depth being 9,800' beneath the surface. The above well will be dedicated to the W/2 of the captioned Section 10 for proration unit purposes. Enclosed for your consideration in connection with the proposed well is our AFE dated March 6, 2006.

In reference to the above, public records indicate you own an undivided .43750% leasehold interest (.525 net acres) in the rights from the surface to a depth of 9,740' beneath the surface in the N/2NW/4 and SW/4NW/4 of the captioned Section 10 which acreage is subject to Federal Lease Serial No. NM-14758. On an 8/8<sup>th</sup> basis, apparently you have a 82.5% net revenue interest as to such acreage.

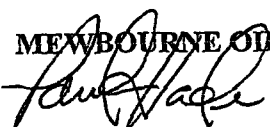
Should you elect to participate in the proposed well, please sign and return the enclosed AFE to me and I will forward you our Operating Agreement for execution.

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As Mewbourne has a drilling rig available to commence operations on the proposed well within the next 60 days, your earliest response to our proposal would be greatly appreciated. Please call me should you have any questions regarding the above.

Sincerely yours,

MEWBOURNE OIL COMPANY

  
D. Paul Haden  
Senior Landman

DPH/m

Elizabeth Ferguson Blanek  
Long Draw "10" Federal Com #1 Well  
April 18, 2006  
Page 2

Agreed and Accepted this \_\_\_\_\_ day of April, 2006.

\_\_\_\_\_  
Elizabeth Ferguson Blanek

Tax I. D. No. \_\_\_\_\_

**SENDER: COMPLETE THIS SECTION**

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- Attach this card to the back of the mailpiece, or on the front if space permits.

**1. Article Addressed to:**

Elizabeth S. Ferguson  
c/o Stringer Oil and Gas Company  
P.O. Box 3037  
San Angelo, Texas 76902

**COMPLETE THIS SECTION ON DELIVERY**

**A. Signature**

*Elizabeth S. Ferguson* ☐ Agent ☐ Addressee

Received by (Printed Name) *Elizabeth S. Ferguson* ☐ C. Date of Delivery *4-22-05*

D. Is delivery address different from item 1? ☐ Yes ☐ No  
If YES, enter delivery address below:

**3. Service Type**

- ☒ Certified Mail ☐ Express Mail  
☐ Registered ☐ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

**2. Article Number**

(Transfer from service label)

7003 3110 0002 5122 1298

PS Form 3811, February 2004

Domestic Return Receipt

102585-02-M-1540

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

(432) 682-3715  
FAX (432) 685-4170

April 18, 2006

Via Certified Mail-Return Receipt No. 1298

Elizabeth S. Ferguson  
c/o Stringer Oil and Gas Company  
P.O. Box 3037  
San Angelo, Texas 76902

Re: Long Draw "10" Federal Com #1 Well  
1980' FSL 7 660' FWL  
Section 10, T20S, R25E  
Eddy County, New Mexico

Gentlemen:

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Sincerely yours,

MEWBOURNE OIL COMPANY

  
D. Paul Haden  
Senior Landman

DPH/m

Elizabeth S. Ferguson  
Long Draw "10" Federal Com #1 Well  
April 18, 2006  
Page 2

Agreed and Accepted this \_\_\_\_\_ day of April, 2006.

\_\_\_\_\_  
Elizabeth S. Ferguson

Tax I. D. No. \_\_\_\_\_

**MEWBOURNE OIL COMPANY  
AUTHORIZATION FOR EXPENDITURE**

Prospect: Long Draw Well Name & No: Long Draw 10 Fee Com #1  
 Field: Cemetery Morrow Location: 1980' FSL & 680' FWL  
 Section: 10 Block: \_\_\_\_\_ Survey: \_\_\_\_\_ Township 20S Range: 25E  
 County: Eddy ST: NM Proposed Depth: 9800'

DESCRIPTION		Cost To Casing Point AFE NO.	Completion Cost AFE NO.
<b>INTANGIBLE COST 180</b>			
300	Permits and Surveys	\$2,000	\$1,000
301	Location, Roads and Site Preparation	\$47,000	\$1,600
302	Footage or Turnkey Drilling		
303	Day Work 24 Days @ 17000/Day + 2 Days @ TD + GRT	\$432,500	\$36,100
304	Fuel 26 Days @ 1000 gal/day @ \$2.00/gal + GRT	\$55,000	
305	Completion / Workover Rig		\$32,000
306	Mud and Chemicals	\$23,000	\$1,000
307	Cementing	\$21,000	\$43,000
308	Logging, Wireline and Coring Services	\$30,000	\$12,000
309	Casing, Tubing & Snubbing Services	\$6,000	\$4,000
310	Mud Logging	\$20,000	
311	Testing		\$5,000
312	Treating 70Q Binary w/ 100K# HSP		\$185,000
313	Water & Other	\$21,000	\$2,000
314	Bits (1 - 14 3/4", 3 - 8 3/4")	\$28,000	
315	Inspection & Repair Services	\$2,500	\$6,500
316	Misc. Air and Pumping Services	\$2,000	\$6,500
320	Rig Mobilization & Transportation	\$60,000	\$3,200
321	Welding and Construction	\$2,500	\$2,000
322	Engineering & Contract Supervision	\$15,000	
330	Equipment Rental	\$23,000	\$1,000
334	Well / Lease Legal	\$15,000	\$1,000
335	Well / Lease Insurance	\$3,000	
350	Intangible Supplies	\$1,000	\$500
355	Damages	\$1,500	
360	Pipeline and Electrical ROW and Easements		\$5,200
367	Pipeline Interconnect		
376	Company Supervision	\$15,000	\$5,000
380	Overhead Fixed Rate	\$6,000	\$4,000
388	Well Abandonment	\$12,000	(\$12,000)
399	Contingencies 10% / 10%	\$84,400	\$34,600
	<b>Total Intangibles</b>	<b>\$928,400</b>	<b>\$380,100</b>
<b>TANGIBLE COST 181</b>			
797	Conductor Casing 80' 20" (Included in location)		
797	Surface Casing 1200' 8 5/8" 32# K55 STC @ \$20.72/ft	\$24,900	
797	Intermediate Casing		
797	Intermediate Casing		
797	Production Casing 9,800' 4 1/2" 11.6# HCP-110 LTC @ \$13.19/ft		\$129,300
798	Tubing 9,700' 2 3/8" 4.7# N-80 EUE 8rd @ \$4.60/ft		\$47,300
860	Drilling Head	\$5,500	
870	Tubing Head & Upper Section		\$10,000
875	Sucker Rods		
880	Packer Pump & Subsurface Equipment		
884	Artificial Lift Systems		
885	Pumping Unit		
886	Surface Pumps & Prime Movers		
890	Tanks - Steel 1 - 300 bbl Steel		\$6,000
891	Tanks - Other 1 - 210 bbl Fiberglass		\$4,000
895	Separation Equipment		\$12,000
896	Gas Treating Equipment		
898	Metering Equipment		\$5,300
900	Line Pipe - Gas Gathering and Transportation		\$25,000
901	Line Pipe - Production		\$1,000
906	Miscellaneous Fittings, Valves & Accessories		\$8,000
909	Electrical Installations		
910	Production Equipment Installation		\$15,000
920	Pipeline Construction		\$20,000
	<b>Total Tangibles</b>	<b>\$30,400</b>	<b>\$282,900</b>
Prepared by: Mike Johnson	Date Prepared: 3/6/2006	SUBTOTAL	
Company Approval: <u>M. White</u>	Date Approved: 3/7/2006	<b>\$958,800</b>	<b>\$663,000</b>
Joint Owner Interest: _____	Joint Owner Amount: _____	<b>TOTAL WELL COST</b>	<b>\$1,621,800</b>
Joint Owner: _____ Joint Owner Approval: _____			

Operator has secured Operator's Extra Expense Insurance covering costs of well control, clean up, and redrilling, as estimated in Line Item 335. Non-operator may elect not to be covered by this Operator's Extra Expense Insurance only by signing below. The undersigned elects not to be covered by Operator's Extra Expense Insurance for their well.

By: \_\_\_\_\_

Name: \_\_\_\_\_