

**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 CORKRAN ENERGY, LP FOR
COMPULSORY POOLING, EDDY COUNTY, NEW
MEXICO.**

Case No. 13,835

VERIFIED STATEMENT OF JAMES R. STONE

James R. Stone, being duly sworn upon his oath, deposes and states:

1. I am a contract landman for Corkran Energy, LP, 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 pool have been contacted numerous times, in writing and by telephone, but have not agreed to join in the proposed well.
 - (b) Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 25, Township 18 South, Range 26 East, N.M.P.M., to form a standard 320-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent, including the Undesignated Red Lake-Pennsylvanian Gas Pool and Undesignated Four Mile Draw-Morrow Gas Pool. The unit is to be dedicated to the Orleans "25" Well No. 1, to be drilled at an orthodox location in the NW/4NE/4 of Section 25.
 - (c) The parties being pooled and their working interests in the 320 acre well unit are listed on Exhibit A and highlighted in green.
 - (d) Copies of the proposal letters sent to the uncommitted working interest owner are attached hereto as Exhibit B.
 - (e) Pursuant to Division rules, applicant requests that a 200% risk charge be assessed against any non-consenting interest owners.

Oil Conservation Division
Case No. _____
Exhibit No. 1

(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 \$ 5,050.00 /month for a drilling well, and \$ 505.00 /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. Applicant requests that these rates be adjusted pursuant to the COPAS accounting procedure.

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

VERIFICATION

STATE OF TEXAS)
) ss.
COUNTY OF *Fort Bend*)

James R. Stone, being duly sworn upon his oath, deposes and states that: He is a landman for Corkran Energy, LP; 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.


James R. Stone

SUBSCRIBED AND SWORN TO before me this 12 day of December, 2006 by
James R. Stone.



Notary Public

My Commission Expires: _____

EXHIBIT

A

ORLEANS INITIAL WELL PRORATION UNIT OWNERS (updated 1-25-06)
 E/2 SEC. 25, T18S, R28E, NMPH, EDDY COUNTY, NEW MEXICO

OWNER	ACR. DESCR.	NET ACRES BPO	WI % IN WELL BEFORE TANKS	WI % IN WELL AFTER TANKS BUT BEFORE PAYOUT	WI % IN WELL APO
CAPSTONE	SE/4 (23.32)	5.830000	1.821875%	2.004063%	2.1862500%
CORKRAN	SE/4 (23.32)	2.087210	0.652253%	0.711747%	0.7827037%
DOUGLAS O&G	SE/4 (23.32)	0.727840	0.227450%	0.250195%	0.2729400%
JKTS CORP.	SE/4 (23.32)	1.507475	0.471086%	0.518195%	0.5653030%
SPARCO PRODUCING	SE/4 (23.32)	1.507475	0.471086%	0.518195%	0.5653030%
PRESTON /WJP	SE/4 (23.32)	11.660000	3.643750%	3.279375%	2.9150000%
DEVON	NE/4	68.668667	20.833333%	20.833333%	20.8333330%
RIO PECOS	E/2	20.167333	6.302292%	6.302292%	6.302292%
PATHFINDER EXPL.	E/2	20.167333	6.302292%	6.302292%	6.302292%
CANNON EXPL.	E/2	20.167333	6.302292%	6.302292%	6.302292%
ELLIOTT FAM. LTD. PTNSHP.	E/2	20.167333	6.302292%	6.302292%	6.302292%
TARA-JON	E/2	20.167333	6.302292%	6.302292%	6.302292%
TEX-ZIA PROPERTIES	NE/4	13.333333	4.166667%	4.166667%	4.166667%
PITCH ENERGY	NE/4	13.333333	4.166667%	4.166667%	4.166667%
MARK D. WILSON	SE/4 (136.68)	34.170000	10.678125%	10.678125%	10.678125%
CONOCOPHILLIPS	SE/4 (136.68)	27.336000	8.542500%	8.542500%	8.542500%
BASIC ENERGY 1983-A	SE/4 (136.68)	21.672726	6.772727%	6.772727%	6.772727%
JOHN A. YATES, INDIV.	SE/4 (136.68)	2.633185	0.822870%	0.822870%	0.822870%
JOHN A. YATES, TRUST Q	SE/4 (136.68)	2.633185	0.822870%	0.822870%	0.822870%
SHARBRO	SE/4 (136.68)	5.266368	1.645740%	1.645740%	1.645740%
SACRAMENTO PARTNERS	SE/4 (136.68)	5.266368	1.645740%	1.645740%	1.645740%
YATES PETROLEUM CORP.	SE/4 (136.68)	1.984122	0.620038%	0.620038%	0.620038%
ROY L. CROW	SE/4 (136.68)	0.774024	0.241883%	0.241883%	0.241883%
JAMES D. BROWN	SE/4 (136.68)	0.774024	0.241883%	0.241883%	0.241883%
TOTALS:		320.000000	100.000000%	100.000000%	100.000000%

203 West Wall Street
Suite 1201 (Zip 79701)
P.O. Box 10187
Midland, Texas 79702

CAPSTONE OIL & GAS COMPANY, L.P.
Exploration and Development

Area Code: 432
Phone : 682-5565
Fax: 682-4498
E-Mail:
dale@capstoneoil.com

October 25, 2006

Cannon Exploration Company
3608 SCR 1184
Midland, TX 79706
Attn: Mr. Todd Wilson

SENT CERTIFIED MAIL – RETURN RECEIPT REQUESTED
NO. 70033110000327111291

Re: AFE to drill Orleans "25" #1 well
660' FNL & 1650' FEL of Section 25
T-18-S, R-26-E, NMPM,
Orleans Prospect
Eddy County, New Mexico

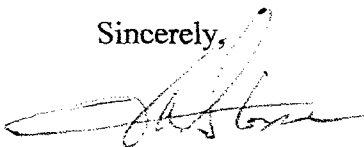
Dear Mr. Wilson:

Enclosed for your review and execution please find two (2) copies of our AFE for the captioned well. (This acreage was previously pooled by OCD Order No. R-12578, issued to WJP Exploration, LLC. Corkran Energy, LP has assumed operations of the proposed well.)

If you are prepared to participate in this well, please execute and forward one (1) of the enclosed AFEs to the undersigned at your earliest convenience. If you do not want to participate in the drilling of this well, Capstone would like to negotiate the purchase of a term assignment of your leasehold rights under the subject lands.

Should you have any questions or wish further discuss these matters, please contact me at the number or other contact options shown below my signature.

Sincerely,



Jim Stone
on behalf of Corkran Energy, LP
7302 Emerald Glen Drive
Sugar Land, TX 77479
(281) 413-2125
jrstone@houston.rr.com

JRS/ms
Enclosures
Xc: Dale Douglas

EXHIBIT B

203 West Wall Street
Suite 1201 (Zip 79701)
P.O. Box 10187
Midland, Texas 79702

CAPSTONE OIL & GAS COMPANY, L.P.
Exploration and Development

Area Code: 432
Phone : 682-5565
Fax: 682-4498
E-Mail: dale@capstoneoil.com

November 2, 2006

ConocoPhillips Company
P.O. Box 2197
Houston, TX 77252-2197
Attn: Mr. Greg D. Fuzzell

SENT CERTIFIED MAIL – RETURN RECEIPT REQUESTED
NO. 70033110000327111208

Re: AFE to drill Orleans "25" #1 well
660' FNL & 1650' FEL of Section 25
T-18-S, R-26-E, NMPM,
Orleans Prospect
Eddy County, New Mexico

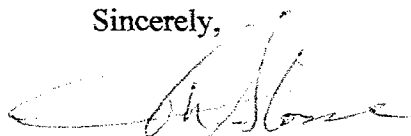
Dear Mr. Fuzzell:

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on behalf of Corkran Energy, LP
7302 Emerald Glen Drive
Sugar Land, TX 77479
(281) 413-2125
jrstone@houston.rr.com

JRS/ms
Enclosures
Xc: Dale Douglas

October 25, 2006

The Roger T. Elliott and Holly L.
Elliott Family Limited Partnership, L.P.
4105 Baybrook Drive
Midland, TX 79707
Attn: Mr. Roger Elliott

SENT CERTIFIED MAIL – RETURN RECEIPT REQUESTED
NO. 70033110000327111215

Re: AFE to drill Orleans "25" #1 well
660' FNL & 1650' FEL of Section 25
T-18-S, R-26-E, NMPM,
Orleans Prospect
Eddy County, New Mexico

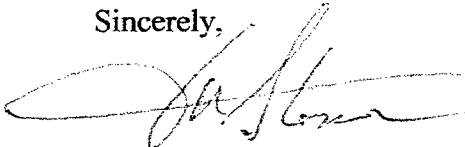
Dear Mr. Elliott:

Enclosed for your review and execution please find two (2) copies of our AFE for the captioned well. (This acreage was previously pooled by OCD Order No. R-12578, issued to WJP Exploration, LLC. Corkran Energy, LP has assumed operations of the proposed well.)

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Sincerely,



Jim Stone
on behalf of Corkran Energy, LP
7302 Emerald Glen Drive
Sugar Land, TX 77479
(281) 413-2125
jrstone@houston.rr.com

JRS/ms
Enclosures
Xc: Dale Douglas

203 West Wall Street
Suite 1201 (Zip 79701)
P.O. Box 10187
Midland, Texas 79702

CAPSTONE OIL & GAS COMPANY, L.P.
Exploration and Development

Area Code: 432
Phone : 682-5565
Fax: 682-4498
E-Mail:
dale@capstoneoil.com

October 25, 2006

Mr. James D. Brown, Jr.
16105 Red Cedar Trail
Dallas, TX 78248-3937

SENT CERTIFIED MAIL – RETURN RECEIPT REQUESTED
NO. 70033110000327111246

Re: AFE to drill Orleans "25" #1 well
660' FNL & 1650' FEL of Section 25
T-18-S, R-26-E, NMPM,
Orleans Prospect
Eddy County, New Mexico

Dear Mr. Brown:

Enclosed for your review and execution please find two (2) copies of our AFE for the captioned well. (This acreage was previously pooled by OCD Order No. R-12578, issued to WJP Exploration, LLC. Corkran Energy, LP has assumed operations of the proposed well.)

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Should you have any questions or wish further discuss these matters, please contact me at the number or other contact options shown below my signature.

Sincerely,



Jim Stone
on behalf of Corkran Energy, LP
7302 Emerald Glen Drive
Sugar Land, TX 77479
(281) 413-2125
jrstone@houston.rr.com

JRS/ms
Enclosures
Xc: Dale Douglas

October 25, 2006

Mr. Roy L. Crow
P.O. Box 5527
Granbury, TX 76049

**SENT CERTIFIED MAIL – RETURN RECEIPT REQUESTED
NO. 70033110000327111239**

Re: AFE to drill Orleans "25" #1 well
660' FNL & 1650' FEL of Section 25
T-18-S, R-26-E, NMPM,
Orleans Prospect
Eddy County, New Mexico

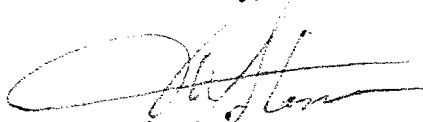
Dear Mr. Crow:

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7302 Emerald Glen Drive
Sugar Land, TX 77479
(281) 413-2125
jrstone@houston.rr.com

JRS/ms
Enclosures
Xc: Dale Douglas

203 West Wall Street
Suite 1201 (Zip 79701)
P.O. Box 10187
Midland, Texas 79702

CAPSTONE OIL & GAS COMPANY, L.P.
Exploration and Development

Area Code: 432
Phone : 682-5565
Fax: 682-4498
E-Mail:
dale@capstoneoil.com

October 25, 2006

Pathfinder Exploration Company
4601 Mirador Drive
Austin, TX 78735-1554

Attn: Mr. Scott Wilson

SENT CERTIFIED MAIL – RETURN RECEIPT REQUESTED
NO. 70033110000327111284

Re: AFE to drill Orleans "25" #1 well
660' FNL & 1650' FEL of Section 25
T-18-S, R-26-E, NMPM,
Orleans Prospect
Eddy County, New Mexico

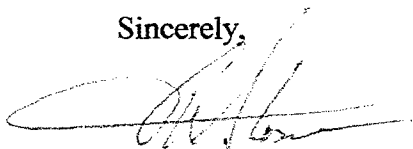
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on behalf of Corkran Energy, LP
7302 Emerald Glen Drive
Sugar Land, TX 77479
(281) 413-2125
jstone@houston.rr.com

JRS/ms
Enclosures
Xc: Dale Douglas

**R.K. Ford & Associates
Corkran Energy, LP**

Lease: Orleans 25 Well #1
Location: 660' FNL, 1650' FEL, Section 25, T-18-S, R-26-E
Field: Four Mile Draw (Morrow)
Purpose: Drill, Evaluate, Case, Complete

AFE: 06112C
County: Eddy
District: Artesia OCD
State: NM

CODE	INTANGIBLE DRILLING COST		Dry Hole	Completion	Total
	Location & Roads, Including Damages		\$90,000	\$5,000	\$95,000
	Moving Rig		\$100,000		\$100,000
	Day Work Drtg 29 days @ \$19,000		\$551,000		\$551,000
	Day Work Comp 3 days @ \$19,000			\$57,000	\$57,000
	Rig Fuel 29 2/3 days @ \$2,000		\$58,000	\$6,000	\$64,000
	Conductor, Rat & Mouse Holes		\$7,000		\$7,000
	Drill Bits & Stabilization		\$90,000	\$3,000	\$93,000
	Drilling Water		\$45,000		\$45,000
	Drilling Mud, Chemicals, Completion Fluids		\$80,000	\$10,000	\$90,000
	Gyro				\$0
	Open Hole Logging		\$30,000		\$30,000
	Mud Logging 20 days @ \$900		\$18,000		\$18,000
	Open Hole Testing/Coring/Analysis		\$5,000	\$2,000	\$7,000
	Hauling and Trucking		\$10,000	\$4,000	\$14,000
	Welding		\$4,000	\$2,000	\$6,000
	Rental Equipment & Fishing Tools		\$80,000	\$20,000	\$100,000
	Special Services & Misc. Items		\$5,000	\$2,000	\$7,000
	Completion Rig 20 Days @ \$3,300			\$66,000	\$66,000
	Cased Hole Logging, Perforating, & Wireline			\$18,000	\$18,000
	Acidizing, Fracturing, Chemicals			\$180,000	\$180,000
	CO2/Nitrogen			\$15,000	\$15,000
	Liner Hanger				\$0
	Roustabout Labor & Services		\$12,000	\$8,000	\$20,000
	Casing Crews & Service		\$12,000	\$6,000	\$18,000
	Disposal			\$25,000	\$25,000
	Surface Casing Cementing		\$18,000		\$18,000
	Intermediate Casing Cementing		\$23,000		\$23,000
	Production Cementing			\$52,000	\$52,000
	Directional Services 0 days @ \$0		\$0		\$0
	Insurance 9600 ft @ \$2		\$19,200	\$1,000	\$20,200
	Administrative Overhead		\$10,500	\$3,500	\$14,000
	Supervision 35 days @ \$1,000		\$35,000		\$35,000
	Supervision 22 days @ \$1,000			\$22,000	\$22,000
	P&A Expense		\$40,000		\$40,000
	TOTAL INTANGIBLE WELL COST		\$1,342,700	\$507,500	\$1,850,200
	TANGIBLE WELL COST				
	Casing	Amt. Size Price			
	Surface	350 ft 13-3/8	\$45.00	\$15,750	\$15,750
	Intermediate	1,600 ft 9-5/8"	\$48.00	\$76,800	\$76,800
	Intermediate	ft. 7-5/8"		\$0	\$0
	Production	9,600 ft. 5-1/2"	\$24.00	\$0	\$230,400
	Liner	ft. 5-1/2"		\$0	\$0
	Tubing	9,500 ft. 2-7/8"	\$6.50	\$0	\$61,750
	Wellhead Equipment (Section A,B,C)		\$14,000	\$9,000	\$23,000
	Packers			\$12,000	\$12,000
	Flowlines & Connections			\$16,000	\$16,000
	Storage Tanks & Separation Equipment			\$32,000	\$32,000
	Pumping Unit & Motor				\$0
	Sucker Rods, Bottom Hole Pump, & Other				\$0
	Float Equipment		\$3,000	\$2,000	\$5,000
	Measurement Equipment			\$9,000	
	TOTAL TANGIBLE WELL COSTS		\$109,550	\$372,150	\$481,700
	TOTAL WELL COST		\$1,452,250	\$879,650	\$2,331,900

The Above Costs Are Estimates Only. Actual Costs Will Be Billed As Incurred.

Prepared By: Court Adkins

Date: 09/27/06

Approval

Non-Operator Approval

By: _____

By: _____

Corkran Energy, LP

Title: _____

Date: _____

Date: _____

EXHIBIT

C