

Oil Conservation Division Case No.
Exhibit No.

DIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 30, 2007

Jessie L. Wissler, Agent for Frank Free 7 N. Calvert Street Baltimore, MD 21202

_SHIPPED APR 30 2007

Re: Pyramid #1

W/2 of Section 31, Township 14 South, Range 38 East

Lea County, New Mexico

Dear Ms. Wissler:

According to our title research Frank Free owns an undivided 2.0005 net mineral acre under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this lease are a \$100.00 bonus consideration, three (3) year primary term and one-fifth (1/5) royalty. Please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

Surface Hole Location: 2210' FSL & 430' FWL
Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

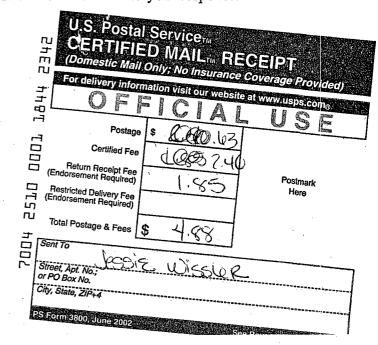
If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms listed above.

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Tim Lilley





AUTHORIZATION FOR EXPENDITURE

COMPANY ENT	• •							DATE PRI	EPARED March 8, 20	07
REGION	WELL NAME	WELL NO	PROSE	PECT OR FIELD	NAME	PROPER	TY NUMBER .		DRILLING AFE	10 .
Permian	Pyramid	1 1	S	Star-Dento	1					
LOCATION	SHL 2210' FSL & 430' F\	N L		COI	JNTY	s	TATE		TYPE WELL	
BHL 330' F	SL & 430' FWL							OIL	X EXP	X
Sec 31, T14	<u>IS,</u> R38E			Le	a	New	Mexico	GAS	PRO	D
ORIGINAL ESTI	MATE X		EST. STA	ART DATE	EST. CC	MP. DATE	FORMA	TION	EST.	TD
REVISED ESTIM	IATE				1				9800	TVD
SUPPLEMENTA	L ESTIMATE		•						11600'	MD

PROJECT DESCRIPTION:

Drill and complete a horizontal wolfcamp well.

	DRY HOLE	AFTER	COMPLETED
INTANGIBLES	COST	CASING POINT	WELL COST
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
TANGIBLES			
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

Comments on Well Costs:

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

 l elect to	purchase	my own	well control	insurance	policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

•		#VALUE
1	CIMAREX ENERGY CO. APPROVAL	
PREPARED BY	DRILLING AND COMPLETION MANAGER	REGIONAL MANAGER
Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	Roger Alexander, Regional Manager Permian Basin
1		
	JOINT INTEREST APPROVAL	
COMPANY	BY	DATE
·		

^{1.} All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.



PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

				T	DRY HOLE		AFTER CASING	
INTANGIBLES					COST	Codes	POINT	WELL COST
ROADS & LOCATION PREPARATION / RESTORATION					\$100,000	DICC.100		\$108,00
DAMAGES MUD/FLUIDS DISPOSAL CHARGES				DIDC.105 DIDC.255	\$4,000 \$20,000	DICC.105		\$5,00 \$40,00
	DAYS @	17430	PER DAY	DIDC.233	\$801,780	DICC.120		\$888,93
MISC PREPARATION COST (mouse hole, rat hole, pads,			7 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	DIDC.120	\$8,000	1111	minn	\$8,00
BITS		,		DIDC.125	\$100,000	DICC.125	\$1,000	\$101,00
FUEL \$2.20 PER GALLON				DIDC.135	\$111,000	DICC.130	\$11,000	\$122,00
WATER / COMPLETION FLUIDS				DIDC.140	\$32,200	DICC.135	\$25,000	\$57,20
MUD & ADDITIVES				DIDC.145	\$64,400	7777		\$64,40
SURFACE RENTALS				DIDC.150	\$69,000	DICC.140		\$114,00
DOWNHOLE RENTALS				DIDC.155	\$144,000	DICC.145	\$10,000	\$154,00
FORMATION EVALUATION (DST, Coring including evalua		SERVICES)		DIDC.160	647,000	444	HHHK	647.00
MUD LOGGING 37 DAYS @ \$900 OPEN HOLE LOGGING	PER DAY	-,,		DIDC.170 DIDC.180	\$47,000 \$65,000	444	HHHH	\$47,00 \$65,00
CEMENTING & FLOAT EQUIPMENT				DIDC.185	\$50,000	DICC.155	\$40,000	\$90,00
TUBULAR INSPECTIONS		,		DIDC.190	\$5,000	DICC.160		\$7,50
CASING CREWS				DIDC.195	\$12,000	DICC.165		\$27,00
EXTRA LABOR, WELDING, ETC.				DIDC.200	\$27,600	DICC.170	\$5,000	\$32,60
LAND TRANSPORTATION (Trucking)				DIDC.205	\$32,200	DICC.175	\$7,000	\$39,20
SUPERVISION				DIDC.210	\$51,000	DICC.180	\$18,000	\$69,00
TRAILER HOUSE/CAMP/CATERING				DIDC.280	\$17,000	DICC.255	 	\$19,50
OTHER MISC EXPENSES				DIDC.220	\$5,000	DICC.190	\$5,000	\$10,00
OVERHEAD				DIDC.225	\$14,000	DICC.195	\$4,200	\$18,20
REMEDIAL CEMENTING		٠.		DIDC.231	A.E	DICC.215	·····	
MOB/DEMOB	5.5440.0		DED DAY	DIDC.240	\$150,000	444	44444	\$150,00
	DAYS @	9500	PER DAY	DIDC.245	\$209,000	7/7/	777777	\$209,00
DOCK, DISPATCHER, CRANE MARINE & AIR TRANSPORTATION				DIDC.250 DIDC.275		DICC.230 DICC.250		· · · · · · · · · · · · · · · · · · ·
SOLIDS CONTROL				DIDC.260	\$166,000	1111	THINK THE	\$166,00
WELL CONTROL EQUIP (Snubbing services)				DIDC.265	\$28,000	DICC.240	\$16,800	\$44,80
FISHING & SIDETRACK OPERATIONS				DIDC.270		DICC.245	7.2,22	+
COMPLETION RIG 14 DAYS @	4400	PER DAY		1111	111111	DICC.115	\$61,600	\$61,60
COIL TUBING DAYS @		PER DAY				DICC.260		
COMPLETION LOGGING, PERFORATING, WL UNITS, WI	L SURVEYS	3			7/////	DICC.200	\$35,000	\$35,00
STIMULATION .						DICC.210	\$220,000	\$220,00
LEGAL/REGULATORY/CURATIVE				DIDC.300	\$10,000	DICC.280		\$10,000
WELL CONTROL INSURANCE \$0.35 PER F				DIDC.285	\$3,000	7777	7777777	\$3,000
CONTINGENCY 5% OF DRILLING IN	TANGIBLE	S ·		DIDC.435	\$117,000	DICC.220	\$32,000	\$149,00
CONSTRUCTION FOR WELL EQUIPMENT				444	4444	DWEA.110		\$1,00
CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR SALES P/L				1111	44444	DLEQ.110 DICC.265	\$39,000	\$39,00
OCKOTKOCHOK FOR CALEGOTIE					,,,,,,,	B100.200		
TOTALINTANGIBLE COST		March 1997	54 (B) (B) (B)		\$2,463,180	* 185 (B)	\$7,12,750	\$3,175,93
TANGIBLE - WELL EQUIPMENT			· · · · · · · · · · · · · · · · · · ·	 		,		
CASING	SIZE	FEET	\$/FOOT	-				
DRIVE PIPE	20"	40	100.00	DWEB.150	4,000	777	1111111	\$4,00
CONDUCTOR PIPE				DWEB.130		1111	111111	
WATER STRING				DWEB.135		7777	111111	
SURFACE CASING	13-3/8"	250	42.00	DWEB.140	11,000	1111	111111	\$11,00
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145	105,000	1111		\$105,00
DRILLING LINER	7"			DWEB.145		1111		
DRILLING LINER				DWEB.145		7///	7777777	
PRODUCTION CASING OR LINER	5 1/2"	9,800	15,90	7111	<i>777777.</i>	DWEA.100	156,000	\$156,00
PRODUCTION TIE-BACK	0.7/01	10.000	0.50	1111	4444	DWEA.100	70,000	. #70.00
TUBING	2 7/8"	12,000	6.50	444	44444	DWEA.105		\$78,00 \$9,00
N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES				DWEB.115	12,000	DWEA.115 DWEA.120		\$40,00
LINER HANGER, ISOLATION PACKER				DWEB.100	12,000	DWEA.125	Ψ20,000	ψ+0,00
PACKER, NIPPLES				1111	mm,	DWEA.130	. \$110,000	\$110,00
PUMPING UNIT, ENGINE					111111	DLEQ.100	\$78,000	\$78,00
LIFT EQUIPMENT (BHP, Rods, Anchors)					77777	DLEQ.105	\$15,000	\$15,00
TANGIBLE - LEASE EQUIPMENT								
N/C LEASE EQUIPMENT					7/////	DLEQ.115	\$44,000	\$44,00
TANKS, TANKS STEPS, STAIRS					777777	DLEQ.120	\$21,000	\$21,00
BATTERY (Heater Treater, Separator, Gas Treating Equipment)					4444	DLEQ.125	\$18,000	\$18,00
FLOW LINES (Line Pipe from wellhead to central facility)					4444	DLEQ.130	\$1,000	\$1,00
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES					4444	DWEA.135 DWEA.140		·
PIPELINES TO SALES				1111	777777	DWEA. 140		
TOTAL TANGIBLES			111111111111111111111111111111111111111		1 \$132,000	13.8472	\$558,000	\$690,00
				DIDC.295				
P&A COSTS	P&A COSTS					DICC.275	(60,000)	
								,
TOTAL COST					\$2,655 180	23.356	\$1,210,750	, \$3.865.93

OIL & GAS LEASE

THIS AGREEMENT made this 30th day of April 2007, between Jessie L. Wissler, Agent for Frank Free, as Lessor (whether one or more), whose address is 7 N. Calvert Street, Baltimore, MD 21202, and Shaw Interests, Inc. whose address is 310 W. Wall St., Ste. 305, Midland, Texas 79701, Lessee,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

- 2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.
- 3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, one-fifth (1/5) of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of one-fifth (1/5) of the gas used, provided that on gas sold on or off the premises, the royalties shall be one-fifth (1/5) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such
- 4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.
- 5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.
- 6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.
- 7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.
- 8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.
- 9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.				
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	•			

Jessie L. Wissler, Agent for Frank Free

ACKNOWLEDGMENT

STATE OF MARYLAND	§					
COUNTY OF	§ §					
This instrument was ackno	owledged before me on the _	day of _			_, 2007, by Jessie L. V	Vissler, Agent for
Frank Free.		*				
	• .					
			Notary Publi	c, State of Maryland	İ	
	•		My Commiss	sion Expires:		

SHAW INTERESTS, INC OIL & GAS PROPERTIES 310 W. WALL ST., SUITE 305

MIDLAND, TEXAS 79701

MAILED FROM ZIP CODE 79708

76309**64,000** ADR 9638 MANLED FROM ZID MANA

Evele 7 N. Callury Baltimore.

OIL & GAS PROPERTIES 310 W. WALL ST., SUITE 305 MIDLAND, TEXAS 79701 SHAW INTERESTS, IN



Jessie L. Wissler, Agent for Frank Free #851 Munsey Building Baltimore, MD

Crts/rocec

DIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

Jessie L. Wissler, Agent for Frank Free 851 Munsey Building Baltimore, MD 21240

Re: Pyramid #1

W/2 of Section 31, Township 14 South, Range 38 East

Lea County, New Mexico

Dear Ms. Wissler:

In conjunction with our proposal of April 11, 2007 to lease Frank Free's undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

Surface Hole Location: 2210' FSL & 430' FWL
Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

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• \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw

and the second	U.S. Postal CERTIFIE (Pomestic Mail	DALVANIA STEE	CEIPT Coverage Provided)
02	A SECULATION OF SECULATION		
60			en la land
E881 hooo	Postage Certified Fee Return Receipt Fee (Endorsement Required) Restricted Delivery Fee	\$.39 240 1.85	Postmark Here
o ozeo	Total Postage & Fees	\$ 4.64	
7007	Street, Apt. No., or PO Box No. City, State, ZIP+4 BS-Form Sign Standard Co.		Frank FRES



COMPANY ENT								DATE PRI	EPARED March 8, 200	7
REGION	WELL NAME	WELL NO	PROSP	ECT OR FIELD	NAME	PROPER	TY NUMBER		DRILLING AFE NO	
Permian	Pyramid	1	S	tar-Dentoi	1					
LOCATION	SHL 2210' FSL & 430' FV	/L	,	COL	JNTY	. s	TATE		TYPE WELL	
BHL 330' F	SL & 430' FWL							OIL	X EXPL	Х
Sec 31, T1	4S, R38E			Le	a	New	Mexico	GAS	PROD	
ORIGINAL ESTI	MATE X	_	EST. STA	ART DATE	EST. CC	MP. DATE	FORM	ATION	EST. TO)
REVISED ESTIN	IATE		,						9800	TVD
SUPPLEMENTA	L ESTIMATE		••						11600'	MD

PROJECT DESCRIPTION:

Drill and complete a horizontal wolfcamp well.

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	I elect to	purchase m	iy own	well	control	insurance	policy.
_							

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

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		. #VALUEI
	CIMAREX ENERGY CO. APPROVAL	
PREPARED BY	DRILLING AND COMPLETION MANAGER	REGIONAL MANAGER
Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	Roger Alexander, Regional Manager Permian Basin
	JOINT INTEREST APPROVAL	
COMPANY	ВУ	DATE .

^{1.} All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.



PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

						r	AFTER SAFE	
INTANGIBLES				Codes	DRY HOLE COST	Codes	AFTER CASING POINT	WELL COST
ROADS & LOCATION PREPARATION / RESTORATION				DIDC.100		DICC.100	\$8,000	\$108,00
DAMAGES					\$4,000	DICC.105	\$1,000	\$5,00
MUD/FLUIDS DISPOSAL CHARGES					\$20,000	DICC.235	\$20,000	\$40,00
	DAYS @		0 PER DAY	DIDC.115		DICC,120	\$87,150	\$888,93
MISC PREPARATION COST (mouse hole, rat hole, pads, BITS	pile clusters	s, misc.)		DIDC.120		DICC.125	\$1,000	\$8,00 \$101,00
FUEL \$2.20 PER GALLON				DIDC.135		DICC.130	\$11,000	\$122,00
WATER / COMPLETION FLUIDS				DIDC.140		DICC.135	\$25,000	\$57,20
MUD & ADDITIVES				DIDC.145	\$64,400	1111	111111	\$64,40
SURFACE RENTALS				DIDC.150	\$69,000	DICC.140	\$45,000	\$114,00
DOWNHOLE RENTALS				DIDC.155	·	DICC.145	\$10,000	\$154,00
FORMATION EVALUATION (DST, Coring including evalual MUD LOGGING 37 DAYS @ \$900				DIDC.160		4	HHHH	\$47,00
OPEN HOLE LOGGING	O FER DAT	÷,		DIDC.180		777	HHHH	\$65,00
CEMENTING & FLOAT EQUIPMENT				DIDC.185		DICC.155	\$40,000	\$90,00
TUBULAR INSPECTIONS				DIDC.190	\$5,000	DICC.160	\$2,500	\$7,50
CASING CREWS				DIDC.195		DICC.165	\$15,000	\$27,00
EXTRA LABOR, WELDING, ETC.				DIDC.200		DICC.170	\$5,000	\$32,60
LAND TRANSPORTATION (Trucking) SUPERVISION			·	DIDC.205	1	DICC.175 DICC.180	\$7,000 \$18,000	\$39,20 \$69,00
TRAILER HOUSE/CAMP/CATERING				DIDC.210	 	DICC.180	\$2,500	\$19,50
OTHER MISC EXPENSES				DIDC.220		DICC.190	\$5,000	\$10,00
OVERHEAD		٠,		DIDC.225		DICC.195	\$4,200	\$18,20
REMEDIAL CEMENTING				DIDC.231		DICC.215		
MOB/DEMOB				DIDC.240		7777.	44444	\$150,00
DIRECTIONAL DRILLING SERVICES 22 DOCK, DISPATCHER, CRANE	2 DAYS @	9500	PER DAY	DIDC.245		0,000,000	7111111	\$209,000
MARINE & AIR TRANSPORTATION				DIDC.250 DIDC.275		DICC.230		
SOLIDS CONTROL				DIDC.260		TITT	111111	\$166,000
WELL CONTROL EQUIP (Snubbing services)				DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS				DIDC.270		DICC.245		
	4400	PER DAY		<i>}}</i>	HHH	DICC.115	\$61,600	\$61,600
COLL TUBING DAYS @	- CHEN/EN/	PER DAY		HH	4444	DICC.260		\$05.000
COMPLETION LOGGING, PERFORATING, WL UNITS, WI STIMULATION	LSURVEYS	<u> </u>		HH	HHH	DICC.200 DICC.210	\$35,000 \$220,000	\$35,000 \$220,000
LEGAL/REGULATORY/CURATIVE				DIDC.300	\$10,000	DICC.280	\$220,000	\$10,000
WELL CONTROL INSURANCE \$0.35 PER F	TOOT			DIDC,285	\$3,000	1111	1111111	\$3,000
CONTINGENCY 5% OF DRILLING IN	NTANGIBLE	S		DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT				4111		DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR SALES P/L		*,		444	HHH	DLEQ.110 DICC.265	\$39,000	\$39,000
CONSTRUCTION FOR SALES FIL		···		7777	777777	DICC.265		
TOTAL INTANGIBLE COST				AND PA	\$2,463,180		# \$712,750	\$3,175,930
·								
TANGIBLE - WELL EQUIPMENT CASING	CIZE	CCCT	T C/FOOT	-				
DRIVE PIPE	SIZE 20"	FEET 40	\$/FOOT 100.00	DWEB.150	4,000	m	terrino	\$4,000
CONDUCTOR PIPE	1.	,	7,00.00	DWEB.130	4,000	1111	1111111	ψ4,000
WATER STRING				DWEB.135		1111	111111	
SURFACE CASING	13-3/8"	200	42.00	DWEB.140	11,000	7777		\$11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145	105 000	1111	///////	\$105,000
					105,000	1111	11111	
DRILLING LINER	7"			DWEB.145	105,000			
DRILLING LINER		9.800	15.90		105,000	DWEA 100	156,000	\$156,000
DRILLING LINER PRODUCTION CASING OR LINER	7" 5 1/2"	9,800	15.90	DWEB.145	111111	DWEA.100	156,000	\$156,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK		9,800	15.90	DWEB.145	11111.	DWEA.100 DWEA.100 DWEA.105	156,000 78,000	
DRILLING LINER PRODUCTION CASING OR LINER	5 1/2"			DWEB.145		DWEA.100		\$78,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES	5 1/2"			DWEB.145 DWEB.145	12,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120	78,000	\$78,000 \$9,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER	5 1/2"			DWEB.145	12,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125	78,000 \$9,000 \$28,000	\$78,000 \$9,000 \$40,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES	5 1/2"			DWEB.145 DWEB.145	12,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130	78,000 \$9,000 \$28,000 \$110,000	\$78,000 \$9,000 \$40,000 \$110,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE	5 1/2"			DWEB.145 DWEB.145	12,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100	78,000 \$9,000 \$28,000 \$110,000 \$78,000	\$78,000 \$9,000 \$40,000 \$110,000 \$78,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES	5 1/2"			DWEB.145 DWEB.145	12,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130	78,000 \$9,000 \$28,000 \$110,000	\$78,000 \$9,000 \$40,000 \$110,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT	5 1/2"			DWEB.145 DWEB.145	12,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100	78,000 \$9,000 \$28,000 \$110,000 \$78,000	\$78,000 \$9,000 \$40,000 \$110,000 \$78,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS	5 1/2"			DWEB.145 DWEB.145	12,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.115 DLEQ.120	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000	\$78,000 \$9,000 \$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY: (Heater Treater, Separator, Gas Treating Equipm	5 1/2"	12,000		DWEB.145 DWEB.145	12,000	DWEA 100 DWEA 105 DWEA 115 DWEA 120 DWEA 125 DWEA 130 DLEQ.100 DLEQ.105 DLEQ.115 DLEQ.120 DLEQ.120	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$78,000 \$9,000 \$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY: (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility)	5 1/2" 2 7/8"	12,000		DWEB.145 DWEB.145	12,000	DWEA.100 DWEA.105 DWEA.105 DWEA.115 DWEA.120 DWEA.120 DWEA.120 DUEQ.100 DLEQ.100 DLEQ.105 DLEQ.115 DLEQ.120 DLEQ.120 DLEQ.130	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000	\$78,000 \$9,000 \$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY:(Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility) DFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	5 1/2" 2 7/8"	12,000		DWEB.145 DWEB.145	12,000	DWEA.100 DWEA.105 DWEA.105 DWEA.115 DWEA.120 DWEA.120 DWEA.120 DLEQ.100 DLEQ.105 DLEQ.105 DLEQ.120 DLEQ.120 DLEQ.130 DUEQ.130 DWEA.135	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$78,000 \$9,000 \$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY:(Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility) DFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	5 1/2" 2 7/8"	12,000		DWEB.145 DWEB.145	12,000	DWEA.100 DWEA.105 DWEA.105 DWEA.115 DWEA.120 DWEA.120 DWEA.120 DUEQ.100 DLEQ.100 DLEQ.105 DLEQ.115 DLEQ.120 DLEQ.120 DLEQ.130	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$78,000 \$9,000 \$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS	5 1/2" 2 7/8"	12,000		DWEB.145 DWEB.145 DWEB.100	12,000	DWEA.100 DWEA.105 DWEA.105 DWEA.115 DWEA.120 DWEA.120 DWEA.120 DLEQ.100 DLEQ.105 DLEQ.105 DLEQ.125 DLEQ.130 DWEA.136 DWEA.136 DWEA.136	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$78,000 \$9,000 \$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility) DEFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES	5 1/2" 2 7/8"	12,000		DWEB.145 DWEB.145 DWEB.100	12,000	DWEA.100 DWEA.105 DWEA.105 DWEA.115 DWEA.120 DWEA.120 DWEA.120 DLEQ.100 DLEQ.105 DLEQ.105 DLEQ.125 DLEQ.130 DWEA.136 DWEA.136 DWEA.136	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$78,000 \$9,000 \$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility) DEFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES	5 1/2" 2 7/8"	12,000		DWEB.145 DWEB.145 DWEB.100	12,000	DWEA.100 DWEA.105 DWEA.105 DWEA.115 DWEA.120 DWEA.120 DWEA.120 DLEQ.100 DLEQ.105 DLEQ.105 DLEQ.125 DLEQ.130 DWEA.136 DWEA.136 DWEA.136	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$9,000 \$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility) DEFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES	5 1/2" 2 7/8"	12,000	6.50	DWEB.145 DWEB.145 DWEB.145 DWEB.100 DWEB.100 DWEB.100 DWEB.100	12,000 12,000 60,000	DWEA.100 DWEA.105 DWEA.105 DWEA.105 DWEA.120 DWEA.120 DWEA.120 DUEQ.100 DLEQ.100 DLEQ.105 DLEQ.120 DLEQ.125 DLEQ.130 DWEA.136 DWEA.136 DWEA.136 DWEA.136	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000 \$1,000 \$60,000)	\$78,000 \$9,000 \$40,000 \$110,000 \$78,000 \$15,000 \$21,000 \$18,000 \$1,000

OIL & GAS LEASE

THIS AGREEMENT made this 11th day of April 2007, between Jessie L. Wissler, Agent for Frank Free, as Lessor (whether one or more), whose address is 851 Munsey Building, Baltimore, MD 21240, and Shaw Interests, Inc. whose address is 310 W. Wall St., Ste. 305, Midland, Texas 79701, Lessee,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

- 2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.
- 3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, one-fifth (1/5) of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of one-fifth (1/5) of the gas used, provided that on gas sold on or off the premises, the royalties shall be one-fifth (1/5) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in'royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such
- 4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.
- 5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.
- 6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.
- 7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.
- 8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee, and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.
- 9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land
and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder towar
satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the
entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from
any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to th
whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be bindin
upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Frank Free.

lessie L. Wissler, Agent for Frank Free				
	٠.	ACKNOWLEDGMENT		
STATE OF MARYLAND	§			
COUNTY OF	§ §			
This instrument was acknowled	dged before me on the	day of	2007, by Jessie L. Wiss	er, Agent for

Notary Public, State of Maryland

My Commission Expires:

SHAW INTERESTS, INC OIL & GAS PROPERTIES
310 W. WALL ST., SUITE 305
MIDLAND, TEXAS 79701

MAILED FROM ZIP CODE 7976

C/o Henry H. Lawton Mollie E. Harris

P.O. Box 94 Olean, N'

NIXIE

142 SE 1

72 05/09/07

RETURN TO SENDER UNCLAIMED UNABLE TO FORWARD

*2719-02301-29-33 BC: 79701511780

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Hadhallan Handhilan Hadhallan Hada

OIL & GAS PROPERTIES 310 W. WALL ST., SUITE 305 MIDLAND, TEXAS 79701 SHAW INTERESTS, IN

MAILED FROM ZIP CODE 7970

Mollie E. Harris

C/c Henry H. Lawton P.O. Box 94 Olean, NY 14... RETURN TO SENDER ATTEMPTED - NOT KNOWN UNABLE TO FORWARD

142

*0813-01731-17-19 BC: 79701511780

79701@5117

OIL & GAS PROPERTIES

P.O. BOX 9612 MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

Mollie E. Harris C/o Henry H. Lawton P.O. Box 94 Olean, NY 14760

Re: Pyramid #1

W/2 of Section 31, Township 14 South, Range 38 East

Lea County, New Mexico

Dear Mr. Lawton:

We are unable to locate a current address for Mollie Harris. In conjunction with our proposal of April 6, 2007 to lease Mollie's undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

• Surface Hole Location: 2210' FSL & 430' FWL

• Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

• \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw

ŧ	U.S.ªPostal CERTIFIE (Domestic Mail		CEIPT Coverage Provided)
795	# To 2000		
-		FICIA	
0004, 1883	Postage Certified Fee Return Receipt Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required)	\$.39 2.40 1.85	Postmark Here
7001 0320	Sent To Street, Apt. No.; or PO Box No. City, State, ZIP+4	\$ 4.64 112 & Have	5



AUTHORIZATION FOR EXPENDITURE

COMPANY ENTI								DATE P	REPARED March	8, 2007	
REGION	WELL NAME	WELL NO	PROSPECT OR FIELD NAME		PROPERTY NUMBER		DRILLING AFE NO.				
Permian	Pyramid	1 1	S	tar-Dento	n						
LOCATION	SHL 2210' FSL & 430' F	WL		CO	JNTY	s	TATE		TYPE	WELL	
BHL 330' F	SL & 430' FWL					1	•	OIL	Х	EXPL	X
Sec 31, T14	S, R38E			Le	ea	New	Mexico	GAS		PROD	
ORIGINAL ESTIN	MATE X		EST. STA	ART DATE	EST. CO	OMP. DATE	FORM	ATION		EST. TD	
REVISED ESTIM	ATE								9	800	TVD
SUPPLEMENTAL	ESTIMATE	<u> </u>	٠.				<u> </u>		11	600'	MD

PROJECT DESCRIPTION:

Drill and complete a horizontal wolfcamp well.

	DRY HOLE	AFTER	COMPLETED
INTANGIBLES	COST	CASING POINT	WELL COST
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
TANGIBLES			
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	,
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

Comments on Well Costs:

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

I elect to p	ourchase my	own well	control	insurance	policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.l.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

		, #VALU	UEI
	CIMAREX ENERGY CO. APPROVAL		
PREPARED BY	DRILLING AND COMPLETION MANAGER	REGIONAL MANAGER	
Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	Roger Alexander, Regional Manager Permian Basin	
	JOINT INTEREST APPROVAL		
COMPANY	BY	DATE	

^{1.} All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.



PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

٠ 1

					DRY HOLE	<u> </u>	AFTER CASING	COMPLETED
INTANGIBLES				Codes	COST	Codes	POINT	WELL COST
				DIDC,100	\$100,000	DICC.100		\$108;00
DAMAGES				DIDC.105	\$4,000	DICC.105	\$1,000 \$20,000	\$5,00 \$40,00
MUD/FLUIDS DISPOSAL CHARGES DAY RATE 46 DH DAYS 5 ACP	DAYS @	17/13	0 PER DAY	DIDC.255	\$20,000 \$801,780	DICC.235	\$87,150	\$888,93
MISC PREPARATION COST (mouse hole, rat hole, pads			OFERDAT	DIDC.113	\$8,000	1111	iiinn	\$8,00
BITS	, p	,		DIDC.125	\$100,000	DICC.125	\$1,000	\$101,00
FUEL \$2.20 PER GALLON				DIDC.135	\$111,000	DICC.130	\$11,000	\$122,00
WATER / COMPLETION FLUIDS				DIDC.140	\$32,200	DICC.135	\$25,000	\$57,20
MUD & ADDITIVES				DIDC.145	\$64,400	7777		\$64,40
SURFACE RENTALS				DIDC.150	\$69,000	DICC.140	\$45,000	\$114,00
DOWNHOLE RENTALS	-4 000	CED/(CEC)		DIDC.155	\$144,000	DICC.145	\$10,000	\$154,00
FORMATION EVALUATION (DST, Coring including evaluation MUD LOGGING 37 DAYS @ \$90				DIDC.160 DIDC.170	\$47,000	1111	44444	\$47,00
OPEN HOLE LOGGING	·	ί,		DIDC.170	\$65,000	1111	HHHH	\$65,00
CEMENTING & FLOAT EQUIPMENT				DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000
TUBULAR INSPECTIONS				DIDC.190	\$5,000	DICC.160	\$2,500	\$7,50
CASING CREWS				DIDC.195	\$12,000	DICC.165	\$15,000	\$27,00
EXTRA LABOR, WELDING, ETC.				DIDC.200	\$27,600	DICC.170	\$5,000	\$32,60
LAND TRANSPORTATION (Trucking)				DIDC.205	\$32,200	DICC.175	\$7,000	\$39,20
SUPERVISION				DIDC 210	\$51,000	DICC.180	\$18,000	\$69,00
TRAILER HOUSE/CAMP/CATERING				DIDC.280	\$17,000	DICC.255	\$2,500	\$19,50
OTHER MISC EXPENSES OVERHEAD				DIDC.220	\$5,000	DICC.190 DICC.195	\$5,000	\$10,00
REMEDIAL CEMENTING				DIDC.225 DIDC.231	\$14,000	DICC.195 DICC.215	\$4,200	\$18,20
MOB/DEMOB				DIDC.240	\$150,000	1111	111111	\$150,00
	22 DAYS @	9500	PER DAY	DIDC.245	\$209,000	1111	111111	\$209,00
DOCK, DISPATCHER, CRANE				DIDC.250	1-11/11	DICC.230		, = = = , = =
MARINE & AIR TRANSPORTATION				DIDC.275		DICC.250		
SOLIDS CONTROL				DIDC.260	\$166,000	7777	7//////	\$166,000
WELL CONTROL EQUIP (Snubbing services)				DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS				DIDC.270	*****	DICC.245		
COMPLETION RIG 14 DAYS @	4400	PER DAY		7777	4444	DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @ COMPLETION LOGGING, PERFORATING, WL UNITS, W	/I CLIDVEVS	PER DAY		1111	4444	DICC.260	#2F 000	\$3E 000
STIMULATION	VL SURVETS	<u> </u>		1111	HHH	DICC.200	\$35,000 \$220,000	\$35,000 \$220,000
LEGAL/REGULATORY/CURATIVE				DIDC.300	\$10,000	DICC.280	Ψ220,000	\$10,000
WELL CONTROL INSURANCE \$0.35 PER	FOOT			DIDC.285	\$3,000	1111	777777	\$3,000
CONTINGENCY 5% OF DRILLING	INTANGIBLE	S		DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT	•				MILLE	DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT		•,			77777	DLEQ.110	\$39,000	*\$39,000
CONSTRUCTION FOR SALES P/L				7777	777777	DICC.265		
TOTAL INTANGIBLE COST	THE SPECTROS	manasana.	Marea de Centrales	STATE OF STATE				
INCITAL INTERNATION OF THE PROPERTY OF THE PRO				Service Contracts	32,463,180	In the second	300 ESTATE A 2; (5U	Same and the state of
TANGIBLE - WELL EQUIPMENT								
CASING	SIZE	FEET	\$/FOOT	 				
DRIVE PIPE	20"	40	100.00					
CONDUCTOR PIPE				DWEB.150	4,000	1111	777777	\$4,000
WATER STRING		l		DWEB.150 DWEB.130	4,000	777	111111	\$4,000
		·····		-	4,000	H		\$4,000
SURFACE CASING	13-3/8"	250	42.00	DWEB.130	4,000 11,000			\$11,000
SURFACE CASING INTERMEDIATE CASING	8-5/8"	250 4,500	42.00 23.40	DWEB.130 DWEB.135 DWEB.140 DWEB.145				\$11,000
SURFACE CASING INTERMEDIATE CASING DRILLING LINER				DWEB.130 DWEB.135 DWEB.140 DWEB.145	11,000			\$11,000
SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING:LINER	8-5/8" 7"	4,500	23.40	DWEB.130 DWEB.135 DWEB.140 DWEB.145	11,000			\$11,000 \$105,000
SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING:LINER PRODUCTION CASING OR LINER	8-5/8"			DWEB.130 DWEB.135 DWEB.140 DWEB.145	11,000	DWEA.100	156,000	\$4,000 \$11,000 \$105,000 \$156,000
SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING:LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK	8-5/8" 7" 5 1/2"	4,500 9,800	23.40	DWEB.130 DWEB.135 DWEB.140 DWEB.145	11,000	DWEA.100		\$11,000 \$105,000 \$156,000
SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING:LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING	8-5/8" 7"	4,500	23.40	DWEB.130 DWEB.135 DWEB.140 DWEB.145	11,000	DWEA.100 DWEA.105	78,000	\$11,000 \$105,000 \$156,000 \$78,000
SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING:LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK	8-5/8" 7" 5 1/2"	4,500 9,800	23.40	DWEB.130 DWEB.135 DWEB.140 DWEB.145	11,000 105,000	DWEA.100		\$11,000 \$105,000 \$156,000 \$78,000 \$9,000
SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING:LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING: N/C WELL EQUIPMENT	8-5/8" 7" 5 1/2"	4,500 9,800	23.40	DWEB.130 DWEB.140 DWEB.145 DWEB.145	11,000 105,000	DWEA.100 DWEA.105 DWEA.115	78,000 \$9,000	\$11,000 \$105,000 \$156,000 \$78,000 \$9,000
SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING:LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES	8-5/8" 7" 5 1/2"	4,500 9,800	23.40	DWEB.130 DWEB.140 DWEB.145 DWEB.145 DWEB.145 DWEB.145	11,000 105,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120	78,000 \$9,000	\$11,000 \$105,000 \$156,000 \$78,000 \$9,000 \$40,000
SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING:LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE	8-5/8" 7" 5 1/2"	4,500 9,800	23.40	DWEB.130 DWEB.140 DWEB.145 DWEB.145 DWEB.145 DWEB.145	11,000 105,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100	78,000 \$9,000 \$28,000 \$110,000 \$78,000	\$11,000 \$105,000 \$156,000 \$78,000 \$9,000 \$40,000 \$110,000 \$78,000
SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING:LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors)	8-5/8" 7" 5 1/2" 2 7/8"	4,500 9,800	23.40	DWEB.130 DWEB.140 DWEB.145 DWEB.145 DWEB.145 DWEB.145	11,000 105,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130	78,000 \$9,000 \$28,000 \$110,000	\$11,000 \$105,000 \$156,000 \$78,000 \$9,000 \$40,000 \$110,000 \$78,000
SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING:LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT	8-5/8" 7" 5 1/2"	4,500 9,800	23.40	DWEB.130 DWEB.140 DWEB.145 DWEB.145 DWEB.145 DWEB.145	11,000 105,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000	\$11,000 \$105,000 \$156,000 \$78,000 \$9,000 \$40,000 \$110,000 \$78,000 \$15,000
SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING:LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING:UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT	8-5/8" 7" 5 1/2" 2 7/8"	4,500 9,800	23.40	DWEB.130 DWEB.140 DWEB.145 DWEB.145 DWEB.145 DWEB.145	11,000 105,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000	\$11,000 \$105,000 \$156,000 \$78,000 \$9,000 \$40,000 \$110,000 \$78,000 \$15,000
SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING:LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING:UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS	8-5/8" 7" 5 1/2" 2 7/8"	4,500 9,800	23.40	DWEB.130 DWEB.140 DWEB.145 DWEB.145 DWEB.145 DWEB.145	11,000 105,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000	\$11,000 \$105,000 \$156,000 \$78,000 \$40,000 \$110,000 \$78,000 \$15,000 \$44,000
SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING:LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING:UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY!(Heater Treater, Separator, Gas Treating Equip	8-5/8" 7" 5 1/2" 2 7/8"	4,500 9,800	23.40	DWEB.130 DWEB.140 DWEB.145 DWEB.145 DWEB.145 DWEB.145	11,000 105,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.115 DLEQ.120	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000	\$11,000 \$105,000 \$156,000 \$78,000 \$40,000 \$110,000 \$15,000 \$15,000 \$21,000 \$18,000
SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING:LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING:UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY!(Heater Treater, Separator, Gas Treating EquipFLOW LINES (Line Pipe from wellhead to central facility)	8-5/8" 7" 5 1/2" 2 7/8"	9,800 12,000	23.40	DWEB.130 DWEB.140 DWEB.145 DWEB.145 DWEB.145 DWEB.145	11,000 105,000 12,000	DWEA.100 DWEA.115 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.115 DLEQ.120 DLEQ.121	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$11,000 \$105,000 \$156,000 \$78,000 \$40,000 \$110,000 \$15,000 \$15,000 \$21,000 \$18,000
SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING:LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING:UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY!(Heater Treater, Separator, Gas Treating EquipFLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIE	8-5/8" 7" 5 1/2" 2 7/8"	9,800 12,000	23.40	DWEB.130 DWEB.140 DWEB.145 DWEB.145 DWEB.145 DWEB.145	11,000 105,000 12,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.105 DLEQ.125 DLEQ.120 DLEQ.120	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$11,000 \$105,000 \$156,000 \$78,000 \$40,000 \$110,000 \$15,000 \$15,000 \$21,000 \$18,000
SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING:LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY:(Heater Treater, Separator, Gas Treating Equip FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIE PIPELINES TO SALES	8-5/8" 7" 5 1/2" 2 7/8"	9,800 12,000	23.40 15.90 6.50	DWEB. 130 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145	11,000	DWEA, 100 DWEA, 105 DWEA, 115 DWEA, 120 DWEA, 120 DWEA, 130 DLEQ, 100 DLEQ, 105 DLEQ, 115 DLEQ, 120 DLEQ, 125 DLEQ, 130 DWEA, 135 DWEA, 140	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$11,000 \$105,000 \$156,000 \$78,000 \$40,000 \$110,000 \$15,000 \$15,000 \$11,000 \$11,000
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SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING:LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING:UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY:(Heater Treater, Separator, Gas Treating Equip FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIE PIPELINES TO SALES	8-5/8" 7" 5 1/2" 2 7/8"	9,800 12,000	23.40 15.90 6.50	DWEB. 130 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145	11,000	DWEA, 100 DWEA, 105 DWEA, 115 DWEA, 120 DWEA, 120 DWEA, 130 DLEQ, 100 DLEQ, 105 DLEQ, 115 DLEQ, 120 DLEQ, 125 DLEQ, 130 DWEA, 135 DWEA, 140	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$11,000 \$105,000 \$156,000 \$78,000 \$9,000 \$40,000 \$110,000 \$15,000 \$15,000 \$11,000 \$11,000
SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING:LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equip FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIE PIPELINES TO SALES	8-5/8" 7" 5 1/2" 2 7/8"	4,500 9,800 12,000	23.40 15.90 6.50	DWEB.130 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.100 DWEB.100	11,000 105,000 12,000 12,000 60,000	DWEA, 100 DWEA, 105 DWEA, 115 DWEA, 120 DWEA, 120 DWEA, 130 DLEQ, 100 DLEQ, 105 DLEQ, 125 DLEQ, 130 DWEA, 135 DWEA, 140 DICC, 275	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000 \$1,000	\$11,000 \$105,000 \$105,000 \$156,000 \$9,000 \$40,000 \$110,000 \$15,000 \$21,000 \$18,000 \$1,000

DIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 6, 2007

Mollie E. Harris C/o Henry H. Lawton P.O. Box 94 Olean, NY 14760

Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4,
SW/4NE/4 and NW/4SE/4 of Section 6
Township 15 South, Range 38 East
Lea County, New Mexico

Dear Mr. Lawton:

According to our title research, Mollie E. Harris owns an undivided 2.0005 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) royalty.

If these terms are acceptable, please have her sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$200.05 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

	(Domestic Mail Or	MAIL RECE	VID. 971971
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OIL & GAS LEASE

THIS AGREEMENT made this 6th day of April, 2007, between Mollie E. Harris, herein dealing in her sole and separate property, as Lessor (whether one or more), C/o Henry H. Lawton, whose address is P.O. Box 94, Olean, NY 14760, and Shaw Interests, Inc. whose address is P.O. Box 9612, Midland, Texas 79708, Lessee,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

- 2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.
- 3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, three-sixteenths (3/16) of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of three-sixteenths (3/16) of the gas used, provided that on gas sold on or off the premises, the royalties shall be three-sixteenths (3/16) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalty making it is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received writte
- 4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.
- 5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.
- 6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.
- 7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.
- 8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the devidence with other or a title of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.
- 9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year	first above written.					
			ų.	į.		
Mollie E. Harris	. •	,		:	•	
•				•		
	A	CKNOWLEI	OGMENT		No.	
	•					
STATE OF	§ §	•				
COUNTY OF	§ §			i	•	
This instrument wa	s acknowledged before me on the	day of		:	, 2007, by Mollie E. Harris.	
				•		
	•					
•			Notary Public	State of		
			My Commissi			

SHAW INTERESTS, INC OIL & GAS PROPERTIES 310 W. WALL ST, SUITE 305 MIDLAND, TEXAS 79701

MAILED FROM ZIP CODE 797 18

Thomas F. McMahon P.O. Box 94 Olean, NY 1

72 05/09/07

RETURN TO SENDER UNCLAIMED

*0010-04070-00-20 BC: 79701511780

79701@5117

Halle Hammell Hammelle Hambert

SHAW INTERESTEDING

OIL & GAS PROPERTIES 310 W. WALL ST., SUITE 305 MIDLAND, TEXAS 79701

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Thomas F. McMahon Olean, NY 14760 P.O. Box 94

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RETURN TO SENDER UNCLAIMED UNABLE TO FORWARD

*2813-00859-15-00 Hath Ham Hall Hall Hall Hall Hall BC: 79701511780

WESSED VONVICIN 12 APR 2007 PM

OIL & GAS PROPERTIES

P.O. BOX 9612 MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

Thomas F. McMahon P.O. Box 94 Olean, NY 14760

Re: Pyramid #1

W/2 of Section 31, Township 14 South, Range 38 East

Lea County, New Mexico

Dear Thomas:

In conjunction with our proposal of April 11, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

Surface Hole Location: 2210' FSL & 430' FWL
Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

• \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw

	U.S₄ Postal S CERTIFIED (Domestic Mail Or	ervice MAIL REGE	EIPT overage Provided)
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4000	Restricted Delivery Fee (Endorsement Required)		
	Total Postage & Fees	\$4.64	
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1007	or PO Box No. City, State, ZIP+4		
	Vagoo Hanualo	2001	See Reverse for instructions



AUTHORIZATION FOR EXPENDITURE

COMPANY ENT							DATE PR	EPARED March 8, 200	7	
REGION	WELL NAME	WELL NO	PROSF	PECT OR FIELD	OT OR FIELD NAME PROPERTY NUMBER				DRILLING AFE NO	
Permian	Pyramid	1	S	Star-Denton						
LOCATION SHL 2210' FSL & 430' FWL			COUNTY STATE		TATE		TYPE WELL			
BHL 330' F	SL & 430' FWL			1				OIL	X EXPL	. X
Sec 31, T14S, R38E				Lea New Mexico		Mexico	GAS	AS PROD		
ORIGINAL ESTIMATE X			EST. STA	TART DATE EST.		COMP. DATE FOR		ATION	EST. TO)
REVISED ESTIMATE		_		*				9800		TVD
SUPPLEMENTAL ESTIMATE								11600'	MD	

PROJECT DESCRIPTION:

Drill and complete a horizontal wolfcamp well.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
Intangible Drilling Costs Intangible Completion Costs	\$2,463,180	712,750	\$2,463,180 712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
TANGIBLES		474.000	202.000
Well Equipment	132,000	474,000	606,000
Lease Equipment	·	84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	·
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

Comments on Well Costs:

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

:		#VALUEI
	CIMAREX ENERGY CO. APPROVAL	
PREPARED BY	DRILLING AND COMPLETION MANAGER	REGIONAL MANAGER
Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	Roger Alexander, Regional Manager Permian Basin
	JOINT INTEREST APPROVAL	
COMPANY	BY	DATE
1		

^{1.} All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.



PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

INTANGIBLES ROADS & LOCATION PREPARATION / RESTORATION DAMAGES MUD/FLUIDS DISPOSAL CHARGES DAY RATE 46 DH DAYS 5 ACP DAYS @ 17430 PER DAY MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.) BITS	Codes DIDC.100				COMPLETED
DAMAGES MUD/FLUIDS DISPOSAL CHARGES DAY RATE 46 DH DAYS 5 ACP DAYS @ 17430 PER DAY MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)		COST	Codes	POINT	WELL COST
MUD/FLUIDS DISPOSAL CHARGES DAY RATE 46 DH DAYS 5 ACP DAYS @ 17430 PER DAY MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.105	\$100,000 \$4,000	DICC.100	· · · · · · · · · · · · · · · · · · ·	\$108,000 \$5,000
DAY RATE 46 DH DAYS 5 ACP DAYS @ 17430 PER DAY MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.103	\$20,000	DICC.105		\$40,000
MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.115	\$801,780	DICC.120	 	\$888,930
	DIDC,120	\$8,000	1111	minn	\$8,000
	DIDC.125	\$100,000	DICC.125	\$1,000	\$101,000
FUEL \$2.20 PER GALLON	DIDC.135	\$111,000	DICC.130	\$11,000	\$122,000
WATER / COMPLETION FLUIDS	DIDC.140	\$32,200	DICC.135	\$25,000	\$57,200
MUD & ADDITIVES	DIDC.145	\$64,400	1111		\$64,40
SURFACE RENTALS	DIDC.150	\$69,000	DICC.140	\$45,000	\$114,00
DOWNHOLE RENTALS	DIDC.155	\$144,000	DICC.145	\$10,000	\$154,00
FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)	DIDC.160		7777	111111	
MUD LOGGING 37 DAYS @ \$900 PER DAY	DIDC.170	\$47,000	7777	$\mu\mu$	\$47,00
OPEN HOLE LOGGING	DIDC.180	\$65,000	7777	711111	\$65,00
CEMENTING & FLOAT EQUIPMENT	DIDC.185	\$50,000	DICC.155	\$40,000	\$90,00
TUBULAR INSPECTIONS	DIDC.190	\$5,000	DICC.160	\$2,500	\$7,50
CASING CREWS	DIDC.195	\$12,000	DICC.165	\$15,000	\$27,00
EXTRA LABOR, WELDING, ETC.	DIDC.200 DIDC.205	\$27,600	DICC.170	\$5,000	\$32,60
LAND TRANSPORTATION (Trucking) SUPERVISION		\$32,200	DICC.175	\$7,000	\$39,20
TRAILER HOUSE/CAMP/CATERING	DIDC.210	\$51,000	DICC.180	\$18,000	\$69,00
OTHER MISC EXPENSES	DIDC.280	\$17,000 \$5,000	DICC.255 DICC.190	\$2,500 \$5,000	\$19,50 \$10,00
OVERHEAD	DIDC.225	\$14,000	DICC.190	\$4,200	\$10,00
REMEDIAL CEMENTING	DIDC.225	Ψ14,000	DICC.195	φ4,200	\$10,20
MOB/DEMOB	DIDC.240	\$150,000	TTT.	111111	\$150,00
DIRECTIONAL DRILLING SERVICES 22 DAYS @ 9500 PER DAY	DIDC.245	\$209,000	1111	111111	\$209,00
DOCK, DISPATCHER, CRANE	DIDC:243	1200,000	DICC.230		Ψ2.00,000
MARINE & AIR TRANSPORTATION	DIDC.275		DICC.250		
SOLIDS CONTROL	DIDC.260	\$166,000	1111	111111	\$166,000
WELL CONTROL EQUIP (Snubbing services)	DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS	DIDC.270		DICC.245	· '-	
COMPLETION RIG 14 DAYS @ 4400 PER DAY	1111	111111	DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @ PER DAY	1111	11111	DICC.260		
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS	1111	4444	DICC.200	\$35,000	\$35,000
STIMULATION	1111	(11111)	DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE	DIDC.300	\$10,000	DICC.280		\$10,000
WELL CONTROL INSURANCE \$0.35 PER FOOT	DIDC.285	\$3,000			\$3,000
CONTINGENCY 5% OF DRILLING INTANGIBLES	DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT	7777.	777777	DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT	7777	777777	DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L	7777.	777777	DICC.265		
	a shoreharangeren	and the second second	Books Address A	orestern seember (1220 mm to 1220 mm	Saftered March School Copy & Copy (Copy)
TOTALINTANGIBUEICOST	12000	\$2,463,180	STATE OF STREET	\$712,750	\$3,175,930
TANCID E WELL FOUNDEDIT	 				
TANGIBLE - WELL EQUIPMENT	 			·	
CASING SIZE FEET \$/FOOT DRIVE PIPE 20" 40 100.00	DWEB.150	4,000	777	mm	\$4,000
CONDUCTOR PIPE	DWEB.130	4,000	444	44444	\$4,000
WATER STRING	DWEB.135		444	44444	
SURFACE CASING 13-3/8" 250 42.00	DWEB.140	11,000	444	HHH	\$11,000
INTERMEDIATE CASING 8-5/8" 4,500 23.40	DWEB.145	105,000	444	777777	\$105,000
DRILLING LINER 7"	DWEB.145	100,000	441	411111	\$100,000
DRILLING LINER	DWEB.145		444	44444	
PRODUCTION CASING OR LINER 5 1/2" 9,800 15.90	$/\!\!/\!\!/\!\!/$	111111	DWEA.100	156,000	\$156,000
PRODUCTION TIE-BACK	1111	111111	DWEA.100		
TUBING 2 7/8" 12,000 6.50	1111	111111	DWEA.105	78,000	\$78,000
N/C WELL EQUIPMENT	1111	111111	DWEA.115		\$9,000
WELLHEAD, TREE, CHOKES	DWEB.115	12,000	DWEA.120	\$28,000	\$40,000
LINER HANGER, ISOLATION PACKER	DWEB.100		DWEA.125		
PACKER, NIPPLES	////		DWEA.130	\$110,000	\$110,000
	7777	7/////	DLEQ.100	\$78,000	\$78,000
PUMPING UNIT, ENGINE	7777		DLEQ.105	\$15,000	\$15,000
LIFT EQUIPMENT (BHP, Rods, Anchors)	1				
LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT	1111	11111	DLEQ.115	\$44,000	\$44,000
LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT		44447	DLEQ.120	\$21,000	\$21,000
LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS	444	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	DLEQ.125	\$18,000	\$18,000
LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY'(Heater Treater, Separator, Gas Treating Equipment)		14444	01.00		\$1,000
LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY'(Heater Treater, Separator, Gas Treating Equipment) FLOW LINES (Line Pipe from wellhead to central facility)		11111	DLEQ.130	\$1,000	
LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY'(Heater Treater, Separator, Gas Treating Equipment) FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES			DWEA:135		
LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY'(Heater Treater, Separator, Gas Treating Equipment) FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES					
N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY'(Heater Treater, Separator, Gas Treating Equipment) FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES			DWEA:135 DWEA:140		
LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY'(Heater Treater, Separator, Gas Treating Equipment) FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES		\$132,000	DWEA:135 DWEA:140		
LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY'(Heater Treater, Separator, Gas Treating Equipment) FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES TOTAL TANGIBLES			DWEA:135 DWEA.140	\$558,000	
LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY'(Heater Treater, Separator, Gas Treating Equipment) FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES	DIDC.295		DWEA:135 DWEA:140		

DIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 11, 2007

Thomas F. McMahon P.O. Box 94 Olean, NY 14760

Re:

Oil & Gas Lease W/2 of Section 31 Township 14 South, Range 38 East Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6 Township 15 South, Range 38 East

Lea County, New Mexico

Dear Thomas:

According to our title research you own an undivided 2.0005 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this lease are a \$100.0 bonus consideration, three (3) year paid-up primary term and one-fifth (1/5) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$200.05 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

	U.S. Postal S CERTIFIED (Domestic Mail On	ervice MAIL RECE lly, No Insurance C	EIPT overage Provided)
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는 88 원 다 17	Postage Certified Fee Return Receipt Fee (Endorsement Required)	s.43 2.46	Postmark Here
h000 0	Restricted Delivery Fee (Endorsement Required) Total Postage & Fees	\$ 4,66	. :
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OIL & GAS LEASE

THIS AGREEMENT made this 11th day of April 2007, between Thomas F. McMahon, herein dealing in his sole and separate property, as Lessor (whether one or more), whose address is P.O. Box 94, Olean, NY 14760, and Shaw Interests, Inc. whose address is 310 W. Wall St., Ste. 305, Midland, Texas 79701, Lessee.

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

- 2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.
- 3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, one-fifth (1/5) of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of one-fifth (1/5) of the gas used, provided that on gas sold on or off the premises, the royalties shall be one-fifth (1/5) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such
- 4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.
- 5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.
- 6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.
- 7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.
- 8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.
- 9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

- 10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.
- 11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

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Thomas F. McMahon			
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	ACKNOWLEDGMEN	T	

STATE OF NEW YORK	§ §		
COUNTY OF	§		

Executed the day and year first above written.

This instrument was acknowledged before me on the da	y of, 2007, by Thomas F. McMahon.
	Notary Public, State of New York
	My Commission Expires:

MAILED FROM ZIP CODE

Betty & M.L. Tieche Battle Creek, MI 49014 38 Lotta Avenue

HOOF KINNED THE DEVISION FOOM

MIXIE

900

22 08/04/07

RETURN TO SENDER UNCLAIMED UNABLE TO FORWARD

BC: 79701511780 *1785-07850-04-21

ACTION AC

OIL & GAS PROPERTIES 310 W. WALL ST., SUITE 305 MIDLAND, TEXAS 79701

SHAW INTERESTS, INC.

Betty & M.L. Tieche 38 Lotta Avenue Baitle Creek, MI 49014

> MAILED FROM ZIP CODE 79708

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490

Sug Notice

NAME Pai NOtice

medelived at Registry Room

22 04/19/07

ATTEMPTED - NOT KNOWN UNABLE TO FORWARD

BC: 79701511780 *0464-00163-14-32

4501745724-38 C005

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

Betty & M.L. Tieche 38 Lotta Avenue Battle Creek, MI 49014

Re: Pyr

Pyramid #1

W/2 of Section 31, Township 14 South, Range 38 East

Lea County, New Mexico

Dear Betty & M.L.:

In conjunction with our proposal of April 11, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

Surface Hole Location: 2210' FSL & 430' FWL
Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

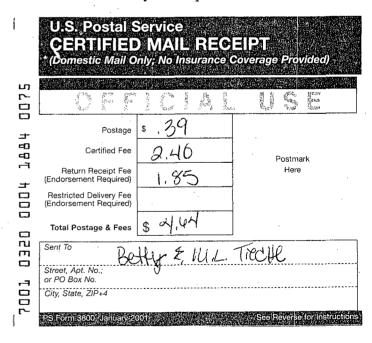
• \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw





COMPANY ENT							DATE PRE		8, 2007	ŗ	
REGION	WELL NAME	WELL NO	PROSPECT OR FIELD NAME			PROPER	R DRILLING AFE NO				
Permian	Pyramid	1	S	Star-Denton					,		
LOCATION SHL 2210' FSL & 430' FWL			COUNTY STATE			TYPE	WELL				
BHL 330' F	SL & 430' FWL			j				OIL	X	EXPL	X
Sec 31, T1	4S, R38E			Le	ea	New	Mexico	GAS		PROD	
ORIGINAL ESTIMATE X		EST. ST	START DATE EST. CO		DMP. DATE FORMA		ATION EST. TD				
REVISED ESTIMATE								9	800	TVD	
SUPPLEMENTAL ESTIMATE		.,.						111	600'	MD	

PROJECT DESCRIPTION:

Drill and complete a horizontal wolfcamp well.

INTANGIBLES	DRY HOLE	AFTER CASING POINT	COMPLETED WELL COST
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
TANGIBLES			
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

Comments on Well Costs:

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

 е	lect	to	purc	hase	my	own	well	con	trol	insur	ance	poli	су.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

•		#VALUÉ!
1		
1 .	CIMAREX ENERGY CO. APPROVAL	·
PREPARED BY	DRILLING AND COMPLETION MANAGER	REGIONAL MANAGER
Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	Roger Alexander, Regional Manager Permian Basin
	JOINT INTEREST APPROVAL	
COMPANY	ву	DATE .
: *		}
		!

^{1.} All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.



PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

4

						т————		
INTANGIBLES				Codes	DRY HOLE COST	Codes	AFTER CASING POINT	WELL COST
ROADS & LOCATION PREPARATION / RESTORATION				DIDC.100		DICC.100	T	\$108,00
DAMAGES				DIDC.105	\$4,000	DICC.105		\$5,00
MUD/FLUIDS DISPOSAL CHARGES				DIDC.255		DICC.235		\$40,00
	DAYS @	17430	PER DAY	DIDC.115		DICC.120		\$888,93
MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)					\$8,000		MILLER	\$8,00
BITS					\$100,000	DICC.125	\$1,000	\$101,00
FUEL \$2.20 PER GALLON				DIDC,135	\$111,000	DICC.130	\$11,000	\$122,00
WATER / COMPLETION FLUIDS				DIDC.140	\$32,200	DICC.135	\$25,000	\$57,20
MUD & ADDITIVES				DIDC.145	\$64,400	7777		\$64,40
SURFACE RENTALS				DIDC.150	\$69,000	DICC.140	\$45,000	\$114,00
DOWNHOLE RENTALS				DIDC.155	\$144,000	DICC.145	\$10,000	\$154,00
FORMATION EVALUATION (DST, Coring including evalua				DIDC.160	£47,000	444	44444	617.00
MUD LOGGING 37 DAYS @ \$900 OPEN HOLE LOGGING	J PER DAY			DIDC.170	\$47,000 \$65,000	444	HHHH	\$47,00 \$65,00
CEMENTING & FLOAT EQUIPMENT	-			DIDC.180	\$50,000	DICC.155	\$40,000	\$90,00
TUBULAR INSPECTIONS				DIDC:190	\$5,000	DICC.160		\$7,50
CASING CREWS				DIDC.195	\$12,000	DICC.165	 	\$27,00
EXTRA LABOR, WELDING, ETC.				DIDC.200	\$27,600	DICC.170		\$32,60
LAND TRANSPORTATION (Trucking)		<u> </u>		DIDC.205	\$32,200	DICC.175		\$39,20
SUPERVISION				DIDC.210	\$51,000	DICC.180	\$18,000	\$69,00
TRAILER HOUSE/CAMP/CATERING				DIDC.280	\$17,000	DICC.255	\$2,500	\$19,50
OTHER MISC EXPENSES				DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000
OVERHEAD				DIDC.225	\$14,000	DICC.195	. \$4,200	\$18,200
REMEDIAL CEMENTING				DIDC.231		DICC.215		
MOB/DEMOB				DIDC.240	\$150,000	447	44444	\$150,000
1	DAYS @	9500	PER DAY	DIDC.245	\$209,000	7777	7777777	\$209,000
DOCK, DISPATCHER, CRANE				DIDC.250		DICC.230		
MARINE & AIR TRANSPORTATION SOLIDS CONTROL	•			DIDC.275	\$166,000	DICC.250	mm	\$166,000
WELL CONTROL EQUIP (Snubbing services)				DIDC,265	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS				DIDC.270	\$28,000	DICC.245	\$10,000	ψ44,800
COMPLETION RIG 14 DAYS @	4400	PER DAY	-	1777	111111	DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @	,,,,,,	PER DAY		1111	4444	DICC.260	451,000	401,000
COMPLETION LOGGING, PERFORATING, WL UNITS, WI	L SURVEYS	3		1111	11111	DICC.200	\$35,000	\$35,000
STIMULATION				1111	11111	DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE				DIDC.300	\$10,000	DICC.280		\$10,000
WELL CONTROL INSURANCE \$0.35 PER F	TOOT			DIDC.285	\$3,000	IIII		\$3,000
CONTINGENCY 5% OF DRILLING IN	NTANGIBLE	S		DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT				7777	777777	DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT		•1		1111	4444	DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L				7777.	777777	DICC,265		
TOTAL INTANGIBLE COST	daman karasan	undassiuseiser den ist en		\$17000X\$3368	\$0'460'490	ENCAPERA O	6742760	62 171000
MONAC (CIRALOIDEC) COOMESSAN COMESSAN C	A COLUMN TO SERVICE SE		Chien Series	A CONTRACTOR OF THE PARTY OF TH	::::::::::::::::::::::::::::::::::::::	Transfer to the state of	10000000000000000000000000000000000000	
TANGIBLE - WELL EQUIPMENT							1 1	\$450,000. \$3 0,000.05330
CASING								93,003,553
	SIZE	FEET	\$/FOOT					
DRIVE PIPE	SIZE	FEET 40	\$/FOOT 100.00	DWEB.150	4,000	777		
CONDUCTOR PIPE				DWEB.150	4,000	H	HHH	
					4,000			
CONDUCTOR PIPE				DWEB.130	4,000			\$4,000
CONDUCTOR PIPE WATER STRING	20"	40	100.00	DWEB.130 DWEB.135				\$4,000 \$11,000
CONDUCTOR PIPE WATER STRING SURFACE CASING	20"	40 250	42.00	DWEB.130 DWEB.135 DWEB.140	11,000			\$4,000 \$11,000
CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER	20" 13-3/8" 8-5/8" 7"	250 4,500	100.00 42.00 23.40	DWEB.130 DWEB.135 DWEB.140 DWEB.145	11,000			\$4,000 \$11,000 \$105,000
CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER	20" 13-3/8" 8-5/8"	40 250	42.00	DWEB.130 DWEB.135 DWEB.140 DWEB.145	11,000	DWEA.100	156,000	\$4,000 \$11,000 \$105,000
CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK	20" 13-3/8" 8-5/8" 7" 5 1/2"	250 4,500 9,800	42.00 23.40 15.90	DWEB.130 DWEB.135 DWEB.140 DWEB.145	11,000	DWEA.100		\$4,000 \$11,000 \$105,000 \$156,000
CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING	20" 13-3/8" 8-5/8" 7"	250 4,500	100.00 42.00 23.40	DWEB.130 DWEB.135 DWEB.140 DWEB.145	11,000	DWEA.100 DWEA.105	78,000	\$4,000 \$11,000 \$105,000 \$156,000
CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT	20" 13-3/8" 8-5/8" 7" 5 1/2"	250 4,500 9,800	42.00 23.40 15.90	DWEB. 130 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145	11,000 105,000	DWEA.100 DWEA.105 DWEA.115	78,000 \$9,000	\$4,000 \$11,000 \$105,000 \$156,000 \$78,000 \$9,000
CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES	20" 13-3/8" 8-5/8" 7" 5 1/2"	250 4,500 9,800	42.00 23.40 15.90	DWEB. 130 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145	11,000 105,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120	78,000	\$4,000 \$11,000 \$105,000 \$156,000 \$78,000 \$9,000
CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER	20" 13-3/8" 8-5/8" 7" 5 1/2"	250 4,500 9,800	42.00 23.40 15.90	DWEB. 130 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145	11,000 105,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125	78,000 \$9,000 \$28,000	\$4,000 \$11,000 \$105,000 \$156,000 \$78,000 \$9,000 \$40,000
CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES	20" 13-3/8" 8-5/8" 7" 5 1/2"	250 4,500 9,800	42.00 23.40 15.90	DWEB. 130 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145	11,000 105,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130	78,000 \$9,000 \$28,000 \$110,000	\$4,000 \$11,000 \$105,000 \$156,000 \$78,000 \$9,000 \$40,000
CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES	20" 13-3/8" 8-5/8" 7" 5 1/2"	250 4,500 9,800	42.00 23.40 15.90	DWEB. 130 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145	11,000 105,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125	78,000 \$9,000 \$28,000	\$4,000 \$11,000 \$105,000 \$156,000 \$78,000 \$40,000 \$110,000 \$78,000
CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE	20" 13-3/8" 8-5/8" 7" 5 1/2"	250 4,500 9,800	42.00 23.40 15.90	DWEB. 130 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145	11,000 105,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100	78,000 \$9,000 \$28,000 \$110,000 \$78,000	\$4,000 \$11,000 \$105,000 \$156,000 \$78,000 \$9,000 \$40,000 \$110,000 \$78,000
CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT	20" 13-3/8" 8-5/8" 7" 5 1/2"	250 4,500 9,800	42.00 23.40 15.90	DWEB. 130 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145	11,000 105,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100	78,000 \$9,000 \$28,000 \$110,000 \$78,000	\$4,000 \$11,000 \$105,000 \$156,000 \$78,000 \$40,000 \$110,000 \$78,000 \$15,000
CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT	20" 13-3/8" 8-5/8" 7" 5 1/2"	250 4,500 9,800	42.00 23.40 15.90	DWEB. 130 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145	11,000 105,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000	\$4,000 \$11,000 \$105,000 \$156,000 \$78,000 \$40,000 \$110,000 \$78,000 \$15,000
CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS	20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	250 4,500 9,800	42.00 23.40 15.90	DWEB. 130 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145	11,000 105,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.115	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000	\$4,000 \$11,000 \$105,000 \$156,000 \$78,000 \$40,000 \$110,000 \$78,000 \$15,000
CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility)	20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	250 4,500 9,800	42.00 23.40 15.90	DWEB. 130 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145	11,000 105,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.115 OLEQ.120 DLEQ.125 DLEQ.130	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000	\$4,000 \$11,000 \$105,000 \$156,000 \$78,000 \$40,000 \$110,000 \$15,000 \$15,000 \$21,000 \$18,000
CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	250 4,500 9,800	42.00 23.40 15.90	DWEB. 130 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145	11,000 105,000	DWEA.100 DWEA.105 DWEA.125 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.105 DLEQ.125 DLEQ.125 DLEQ.130 DWEA.130	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$11,000 \$105,000 \$156,000 \$78,000 \$9,000 \$40,000 \$15,000 \$15,000 \$15,000 \$21,000 \$18,000
CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	250 4,500 9,800	42.00 23.40 15.90	DWEB. 130 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145	11,000 105,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.115 OLEQ.120 DLEQ.125 DLEQ.130	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$4,000 \$11,000 \$105,000 \$156,000 \$78,000 \$40,000 \$110,000 \$15,000 \$15,000 \$21,000 \$18,000
CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES	20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	9,800 12,000	100.00 42.00 23.40 15.90 6.50	DWEB. 130 DWEB. 140 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 100	11,000 105,000	DWEA. 100 DWEA. 105 DWEA. 125 DWEA. 125 DWEA. 125 DWEA. 130 DLEQ. 100 DLEQ. 105 DLEQ. 125 DLEQ. 125 DLEQ. 130 DWEA. 135 DWEA. 136	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$4,000 \$11,000 \$105,000 \$156,000 \$78,000 \$40,000 \$110,000 \$15,000 \$44,000 \$21,000 \$18,000
CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors)	20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	9,800 12,000	100.00 42.00 23.40 15.90 6.50	DWEB. 130 DWEB. 140 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 100	11,000 105,000	DWEA. 100 DWEA. 105 DWEA. 125 DWEA. 125 DWEA. 125 DWEA. 130 DLEQ. 100 DLEQ. 105 DLEQ. 125 DLEQ. 125 DLEQ. 130 DWEA. 135 DWEA. 136	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$4,000 \$11,000 \$105,000 \$156,000 \$78,000 \$9,000 \$40,000 \$15,000 \$15,000 \$21,000 \$18,000
CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES	20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	9,800 12,000	100.00 42.00 23.40 15.90 6.50	DWEB. 130 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145	11,000	DWEA.100 DWEA.105 DWEA.125 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.115 DLEQ.120 DLEQ.120 DLEQ.125 DLEQ.130 DWEA.136 DWEA.136	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000 \$1,000	\$4,000 \$11,000 \$105,000 \$156,000 \$78,000 \$40,000 \$110,000 \$15,000 \$44,000 \$21,000 \$18,000
CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES	20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	9,800 12,000	100.00 42.00 23.40 15.90 6.50	DWEB. 130 DWEB. 140 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 100	11,000	DWEA. 100 DWEA. 105 DWEA. 125 DWEA. 125 DWEA. 125 DWEA. 130 DLEQ. 100 DLEQ. 105 DLEQ. 125 DLEQ. 125 DLEQ. 130 DWEA. 135 DWEA. 136	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$4,000 \$11,000 \$105,000 \$156,000 \$78,000 \$40,000 \$110,000 \$15,000 \$44,000 \$21,000 \$18,000 \$1,000
CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility) DFFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES	20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	250 4,500 9,800 12,000	100.00 42.00 23.40 15.90 6.50	DWEB. 130 DWEB. 140 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 100 DWEB. 115 DWEB. 100	11,000 105,000 12,000 12,000 60,000	DWEA. 100 DWEA. 105 DWEA. 125 DWEA. 125 DWEA. 130 DLEQ. 100 DLEQ. 105 DLEQ. 125 DLEQ. 130 DWEA. 135 DWEA. 135 DWEA. 135 DWEA. 135 DWEA. 140 DICC. 275	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000 \$1,000	\$4,000 \$11,000 \$105,000 \$105,000 \$78,000 \$40,000 \$110,000 \$15,000 \$14,000 \$11,000 \$11,000

DIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 11, 2007

Betty & M.L. Tieche 38 Lotta Avenue Battle Creek, MI 49014

Re:

Oil & Gas Lease W/2 of Section 31 Township 14 South, Range 38 East Lots 3, 4, S/2NW/4, N/2SW/4,

SW/4NE/4 and NW/4SE/4 of Section 6 Township 15 South, Range 38 East

Lea County, New Mexico

Dear Betty & M.L.:

According to our title research you own an undivided .9092726 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this lease are a \$100.00 flat fee bonus consideration, three (3) year paid-up primary term and one-fifth (1/5) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$100.00 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

		MAIL REC	EIPT Coverage Provided)
= 0			D. Z. O'N. Heav
40			
LLJ	Postage	\$ 163	
4 3	Certified Fee	2.40	Postmark
r=1	Return Receipt Fee (Endorsement Required)	1.85	Here
4000	Restricted Delivery Fee (Endorsement Required)	1.00	
	Total Postage & Fees	\$ 4.88	
0350	Sent To BOH	4 3 M.L.	TECHL
7007	Street, Apt. No.; or PO Box No. City, State, ZIP+4		
7	PS Form 3800, January 2	001	See Reverse for Instructions

OIL & GAS LEASE

THIS AGREEMENT made this 11th day of April 2007, between Betty Tieche and husband, M.L. Tieche, as Lessor (whether one or more), whose address is 38 Lotta Avenue, Battle Creek, MI 49014, and Shaw Interests, Inc. whose address is 310 W. Wall St., Ste. 305, Midland, Texas 79701, Lessee,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

- 2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.
- 3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, one-fifth (1/5) of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of one-fifth (1/5) of the gas used, provided that on gas sold on or off the premises, the royalties shall be one-fifth (1/5) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under this lease hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such e
- 4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.
- 5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.
- 6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.
- 7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.
- 8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.
- 9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

		ACKNOWLEDGMENT	
		. My Commission	1 Expires:
			State of Michigan
			:
		•	
This instrument was acknow	ledged before r	me on the day of	, 2007, by Betty Tieche.
COUNTY OF	<i>\$</i>		
STATE OF MICHIGAN	8	ACKINOWEEDGINENT	
•	•	ACKNOWLEDGMENT	
		·	
Betty Tieche		M.L.	. Tieche
•			
Executed the day and year first above	/e written.		
assigns by delivering or mailing a releasing shall be relieved from all obligations, ex	se thereof to the spressed or imp	ne Lessor, or by placing a release thereof of record	se, in whole or in part, to Lessor or his heirs, successors, and in the county in which said land is situated; thereupon Lesseed, and thereafter the shut-in royalty payable hereunder shall be
entire and undivided fee simple estate (vany part as to which this lease covers less whole and undivided fee simple estate the upon the party or parties executing the state of the state o	herein. Should	I any one or more of the parties named above as Le	ssors fail to execute this lease, it shall nevertheless be binding

Notary Public, State of Michigan

My Commission Expires:

OIL & GAS PROPERTIES 310 W. WALL ST., SUITE 305 MIDLAND, TEXAS 79701

MIDLAND / ODESSA TX 757.2 \$ 12 APR 20072 PM

MIDLAND/ODESS4 644 PA

Wyandotte, M. 48192 Ben and Kay Wicker 349 Walnut

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NIXIE

482

70 05/02/07

RETURN TO SENDER UNCLAIMED

*1110-00112-12-45 BC: 79701511780

4819244308-4970007

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SHAW INTERESTS, INC. OIL & GAS PROPERTIES 310 W. WALL ST., SUITE 305 MIDLAND, TEXAS 79701

MAILED FROM ZIP CODE 7970 R

FEE CEEEEEEEE

Wyandotte, MI 48192 Ben and Kay Wicker 349 Walnut

NIXIE

482

70 04/27/07 RETURN TO SENDER OTTEMPTED - NOT KNOWN UNABLE TO FORWARD

BC: 79701511780

79701@5117

Halimban Mannagan Mannagan Haraman

DIL & GAS PROPERTIES

P.D. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

Ben and Kay Wicker 349 Walnut Wyandotte, MI 48192

Re: Pyramid #1

W/2 of Section 31, Township 14 South, Range 38 East

Lea County, New Mexico

Dear Ben & Kay:

In conjunction with our proposal of April 11, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

Surface Hole Location: 2210' FSL & 430' FWL
Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

• \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw

AND THE PER	CERTIFIEI	D MAIL REC	EIPT Coverage Provided)
LT)			2 2 4 1 2 1 2 1 2 1 2 1 2 1 2 1 2 1 2 1
70			
0004 1883	Postage Certified Fee Return Receipt Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required)	\$.39 2.40 1.85	Postmark Here
[] []	Total Postage & Fees	\$ 4,64	
SED LOOF	Street, Apt. No.; or PO Box No. City, State, ZIP+4	? Kay u)icker



							1				
COMPANY ENT	ITY .		,					DATE PE	REPARED		
Cimarex E	nergy Co.	i							March	B, 2007	
REGION	WELL NAME	WELL NO	PROSPECT OR FIELD NAME		PROPERTY NUMBER		DRILLING AFE NO.				
								1			
Permian	Pyramid	1	Star-Denton								
LOCATION	SHL 2210' FSL & 430' F	WL.		COL	JNTY	S	TATE		TYPE '	WELL	
BHL 330' F	SL & 430' FWL							OIL	Х	EXPL	Χ
Sec 31, T14	4S, R38E			Le	a	New	Mexico	GAS		PROD	
ORIGINAL ESTI	MATE X		EST, STA	ART DATE	` EST. CO	OMP. DATE	FORM	IATION		EST. TD	
REVISED ESTIN	MATE	_	**						98	300	TVD
SUPPLEMENTA	L ESTIMATE								116	500'	MD

PROJECT DESCRIPTION:

Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
<u>TANGIBLES</u>	· ·		
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

Comments on Well Costs:

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

I elect t	o purchase	my own	well	control	insurance	policy.
	•	,				

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

CIMAREX ENERGY CO. APPROVAL

PREPARED BY
Mark Audas, Sr. Drilling/Completion Engineer
Permian Basin

Doug Park, Mgr Drilling/Completion Operations
Offshore and Permian Regions

Point INTEREST APPROVAL

DATE

^{1.} All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.



PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

MIDSTAND AND ALDCATTON PREPARATION PESTORATION DID. 100 \$4,000 DOC. 100 \$8,000 \$100 \$8 \$100 \$100 \$8 \$100						DRY HOLE		AFTER CASING	!
DAMACES MAD CHAPTERS DOC 39 \$4.000 CCC.50 \$5.000 \$4.000 CCC.50 \$5.000 \$4.000 CCC.50 \$5.000 \$4.000 \$4.000 CCC.50 \$5.000 \$4.000 CCC.50 \$5.000 \$4.000 CCC.50 \$5.000 CCC					Codes	COST	Codes	POINT	WELL COST
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DAY PARTE 6 PLADAYS 5 ACT DAYS 9 1/140 PRIN DAY MISC PREPARADIOLOST (mouse have have, park have, park park park park park park park park							 		\$5,00
MISC PREPARATION COST (mouse belo, ret free, poles pile distlers, mes.)		241/0.0	47400	. DED DAV	-		+		\$40,00
DITO DITO 150 DITO 15				PERDAY			DICC.120	\$77,150	\$8,00
FINEL ST. 20 PER SALLON		Jile Clusters	, misc.)		 		DICC 125	\$1,000	\$101,00
WATER COMPRESS DIDL 49 \$84,400 \$80,000 \$15,000		··········					+		\$122,00
MIDL ADDITIVES		· .			 				\$57,20
DOWNSTOLE RENTALS					+		1111	MILLE	\$64,40
FORMATION EVALUATION (DDT. Comig including evaluation, USA) SERVICES UDC.197 \$47,000 Formation					DIDC.150	\$69,000	DICC.140	\$45,000	\$114,00
MID LOGGI NO OPEN AND EDGING STAYS @ \$990 PER DAY OPEN AND EDGING STAYS OF	DOWNHOLE RENTALS	·			DIDC.155	\$144,000	DICC.145	\$10,000	\$154,00
COMMINITION OF LOAD FOUR MENT DOCUMENT SENSION	FORMATION EVALUATION (DST, Coring including evalua	tion, G&G S	ERVICES)		DIDC.160			IIIIII	
CEMENTING A FLOAT EQUIPMENT	MUD LOGGING 37 DAYS @ \$900	PER DAY			DIDC.170	\$47,000	7777	777777	\$47,00
TIBBLIAR RISPECTIONS 55,000 DCC, 196 \$12,500 \$22			-1		-		7777	\overline{TIIII}	\$65,00
CASHING GREWS ODC.599 \$13,000 JOC.290 \$15,000 JOC.290 \$5,000 JOC.270 \$5,000 32 \$2,000 JOC.270 \$5,000 JOC.270 \$					+		 		\$90,00
EXTRALABOR, WELDING, ETC LAND TRANSPORTATION (Trucking) SUPERVISION DOC, 222 S32,00 DOC, 197 S77,00 S17,00 DOC, 107 S77,00 S17,00 DOC, 107 S77,00 DOC, 107					+				\$7,50
LAND TRANSFORTATION (Trucking)					+	 			\$27,00
SUPERVISION DIDICATO \$11,000 DICC, 95 \$19,000 \$20,000									\$32,60
TRALER HOUSE(CAMPICALTERING DICE 280 \$17,000 DICE 285 \$2,500 \$15,000 \$15					 				\$39,20
OTHER MISC EXPENSES									\$69,00 \$10,50
DECEMBER DECEMBER DECEMBER SALE DECEMBER SALE DECEMBER DECEMB						 			\$19,50 \$10,00
REMEDIAL CEMENTING WORDERMOR DIDC 291 DIDC 293 DIDC		- <u></u>	. <u> </u>		 				\$10,00
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DRECTIONAL DRILLING SERVICES 22, DAYS @ 9500 PER DAY DR02.48 \$209,000 D002.29 S16.600 S16.60						\$150,000	111	mm	\$150,00
DOCK DISPATCHER, CRANE		DAYS @	9500	PER DAY			1111	44444	\$209,00
MARINE & AIR TRANSPORTATION DIDC.285 SOLIDS CONTROL FISHING & STREED, STREE							DICC.230		
WELL CONTROL EQUIP (Enubbing services) FISHING & SIDETRACK OPERATIONS COMPLETION RIG 14 DAYS @ 4400 PER DAY COL TUBING DAYS @ PER DAY COL TUBING DEC. 200 S10,000 S22,000	MARINE & AIR TRANSPORTATION				1				
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COMPLETION RIG	WELL CONTROL EQUIP (Snubbing services)				DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
DOIL TUBING	FISHING & SIDETRACK OPERATIONS				DIDC.270		DICC.245		
COMPUTION LOGGING, PERFORATING, WIL UNITS, WL SURVEYS DICC.200 \$35,000 \$35,000 \$35,000 \$35,000 \$35,000 \$35,000 \$320,000 \$22	COMPLETION RIG 14 DAYS @	4400	PER DAY				DICC.115	\$61,600	\$61,600
STIMULATION	COIL TUBING DAYS @		PER DAY		1111		DICC.260		
EGAL/REGULATORY/CURATIVE	COMPLETION LOGGING, PERFORATING, WL UNITS, WI	SURVEYS					DICC.200	\$35,000	\$35,000
WELL CONTROL INSURANCE	STIMULATION				1111		DICC.210	\$220,000	\$220,000
CONTINGENCY					DIDC.300	\$10,000	DICC.280		\$10,000
CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR SALES PL TOTAL STRUCTION FOR SALES PL TOTAL STRUCTURE FOR FACILITIES PL TOTAL STRUCTURE FOR					DIDC.285		7777.	777777	\$3,000
CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR SALES PIL		TANGIBLE:	<u>s</u>		DIDC.435	\$117,000			·\$149,000
CONSTRUCTION FOR SALES P/L DICC.265					UU	<i>71111.</i>			\$1,000
TANGIBLE - WELL EQUIPMENT			**		1111	77777		\$39,000	\$39,000
TANGIBLE - WELL EQUIPMENT CASING DRIVE PIPE 20" 40 100.00 DWEB.150 DWEB.130 DWEB.130 WEB.135 SURFACE CASING 13-3/8" 250 42.00 DWEB.140 INTERMEDIATE CASING 8-6/8" 4,500 23.40 DWEB.145 DRILLING LINER 7" DWEB.145 DRILLING LINER 7" DWEB.145 DRILLING LINER PRODUCTION CASING OR LINER 5 1/2" 9,800 15.90 DWEB.145	CONSTRUCTION FOR SALES P/L				7777	777777	DICC.265		
TANGIBLE - WELL EQUIPMENT CASING DRIVE PIPE 20" 40 100.00 DWEB.150 DWEB.130 DWEB.130 WEB.135 SURFACE CASING 13-3/8" 250 42.00 DWEB.140 INTERMEDIATE CASING 8-6/8" 4,500 23.40 DWEB.145 DRILLING LINER 7" DWEB.145 DRILLING LINER 7" DWEB.145 DRILLING LINER PRODUCTION CASING OR LINER 5 1/2" 9,800 15.90 DWEB.145	TOTAL INTANGIBLE COST	Victoria de la composición dela composición de la composición de la composición de la composición dela composición de la composición dela composición dela composición de la composición dela composición de la composición dela composición dela composición dela composición dela composición dela composición dela composic		andro de desprisos	ALEXANDER AND A	# # 0 /62 / 90	SWEETS	9419400 e 7471760	100 000 000 000
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DRIVE PIPE 20" 40 100.00 DWEB.150 4,000 34		SIZE	FEET	\$/FOOT					
DWEB.130 DWEB.135 DWEB.145		 			DWEB.150	4.000	1111	777777	\$4,000
WATER STRING							1111	111111	V .,1233
SURFACE CASING	WATER STRING						1111	111111	
DRILLING*LINER 7"	SURFACE CASING	13-3/8"	250	42.00		11,000	1111	Mille	\$11,000
DRILLING-LINER DWEB.145 DWEB.145 DWEB.100 156,000 \$156	INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145	105,000	1111	1111111	\$105,000
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P&A COSTS DIDC.295 60,000 DICC.275 (60,000)	<u> </u>			CONTRACTOR OF STREET	679 C 20 T 6 T 1	25 4 4 42 7 000	PACIFIC EN	\$ \$58,000	\$690,000
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TOTAL COST 118 \$2:655:180	TOTAL TANGIBLES				(0): 15/10/46/2	35;30;30 3 ,132;000			
TOTAL COST 1888 - 1888									
The state of the s					DIDC.295	60,000	DICC.275	(60,000)	

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 11, 2007

Ben and Kay Wicker 349 Walnut Wyandotte, MI 48192

Re: Oil & Gas Lease

W/2 of Section 31

Township 14 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4,

SW/4NE/4 and NW/4SE/4 of Section 6

Township 15 South, Range 38 East

Lea County, New Mexico

Dear Ben & Kay.:

According to our title research you own an undivided .9092726 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this lease are a \$100.00 flat fee bonus consideration, three (3) year paid-up primary term and one-fifth (1/5) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$100.00 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

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OIL & GAS LEASE

THIS AGREEMENT made this 11th day of April 2007, between Ben P. Wicker, Jr. and wife, Kay Wicker, as Lessor (whether one or more), whose address is 349 Walnut, Wyandotte, MI 48192, and Shaw Interests, Inc. whose address is 310 W. Wall St., Ste. 305, Midland, Texas 79701, Lessee,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

- 2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.
- 3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, one-fifth (1/5) of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of one-fifth (1/5) of the gas used, provided that on gas sold on or off the premises, the royalties shall be one-fifth (1/5) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 da
- 4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.
- 5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.
- 6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.
- 7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.
- 8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.
- 9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee and in the event Lessee does so it shall be subrogated to such lien with the right to enforce s satisfying same. Without impairment of Lessee's rights under the warranty, if this lease coventire and undivided fee simple estate (whether Lessor's interest is herein specified or not) th any part as to which this lease covers less than such full interest, shall be paid only in the prowhole and undivided fee simple estate therein. Should any one or more of the parties named upon the party or parties executing the same.	ame and to apply royalties and shut- ers a less interest in the oil and gas en the royalties, shut-in royalty, and portion which the interest therein, if	-in royalties payable hereunder toward in all or any part of said land than the other payments, if any, accruing from any, covered by this lease, bears to the
11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrer assigns by delivering or mailing a release thereof to the Lessor, or by placing a release there shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so reduced in the proportion that the acreage covered hereby is reduced by said release or release	of of record in the county in which to surrendered, and thereafter the shu	said land is situated; thereupon Lessee
		•
Executed the day and year first above written.	•	
r	•	
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	1	
Ben P. Wicker, Jr.	Kay Wicker	

				\$ -		
Ben P. Wicker, Jr.	· .		Kay Wic	ker	_ 	
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	AC	KNOWLE	DGMENT	•	1	
STATE OF MICHIGAN	§	•	•			
	& & & & & & & & & & & & & & & & & & &					
COUNTY OF	§					
This instrument was acknown	wledged before me on the	day of _			2007, by Ben P. Wick	er, Jr
•						
			Notary Public, State	of Michigan		
			My Commission Ex		•	
			:			
•			•	:		
•	AC	KNOWLE	DGMENT		•	
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STATE OF MICHIGAN	& & &					•
COUNTY OF	§ §				•	•
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This instrument was acknown	wledged before me on the	day of _		,	2007, by Kay Wicker.	•
			•			
				:		
			Notary Public, State	of Michigan		
			My Commission Ex	pires:		

SHAW INTERESTS, INC OIL & GAS PROPERTIES 310 W. WALL ST., SUITE 305 MIDLAND, TEXAS 79701

MIDLAND/UDESS# 6180759 4150 12 APR 2007 3PM MIDLAND / ODESSA

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MHXHX Dan and Alice Wicker Silver Springs, MD. 12603 Farrell Drive

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08 04/17/07

RETURN TO SENDER REFUSED UNABLE TO FORUARD

*1110-00010-12-48 BC: 79701511780

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V@V01@8117

SHAW INTERESTS, INC. OIL & GAS PROPERTIES 310 W. WALL ST., SUITE 305 MIDLAND, TEXAS 79701

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MANLED FROM ZIP CODE 7970 R

Dan and Alice Wicker Silver Springs, MD 1 12603 Farrell Drive

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MHXHZ

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RETURN TO SENDER ATTEMPTED - NOT KNOWN UNABLE TO FORWARD

*0731-00763-27-15 BC: 79701511780

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#### OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

Dan and Alice Wicker 12603 Farrell Drive Silver Springs, MD 20901

Re: Pyramid #1

W/2 of Section 31, Township 14 South, Range 38 East Lea County, New Mexico

Dear Dan & Alice:

In conjunction with our proposal of April 11, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

Surface Hole Location: 2210' FSL & 430' FWL
Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

• \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw

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COMPANY ENTI								DATE P	REPARED March	8, 2007	
REGION	WELL NAME	WELL NO	PROSP	ECT OR FIELD	NAME	PROPER	TY NUMBER		DRILLING	G AFE NO.	
Permian	Pyramid	1 1	S	tar-Dento	1	<u> </u>		1			
LOCATION	SHL 2210' FSL & 430' FV	VL.		CO	YTY	S	TATE		TYPE	WELL	
BHL 330' F	SL & 430' FWL							OIL	Х	EXPL	Х
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REVISED ESTIN	MATE	-							9	800	TVD
SUPPLEMENTA	L ESTIMATE		٠.						11	600'	MD

#### PROJECT DESCRIPTION:

Drill and complete a horizontal wolfcamp well.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
TANGIBLES			
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

#### Comments on Well Costs:

## WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

Lalaat ta	ourobooo	m	Mont	control	incurance	noliov
 i elect to	purunase	THY OWN	weil	COLLIGI	insurance	policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

## Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

		#VALUE
•	CIMAREX ENERGY CO. APPROVAL	
PREPARED BY	DRILLING AND COMPLETION MANAGER	REGIONAL MANAGER
Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	Roger Alexander, Regional Manager Permian Basin
	JOINT INTEREST APPROVAL	
COMPANY	BY	DATE
t		

^{1.} All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.



## PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

				<u> </u>	DRY HOLE	<u> </u>	AFTER CASING	COMPLETED
INTANGIBLES				Codes	COST	Codes	POINT	WELL COST
ROADS & LOCATION PREPARATION / RESTORATION				DIDC:100		DICC.100	\$8,000	\$108,000
DAMAGES				DIDC:105		DICC.105		\$5,000
MUD/FLUIDS DISPOSAL CHARGES	BAV6 =		0.000	DIDC.255		DICC.235		\$40,000
	DAYS @		0 PER DAY	DIDC.115		DICC.120	\$87,150	\$888,930 \$8,000
MISC PREPARATION COST (mouse hole, rat hole, pads, BITS	pile clusters	s, misc.)		DIDC.125		DICC.125	\$1,000	\$101,000
FUEL \$2.20 PER GALLON				DIDC:125		DICC.130		\$122,000
WATER / COMPLETION FLUIDS				DIDC.140		DICC.135		\$57,200
MUD & ADDITIVES				DIDC.145	\$64,400			\$64,400
SURFACE RENTALS				DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000
DOWNHOLE RENTALS				DIDC.155		DICC.145	\$10,000	\$154,000
FORMATION EVALUATION (DST, Coring including evalua				DIDC.160		1111	HHH	0.47.000
MUD LOGGING 37 DAYS @ \$900 OPEN HOLE LOGGING	J PER DAY			DIDC.170		444	HHHH	\$47,000 \$65,000
CEMENTING & FLOAT EQUIPMENT				DIDC.185		DICC.155	\$40,000	\$90,000
TUBULAR INSPECTIONS				DIDC:190		DICC.160		\$7,500
CASING CREWS				DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000
EXTRA LABOR, WELDING, ETC.				DIDC.200		DICC.170		\$32,600
LAND TRANSPORTATION (Trucking)				DIDC.205		DICC.175		\$39,200
SUPERVISION				DIDC.210		DICC.180		\$69,000
TRAILER HOUSE/CAMP/CATERING OTHER MISC EXPENSES				DIDC.280		DICC.255 DICC.190		\$19,500 \$10,000
OVERHEAD				DIDC.225		DICC,190		\$18,200
REMEDIAL CEMENTING				DIDC.231		DICC.215		Ψ10,200
MOB/DEMOB			****	DIDC.240		1111	111111	\$150,000
DIRECTIONAL DRILLING SERVICES 22	2 DAYS @	9500	PER DAY	DIDC.245	\$209,000	1111	111111	\$209,000
DOCK, DISPATCHER, CRANE				DIDC.250		DICC.230		
MARINE & AIR TRANSPORTATION				DIDC.275		DICC.250	· · · · · · · · · · · · · · · · · · ·	
SOLIDS CONTROL		<del></del>		DIDC.260		7777	777777	\$166,000
WELL CONTROL EQUIP (Snubbing services) FISHING & SIDETRACK OPERATIONS				DIDC.265 DIDC.270	\$28,000	DICC.240 DICC.245	\$16,800	\$44,800
	4400	PER DAY		TOIDC.270	m	DICC.245	\$61,600	\$61,600
COIL TUBING DAYS @		PER DAY		1111	HHH	DICC.260	\$01,000	\$01,000
COMPLETION LOGGING, PERFORATING, WL UNITS, WI	LSURVEYS	3		1111	11111	DICC.200	\$35,000	\$35,000
STIMULATION				1111	11111	DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE				DIDC.300	\$10,000	DICC.280		\$10,000
WELL CONTROL INSURANCE \$0.35 PER F				DIDC.285	\$3,000	7777.	7777777	\$3,000
CONTINGENCY 5% OF DRILLING IN	TANGIBLE	S		DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT				HH	HHH	DWEA.110 DLEQ.110	\$1,000 \$39,000	\$1,000 \$39,000
CONSTRUCTION FOR SALES P/L				1111	HHH	DICC.265	\$39,000	\$39,000
1		٠,		1		5155.255		
TOTAL INTANGIBLE COST	104214	an eo ar		70702767	\$2,463,180	OLCHER.	\$ \$712,750	\$3,175,930
TANGIBLE - WELL EQUIPMENT	T	·	T	ļ				
CASING DRIVE PIPE	SIZE 20"	FEET 40	\$/FOOT	51455 450	4.000	-	mmm	04.000
CONDUCTOR PIPE	<del></del>	40	100.00	DWEB.150		444	HHHH	\$4,000
WATER STRING	1			DWEB.135		1111	MAHH	
SURFACE CASING	13-3/8"	250	42.00	DWEB.140		777	111111	\$11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145	105,000	1111	777777	\$105,000
DRILLING LINER	7"			DWEB.145		7777		
DRILLING LINER				DWEB.145		7777	7777777	
PRODUCTION CASING OR LINER	5 1/2"	. 9,800	15.90	7777	71111	DWEA.100	156,000	\$156,000
PRODUCTION TIE-BACK TUBING	2 7/8"	12,000	6.50	1111	HHH	DWEA.100	78,000	\$70,000
N/C WELL EQUIPMENT	2770	12,000	0.50	1111	HHH	DWEA.105 DWEA.115	\$9,000	\$78,000 \$9,000
WELLHEAD, TREE, CHOKES	-	,		DWEB.115	12,000	DWEA.120	\$28,000	\$40,000
LINER HANGER, ISOLATION PACKER				DWEB.100		DWEA.125		
PACKER, NIPPLES				1111		DWEA.130	\$110,000	\$110,000
PUMPING UNIT, ENGINE				777		DLEQ.100	\$78,000	\$78,000
LIFT EQUIPMENT (BHP, Rods, Anchors)				7777		DLEQ.105	\$15,000	\$15,000
TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT				1	·····			011.000
TANKS, TANKS STEPS, STAIRS				1111	HHH	DLEQ.115 DLEQ.120	\$44,000 \$21,000	\$44,000 \$21,000
BATTERY (Heater Treater, Separator, Gas Treating Equipment)				777	4444	DLEQ.125	\$18,000	\$18,000
FLOW LINES (Line Pipe from wellhead to central facility)				7777	11111	DLEQ.130	\$1,000	\$1,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES				1111	****	DWEA.135		
PIPELINES TO SALES				1111	111111	DWEA.140		
		January Street	antiport I Commission of the C		popular standard	Valve		control protect
TOTAL TANGIBLES		4918 T. F. W.	THE PARTY OF		<b>\$132,000</b>	LANGE N	\$558,000	\$690,000
DAA COSTO			· · · · ·	-	A	DIO 2 5 ==	/02 225	
P&A COSTS				DIDC.295	60,000	DICC.275	(60,000)	
ΠΟΤΑΙΜΟST		kan dagan	ing recent	Terment	\$2,656,480	MANAGED R	\$4.240.7E0	\$2 86E 020
(* \$ * * * * * * * * * * * * * * * * * *	Control of the Contro	www.completers.files.files.	Tensor Herating Children	ATTENDED TO THE PARTY.	このできたから なっぱい ロロ	SEATH OF MARKET	ALCOHOLOGY THE TOTAL OF	ACE COO'CATOR

## OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 11, 2007

Dan and Alice Wicker 12603 Farrell Drive Silver Springs, MD 20901

Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4,
SW/4NE/4 and NW/4SE/4 of Section 6
Township 15 South, Range 38 East
Lea County, New Mexico

Dear Dan & Alice:

According to our title research you own an undivided .9092726 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this lease are a \$100.00 flat fee bonus consideration, three (3) year paid-up primary term and one-fifth (1/5) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$100.00 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

	U.S. Postal S CERTIFIED (Domestic Mail O	MAILREC	EIPT Coverage Provided)
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<u>다</u>	Sectors .	\$ 103	
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000 0	Total Postage & Fees	\$ 4.88	
12EO	Sent To	n? Alice	Wickel
	Street, Apt. No.; or PO Box No.		
7007	City, State, ZIP+4		See Reverse for Instructions
<b>1</b>	PS Form 3800; January 2	2001	See Heverse to matter.

## **OIL & GAS LEASE**

THIS AGREEMENT made this 11th day of April 2007, between Dan Wicker and wife, Alice Wicker, as Lessor (whether one or more), whose address is 12603 Farrell Drive, Silver Springs, MD 20901, and Shaw Interests, Inc. whose address is 310 W. Wall St., Ste. 305, Midland, Texas 79701, Lessee,

#### WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

- 2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.
- 3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, one-fifth (1/5) of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of one-fifth (1/5) of the gas used, provided that on gas sold on or off the premises, the royalties shall be one-fifth (1/5) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such
- 4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.
- 5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.
- 6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.
- 7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.
- 8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.
- 9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the and in the event Lessee does so it shall be subrogate satisfying same. Without impairment of Lessee's rientire and undivided fee simple estate (whether Lessany part as to which this lease covers less than such whole and undivided fee simple estate therein. Sho upon the party or parties executing the same.	ed to such lien with the right to enf ghts under the warranty, if this lea- sor's interest is herein specified or r full interest, shall be paid only in the	force same and to apply royaltie se covers a less interest in the o not) then the royalties, shut-in ro the proportion which the interest	s and shut-in royalties payable hereunder toward il and gas in all or any part of said land than the byalty, and other payments, if any, accruing from therein, if any, covered by this lease, bears to the
11. Lessee, its or his successors, heirs and assigns, assigns by delivering or mailing a release thereof to shall be relieved from all obligations, expressed or i reduced in the proportion that the acreage covered h	the Lessor, or by placing a release implied, of this agreement as to acre	e thereof of record in the county eage so surrendered, and thereat	in which said land is situated; thereupon Lessee
Executed the day and year first above written.			
		•	
Dan Wicker		Alice Wicker	
	ACKNOWLE	DGMENT	
STATE OF MARYLAND \$ \$ COUNTY OF \$			
This instrument was acknowledged before	re me on the day of _		, 2007, by Dan Wicker.
	•	•	
		Notary Public, State of Mary	land
		My Commission Expires:	
		· .	
,	ACKNOWLE	DGMENT	
STATE OF MARYLAND §			
COUNTY OF §			
This instrument was acknowledged before	re me on the day of		, 2007, by Alice Wicker.
•		· · · · · · · · · · · · · · · · · · ·	

Notary Public, State of Maryland

My Commission Expires:

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MAILED FROM ZIP CODE

James Wicker 2755 Fourth Street Wyandotte, MI 48192

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MIDLAND / ODESSA THE WEST X

SHAW INTERESTS, IN CIL& GAS PROPERTIES 310 W. WALL ST., SUITE 305

MIDLAND, TEXAS 79701

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2755 Fourth Street James Wicker Wyandotte, MI 48192

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BC: 79701511780

## DIL & GAS PROPERTIES

OX 9612 MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

James Wicker 2755 Fourth Street Wyandotte, MI 48192

Re: Pyramid #1

W/2 of Section 31, Township 14 South, Range 38 East Lea County, New Mexico

Dear James:

In conjunction with our proposal of April 11, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

Surface Hole Location: 2210' FSL & 430' FWL
Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

• \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

**SHAW INTERESTS** 

Maner B. Shaw

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COMPANY ENTITY	,							DATE PR	EPARED		
Cimarex Ene	rgy Co.								March	8, 200 <u>7</u>	
REGION	WELL NAME	WELL NO	PROSPEC	T OR FIELD	NAME	PROPER	TY NUMBER		DRILLING	AFE NO.	
Permian	Pyramid	1	Sta	r-Dentor	1						
LOCATION S	HL 2210' FSL & 430' F	WL	-,,	COL	INTY	S	TATE		TYPE	WELL	
BHL 330' FS	L & 430' FWL		· \			1		OIL	<u> </u>	EXPL	_ X
Sec 31, T145	, R38E			Le	a	New	<u>Mex</u> ico	GAS		PROD_	
ORIGINAL ESTIMA	TE X		EST, START	DATE	EST. CO	MP, DATE	FORM	ATION		EST, TD	
REVISED ESTIMA	TE			,			1		9	800	TVD
SUPPLEMENTAL I	ESTIMATE		<u> </u>						110	600' _	_MD

#### PROJECT DESCRIPTION:

Drill and complete a horizontal wolfcamp well.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
<u>TANGIBLES</u>			
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

#### Comments on Well Costs:

## WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

#### Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

		#VALUE!
	CHAREVENEDOV CO. ADDROVAL	,
	CIMAREX ENERGY CO. APPROVAL	
PREPARED BY	DRILLING AND COMPLETION MANAGER	REGIONAL MANAGER
Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	Roger Alexander, Regional Manager Permian Basin
	JOINT INTEREST APPROVAL	
COMPANY	BY	DATE
CONFANT	P	JUATE

^{1.} All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.



## PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

:						<b>,</b>		
INTANCIDLES					DRY HOLE		AFTER CASING	
INTANGIBLES				Codes	COST	Codes	POINT	WELL COST
ROADS & LOCATION PREPARATION / RESTORATION DAMAGES				DIDC.100		DICC.100	<del></del>	\$108,00 \$5,00
MUD/FLUIDS DISPOSAL CHARGES				DIDC.10		DICC.103		\$40,00
	DAYS @	1743	0 PER DAY	DIDC.235	· <del> </del>	<del>1</del>		\$888,93
MISC PREPARATION COST (mouse hole, rat hole, pads,			O I EK BAT	DIDC.120	<del></del>	1111	iiinn	\$8,00
BITS	pilo oldoto.	,,		DIDC.125		DICC.125	\$1,000	\$101,00
FUEL \$2.20 PER GALLON				DIDC.135		DICC.130		\$122,00
WATER / COMPLETION FLUIDS				DIDC.140	\$32,200	DICC.135	\$25,000	\$57,20
MUD & ADDITIVES	******			DIDC.145	\$64,400	1111	11111	\$64,40
SURFACE RENTALS				DIDC.150	\$69,000	DICC.140	\$45,000	\$114,00
DOWNHOLE RENTALS				DIDC.155	\$144,000	DICC.145	\$10,000	\$154,00
FORMATION EVALUATION (DST, Coring including evaluation)	tion, G&G	SERVICES)		DIDC.160		7777	777777	
MUD LOGGING 37 DAYS @ \$900	PER DAY	· · · · · · · · · · · · · · · · · · ·		DIDC.170	<del></del>	444	<i>11111</i>	\$47,00
OPEN HOLE LOGGING				DIDC.180	<del></del>	7777	777777	\$65,00
CEMENTING & FLOAT EQUIPMENT TUBULAR INSPECTIONS				DIDC.185		DICC.155	\$40,000	\$90,00
CASING CREWS				DIDC.190	· · · · · · · · · · · · · · · · · · ·	DICC.160 DICC.165	<del></del>	\$7,50 \$27,00
EXTRA LABOR, WELDING, ETC.				DIDC.198	<del></del>	DICC.165		\$32,60
LAND TRANSPORTATION (Trucking)				DIDC.205	·	DICC.176	<del>                                     </del>	\$39,20
SUPERVISION				DIDC.210	<del></del>	DICC.180	\$18,000	\$69,00
TRAILER HOUSE/CAMP/CATERING				DIDC.280		DICC.255	\$2,500	\$19,50
OTHER MISC EXPENSES				DIDC.220	<del> </del>	DICC.190		\$10,00
OVERHEAD				DIDC.225		DICC.195	\$4,200	\$18,20
REMEDIAL CEMENTING				DIDC.231		DICC.215		
MOB/DEMOB				DIDC.240	\$150,000	1111		\$150,00
DIRECTIONAL DRILLING SERVICES 22	DAYS @	9500	PER DAY	DIDC.245	\$209,000	1111		\$209,00
DOCK, DISPATCHER, CRANE				DIDC.250		DICC.230		
MARINE & AIR TRANSPORTATION				DIDC.275		DICC.250		
SOLIDS CONTROL				DIDC.260	\$166,000	7777	777777	\$166,00
WELL CONTROL EQUIP (Snubbing services)				DIDC.265	\$28,000	DICC.240	\$16,800	\$44,80
FISHING & SIDETRACK OPERATIONS	1100			DIDC.270		DICC,245		
	4400	PER DAY		HH	HHH	DICC.115	\$61,600	\$61,60
COLL TUBING DAYS @	ÓUDVEV	PER DAY		HH	4444	DICC.260		
COMPLETION LOGGING, PERFORATING, WL UNITS, WI STIMULATION	LSURVEYS	; 	·	1111	4444	DICC.200	\$35,000	\$35,000
LEGAL/REGULATORY/CURATIVE				DIDG 200	\$10,000	DICC.210	\$220,000	\$220,000
WELL CONTROL INSURANCE \$0.35 PER F	OOT			DIDC.300	\$10,000	DICC.280	mm	\$10,000
CONTINGENCY 5% OF DRILLING IN		S		DIDC.285	\$3,000 \$117,000	DICC,220	633,000	\$3,000
CONSTRUCTION FOR WELL EQUIPMENT	IANGIBLL			0100.435	\$117,000	DWEA.110	\$32,000 \$1,000	\$149,000 \$1,000
CONSTRUCTION FOR LEASE EQUIPMENT				111	4444	DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L				1111	111111	DICC.265		Ψ00,000
TOTAL INTANGIBLE COST	<b>建产生的</b> 数			5300.00	\$2,463,180	nia (KK)	\$712,750	\$3,175,93
:		· .						
TANGIBLE - WELL EQUIPMENT								
CASING	SIZE	FEET	\$/FOOT					
DRIVE PIPE	20"	40	100.00	DWEB.150	4,000	7777		\$4,000
CONDUCTOR PIPE				DWEB.130		7777		
WATER STRING				DWEB.135		7777.	44444	
SURFACE CASING	13-3/8"	250	42.00	DWEB.140	11,000	7777	777777	\$11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145	105,000	1111,	44444	\$105,000
DRILLING:LINER	7"			DWEB.145		1111	44444	
DRILLING:LINER PRODUCTION CASING OR LINER	5 1/2"	0.000	15.00	DWEB.145	trrrrr	7///	777777	#450.00¢
PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK	5 1/2	9,800	15.90	1111	4 4 4 4 4 A A	DWEA.100	156,000	\$156,000
TUBING TO THE BACK	2 7/8"	12,000	6.50	1111	**************************************	DWEA.100 DWEA.105	78,000	\$78,000
N/C WELL EQUIPMENT	2770	12,000	0.50	1111	HHH	DWEA. 115	\$9,000	\$9,000
WELLHEAD, TREE, CHOKES				DWEB.115	12 000	DWEA.120	\$28,000	\$40,000
LINER HANGER, ISOLATION PACKER				DWEB.100		DWEA.125	420,000	Ψ,το,σσο
PACKER, NIPPLES				7777	* * * * * * * *	DWEA.130	\$110,000	\$110,000
PUMPING UNIT, ENGINE				1111	MM	DLEQ.100	\$78,000	\$78,000
LIFT EQUIPMENT (BHP, Rods, Anchors)						DLEQ.105	\$15,000	\$15,000
TANGIBLE - LEASE EQUIPMENT								
N/C LEASE EQUIPMENT				7777	111111	DLEQ.115	\$44,000	\$44,000
TANKS, TANKS STEPS, STAIRS		_		7777	111111	DLEQ.120	\$21,000	\$21,000
BATTERY (Heater Treater, Separator, Gas Treating Equipm	ent)			7777	77777	DLEQ.125	\$18,000	\$18,000
FLOW LINES (Line Pipe from wellhead to central facility)		:		1111	4444	DLEQ.130	\$1,000	\$1,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	3			1111,	<del>******</del>	DWEA.135		
PIPELINES TO SALES				7777	777777	DWEA.140		
TOTALLANCIDE CARACTERISTERS OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF				en i H. Philippi	200 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182 Page 182	Service Course		William Control of the Control
TOTAL TANGIBLES	WIND STREET				9132,000		\$558,000	44.4%.\$690,000
						- 1	1	
78 A COOTO								
P&A COSTS				DIDC.295	· 60,000	DICC.275	(60,000)	
P&A COSTS		With Manne Biometra					(60,000) \$1,210,750	

## DIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 11, 2007

James Wicker 2755 Fourth Street Wyandotte, MI 48192

Re:

Oil & Gas Lease W/2 of Section 31

Township 14 South, Range 38 East Lots 3, 4, S/2NW/4, N/2SW/4,

SW/4NE/4 and NW/4SE/4 of Section 6 Township 15 South, Range 38 East

Lea County, New Mexico

Dear James:

According to our title research you own an undivided .4546863 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this lease are a \$100.00 flat fee bonus consideration, three (3) year paid-up primary term and one-fifth (1/5) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$100.00 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

# (A) (A) (A) (A) (A) (A) (A) (A) (A) (A)	U.S. Postal C CERTIFIED (Domestic Mail C	D MAIL REG	CEIPT Coverage Provided)
9864	The second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second secon	Con A	After States
0004 1883	Postage  Certified Fee  Return Receipt Fee (Endorsement Required)  Restricted Delivery Fee (Endorsement Required)	\$,63 2.40 1.85	Postmark Here
0.350	Total Postage & Fees	\$ 4.88	
7001 03	Street, Apt. No.; or PO Box No. City, State, ZiP+4	me5 Wi	C/CL 12  See Reverse for Instructions

## OIL & GAS LEASE

THIS AGREEMENT made this 11th day of April 2007, between James Wicker, herein dealing in his sole and separate property, as Lessor (whether one or more), whose address is 2755 Fourth Street, Wyandotte, MI 48192, and Shaw Interests, Inc. whose address is 310 W. Wall St., Ste. 305, Midland, Texas 79701. Lessee.

#### WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save; take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

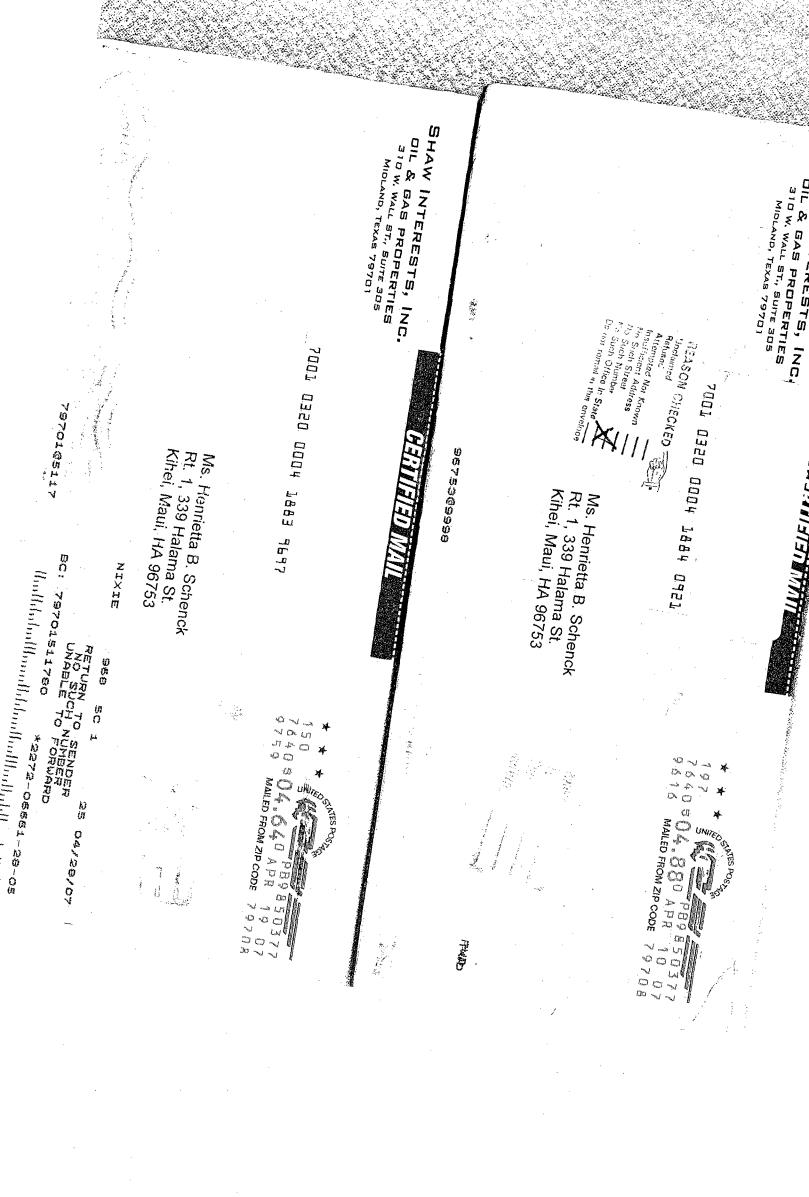
- 2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.
- 3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, one-fifth (1/5) of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of one-fifth (1/5) of the gas used, provided that on gas sold on or off the premises, the royalties shall be one-fifth (1/5) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.
- 4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.
- 5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations'conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.
- 6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.
- 7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.
- 8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns, but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.
- 9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first abo	ove written.			
	·		,	
mes Wicker				
	ACI	KNOWLEDGM	ENT	
TATE OF MICHIGAN	§			
OUNTY OF	<b>8 6 9</b>	·		
This instrument was acknown	wledged before me on the	day of		, 2007, by James Wicker.
			•	
		Notar	y Public, State of Mic	chigan

My Commission Expires:



#### **DIL & GAS PROPERTIES**

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

Ms. Henrietta B. Schenck Rt. 1, 339 Halama St. Kihei, Maui, HA 96753

Re:

Pyramid #1

W/2 of Section 31, Township 14 South, Range 38 East

Lea County, New Mexico

#### Dear Henrietta:

In conjunction with our proposal of April 5, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

Surface Hole Location: 2210' FSL & 430' FWL
Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

• \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw

NB, IC)ver	U.S. Postal CERTIFIEI (Domestic Mail C	MAILEE	CEIPT Coverage Provided)
2696			
EBB1 1000	Postage  Certified Fee  Return Receipt Fee (Endorsement Required)  Restricted Delivery Fee (Endorsement Required)	\$ ,39 2.40 1.85	Postmark Here
7001 0320	Sent To Street, Apt. No.; or PO Box No. City, State, ZIP+4  ES Form 3800; January 200	nrietta "	Schenck



COMPANY ENTITY  Cimarex Energ	ду Со.							DATE PR	REPARED March 8	3, 2007	
REGION	WELL NAME	WELL NO	PROSP	ECT OR FIELD	NAME	PROPER	TY NUMBER		DRILLING	AFE NO.	
Permian	Pyramid	1		tar-Dento	n						
LOCATION SH	L 2210' FSL & 430'	FWL		СО	JNTY	S	TATE		TYPE	WELL	
BHL 330' FSL	& 430' FWL			l				OIL	Х	EXPL	Х
Sec 31, T14S,	R38E			Le	a	New	Mexico	GAS		PROD	
ORIGINAL ESTIMATE	Х		EST. STA	ART DATE	EST. CC	MP. DATE	FORM	TION		EST. TD	
REVISED ESTIMATE									98	100	TVD
SUPPLEMENTAL ES	TIMATE		٠.						116	600 <b>'</b>	MD

#### PROJECT DESCRIPTION:

Drill and complete a horizontal wolfcamp well.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
<u>TANGIBLES</u>	•		
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

#### Comments on Well Costs:

#### WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

	l elect to	purchase	my own	well	control	insurance	policy.
--	------------	----------	--------	------	---------	-----------	---------

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

#### Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

		#VALU
	CIMAREX ENERGY CO. APPROVAL	
PREPARED BY	DRILLING AND COMPLETION MANAGER	REGIONAL MANAGER
Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	Roger Alexander, Regional Manager Permian Basin
	JOINT INTEREST APPROVAL	,
COMPANY	BY	DATE
i.	,	

^{1.} All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.



## PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

				T	DRY HOLE		AFTER CASING	
INTANGIBLES		·		Codes	COST	Codes	POINT	WELL COST
ROADS & LOCATION PREPARATION / RESTORATION				DIDC.100		DICC 105		\$108,000 \$5,000
DAMAGES MUDIELLIDE DISPOSAL CHARGES		· · · · · · · · · · · · · · · · · · ·		DIDC.105 DIDC.255	\$4,000	DICC.105	\$1,000 \$20,000	\$5,000
MUD/FLUIDS DISPOSAL CHARGES  DAY RATE 46 DH DAYS 5 ACP	DAYS @	17/2	PER DAY	DIDC.255	\$20,000	DICC.235		\$888,930
MISC PREPARATION COST (mouse hole, rat hole, pads,		·	J. LINDAI	DIDC:113	\$8,000	177	"iiinn	\$8,000
BITS	, 5,5,676			DIDC.125	\$100,000	DICC.125	\$1,000	\$101,000
FUEL \$2.20 PER GALLON				DIDC.135	\$111,000	DICC.130	\$11,000	\$122,000
WATER / COMPLETION FLUIDS				DIDC.140	\$32,200	DICC.135	\$25,000	\$57,200
MUD & ADDITIVES				DIDC.145	\$64,400	7777		\$64,400
SURFACE RENTALS			· ·	DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000
DOWNHOLE RENTALS		)=D) ((O=O)		DIDC.155	\$144,000	DICC.145	\$10,000	\$154,000
FORMATION EVALUATION (DST, Coring including evaluation MUD LOGGING 37 DAYS @ \$900		SERVICES)		DIDC.160 DIDC.170	\$47,000	444	44444	\$47,000
OPEN HOLE LOGGING 37 DATS @ \$900	PERDAT	<del></del>		DIDC.170	\$65,000	1111	HHHH	\$65,000
CEMENTING & FLOAT EQUIPMENT				DIDC.185	\$50,000	DICC,155	\$40,000	\$90,000
TUBULAR INSPECTIONS				DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500
CASING CREWS				DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000
EXTRA LABOR, WELDING, ETC.				DIDC.200	\$27,600	DICC.170	\$5,000	\$32,600
LAND TRANSPORTATION (Trucking)				DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200
SUPERVISION		·		DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000
TRAILER HOUSE/CAMP/CATERING OTHER MISC EXPENSES	·	<del> </del>		DIDC.280	\$17,000 \$5,000	DICC 190	\$2,500	\$19,500 \$10,000
OVERHEAD				DIDC.220 DIDC.225	\$5,000 \$14,000	DICC.190 DICC.195	\$5,000 \$4,200	\$10,000 \$18,200
REMEDIAL CEMENTING				DIDC.225	Ψ14,000	DICC.195	94,200	ψ10,200
MOB/DEMOB				DIDC.240	\$150,000	1111	111111	\$150,000
DIRECTIONAL DRILLING SERVICES 22	DAYS @	9500	PER DAY	DIDC.245	\$209,000	777	111111	\$209,000
DOCK, DISPATCHER, CRANE				DIDC.250		DICC.230		
MARINE & AIR TRANSPORTATION				DIDC.275		DICC.250	· · · · · · · · · · · · · · · · · · ·	
SOLIDS CONTROL			<del></del> -	DIDC.260	\$166,000	7777	777777	\$166,000
WELL CONTROL EQUIP (Snubbing services)			<del>.</del>	DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS  COMPLETION RIG 14 DAYS @	4400	PER DAY		DIDC.270	m	DICC.245 DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @	4400	PER DAY		HH	4444	DICC.260	\$01,000	\$61,000
COMPLETION LOGGING, PERFORATING, WL UNITS, W	L SURVEYS			1111	11111	DICC.200	\$35,000	\$35,000
STIMULATION				1111	77777	DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE				DIDC.300	\$10,000	DICC,280		\$10,000
WELL CONTROL INSURANCE \$0.35 PER F	-00T			DIDC.285	\$3,000	7111.		\$3,000
CONTINGENCY 5% OF DRILLING IN	NTANGIBLE	s		DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT				444	<i>77777</i> ,	DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR SALES P/L		*1		1111	44444	DLEQ.110 DICC.265	\$39,000	\$39,000
· · · · · · · · · · · · · · · · · · ·				7777	77777.	DICC.205		
TOTAL INTANGIBLE COST					\$2,463,180		\$712,750	\$3,175,930
TANGIBLE - WELL EQUIPMENT				<del> </del>				
CASING'	SIZE	FEET	\$/FOOT	<del> </del>				
DRIVE PIPE	20"	40	100.00	DWEB.150	4,000	1111	mm	\$4,000
CONDUCTOR PIPE				DWEB.130		1111	111111	
WATER STRING			·	DWEB.135		III		
SURFACE CASING	13-3/8"	250	42.00	DWEB.140	11,000	7777		\$11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWE8.145	105,000	<i>711.</i>	44444	\$105,000
DRILLING LINER DRILLING LINER	7"		<del> </del>	DWEB.145		444	44444	
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90	DWEB.145	TTTTT	DWEA.100	156,000	\$156,000
PRODUCTION TIE-BACK	3 1/2	9,000	10.30	1111	44444	DWEA. 100	130,000	\$130,000
TUBING	2 7/8"	12,000	6.50	1111	HHH	DWEA.105	78,000	\$78,000
N/C WELL EQUIPMENT	<u> </u>			1111	111111	DWEA.115	\$9,000	\$9,000
WELLHEAD, TREE, CHOKES				DWEB.115	12,000	DWEA.120	\$28,000	\$40,000
LINER HANGER, ISOLATION PACKER				DWEB. 100	******	DWEA. 125		
PACKER, NIPPLES					4444	DWEA.130	\$110,000	\$110,000
PUMPING UNIT, ENGINE					HHH	DLEQ.100 DLEQ.105	\$78,000 \$15,000	\$78,000 \$15,000
LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT					777777	DEEQ. 103	\$15,000	\$15,000
N/C LEASE EQUIPMENT					mm	DLEQ.115	\$44,000	\$44,000
TANKS, TANKS STEPS, STAIRS					111111	DLEQ.120	\$21,000	\$21,000
BATTERY (Heater Treater, Separator, Gas Treating Equipment)					777777	DLEQ.125	\$18,000	\$18,000
FLOW LINES (Line Pipe from wellhead to central facility)					<i>HHH</i>	DLEQ.130	\$1,000	\$1,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	5			7777	4444	DWEA.135		·
PIPELINES TO SALES	<del></del>			7777	77777,	DWEA.140		<del></del>
TOTALTANGIBLES					\$132.000	ioghorisma	\$558,000	**************************************
	enterprise de la company de la company de la company de la company de la company de la company de la company d		service and an experience of the	erentifethan	TOTAL STREET	ertariotetetetete	Section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the sectio	- Karatanan
P&A COSTS				DIDC.295	60,000	DICC.275	(60,000)	
							,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	
TOTAL COST	No. of the last				\$2,655,180	US AND	\$1,210,750	\$3,865,930

## OIL & GAS PROPERTIES

P.Q. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 5, 2007

Ms. Henrietta B. Schenck Rt. 1, 339 Halama St. Kihei, Maui, HA 96753

Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4,
SW/4NE/4 and NW/4SE/4 of Section 6
Township 15 South, Range 38 East
Lea County, New Mexico

Dear Ms. Schenck:

According to our title research you own an undivided 10.0025 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this lease are a \$100.00 flat fee bonus consideration, three (3) year paid-up primary term and one-fifth (1/5) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$1,000.25 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

**SHAW INTERESTS** 

Tim Lilley

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1881 HOOO	Postage  Certified Fee  Return Receipt Fee (Endorsement Required)  Restricted Delivery Fee (Endorsement Required)  Total Postage & Fees	\$ .63 2.40 1.85 \$4.81	8	Postmark Here	
7001 0320	Sent To Street, Apt. No.; or PO Box No. City, State, ZIP+4 PS Form 3800, January 24		8.9	See Reverse to Inst	ructions

## **OIL & GAS LEASE**

THIS AGREEMENT made this 5th day of April 2007, between Henrietta B. Schenck, herein dealing in her sole and separate property, as Lessor (whether one or more), whose address is Rt. 1, 339 Halama St., Kihei, Maui, Hawaii 96753, and Shaw Interests, Inc. whose address is 310 W. Wall St., Ste. 305, Midland, Texas 79701, Lessee,

#### WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

- 2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.
- 3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, one-fifth (1/5) of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of one-fifth (1/5) of the gas used, provided that on gas sold on or off the premises, the royalties shall be one-fifth (1/5) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.
- 4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.
- 5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.
- 6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.
- 7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.
- 8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.
- 9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

- 10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.
- 11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.		1
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	•	
nrietta B. Schenck		
	ACKNOWLEDGMENT	
	ACKNOWLEDGMENT	
TATE OF HAWAII	•	•
FATE OF HAWAII		
OUNTY OF §		
		•
This instrument was acknowledged before	ore me on the day of	, 2007, by Henrietta B. Schenck.
	Notary Public,	State of Hawaii
	My Commission	on Expires:

OIL & GAS PROPERTIES

310 W. WALL ST., SUITE 305 MIDLAND, TEXAS 79701

TX 787 AZ E SI MIDLAND/DDESSA GROSS MIDLAND / ODESSA

Wyandotte, MI 48192 John Millard Wicker 1496 23rd Street

4000 **NHXHE** 

70 04/18/07

*1110-00911-18-48 NOT DELIVERABLE AS ADDRESSED UNABLE TO FORVARD

BC: 79701811780

Hadan Hammell Brown Hammellan Hammel

79701@5117

SHAW INTERESTS, INC. OIL & GAS PROPERTIES 310 W. WALL ST., SUITE 305 MIDLAND, TEXAS 79701

C... P... C.31 MAILED FROM ZIP CODE 

John Millard Wicker 1496 23rd Street

NHXHE

Wyandotte, MI 48192

482 85 1

70 04/25/07

40-00-00400-0040* NOT DELIVERABLE AS ADDRESSED UNABLE TO FORWARD

Hadadhallandhallandhallandhallandhall BC: 79701511780

79701@5117

## OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

John Millard Wicker 1496 23rd Street Wyandotte, MI 48192

Re: Pyramid #1

W/2 of Section 31, Township 14 South, Range 38 East

Lea County, New Mexico

Dear John:

In conjunction with our proposal of April 11, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

Surface Hole Location: 2210' FSL & 430' FWL
Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

• \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw

- sweppy	U.S. Postal CERTIFIE (Domestic Mail )	DHV/VIII	EIPT Coverage Provided)
9680	Fig. 2		A STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STA
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7007	City, State, ZIP+4 PS:Form:3800;January 20	<b>)</b>	See Reverse or Institutions



#### **AUTHORIZATION FOR EXPENDITURE**

COMPANY ENTIT									REPARED March 8	3, 2007	
REGION	WELL NAME	WELL NO	PROSPECT OR FIELD NAME		PROPERTY NUMBER			DRILLING A	AFE NO.		
Permian	Pyramid	1	Star-	Denton							
LOCATION S	HL 2210' FSL & 430' F	WL		COU	YTM	S'	TATE		TYPE W	VELL	
BHL 330' FS	L & 430' FWL							OIL	Х	EXPL	х
Sec 31, T149	S, R38E		1	Le	a	New	Mexico	GAS		PROD	
ORIGINAL ESTIMA	ATE X		EST. START D	ATÉ	EST. CO	MP. DATE	FORM	ATION		EST. TD	
REVISED ESTIMA	TE			- 1			1		98	00	TVD
SUPPLEMENTAL	ESTIMATE		**						116	00'	MD

#### PROJECT DESCRIPTION:

Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
Intangible Drilling Costs Intangible Completion Costs	\$2,463,180	712,750	\$2,463,180 712,750
TOTAL INTANGIBLE COSTS	. 2,463,180	712,750	3,175,930
TANGIBLES	· .	,	
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

#### Comments on Well Costs:

1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

#### WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

	l elect to	purchase	my own	well	control	insurance	policy.
--	------------	----------	--------	------	---------	-----------	---------

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

#### Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

		#VALUEI
1	CIMAREX ENERGY CO. APPROVAL	
PREPARED BY	DRILLING AND COMPLETION MANAGER	REGIONAL MANAGER
Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	Roger Alexander, Regional Manager Permian Basin
	JOINT INTEREST APPROVAL	
COMPANY	BY	DATE



## PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

: .				т	DRY HOLE	1	AFTER CASING	COMPLETED
INTANGIBLES			•	Codes	COST	Codes	POINT	WELL COST
ROADS & LOCATION PREPARATION / RESTORATION				DIDC.100	\$100,000	DICC.100	\$8,000	\$108,000
DAMAGES				DIDC.105	\$4,000	DICC.105	\$1,000	\$5,000
MUD/FLUIDS DISPOSAL CHARGES				DIDC.255		DICC.235	\$20,000	\$40,000
	DAYS @		PER DAY	DIDC.115 DIDC.120		DICC.120	\$87,150	\$888,930 \$8,000
MISC PREPARATION COST (mouse hole, rat hole, pads, BITS	plie clusters	, misc.)		DIDC, 120		DICC.125	\$1,000	\$101,000
FUEL \$2.20 PER GALLON				DIDC.135		DICC.130	\$11,000	\$122,000
WATER / COMPLETION FLUIDS				DIDC,140	\$32,200	DICC.135	\$25,000	\$57,200
MUD & ADDITIVES				DIDC.145		7777		\$64,400
SURFACE RENTALS				DIDC.150		DICC.140	\$45,000	\$114,000
DOWNHOLE RENTALS FORMATION EVALUATION (DST, Coring including evaluation)	tion COC S	EDVICES)		DIDC.155 DIDC.160	\$144,000	DICC.145	\$10,000	\$154,000
MUD LOGGING 37 DAYS @ \$900				DIDC,180	\$47,000	444	HHHH	\$47,000
OPEN HOLE LOGGING	7 1 2 1 1 2 1 1 1	`1		DIDC,180	\$65,000	1111	111111	\$65,000
CEMENTING & FLOAT EQUIPMENT				DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000
TUBULAR INSPECTIONS				DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500
CASING CREWS				DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000
EXTRA LABOR, WELDING, ETC.  LAND TRANSPORTATION (Trucking)			·	DIDC.200	\$27,600 \$32,200	DICC.170 DICC.175	\$5,000 \$7,000	\$32,600 \$39,200
SUPERVISION				DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000
TRAILER HOUSE/CAMP/CATERING				DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500
OTHER MISC EXPENSES				DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000
OVERHEAD				DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200
REMEDIAL CEMENTING	-	· · · · · · · · · · · · · · · · · · ·		DIDC.231	A.E	DICC.215	· · · · · · · · · · · · · · · · · · ·	
MOB/DEMOB DIRECTIONAL DRILLING SERVICES 22	DAVE	0500	DEPRAY	DIDC.240	\$150,000 \$209,000	444	44444	\$150,000
DOCK, DISPATCHER, CRANE	DAYS @	9500	PER DAY	DIDC.245 DIDC.250	\$209,000	DICC.230	7111111	\$209,000
MARINE & AIR TRANSPORTATION		•		DIDC.275		DICC.250		
SOLIDS CONTROL				DIDC.260	\$166,000	1111	1111111	\$166,000
WELL CONTROL EQUIP (Snubbing services)				DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS				DIDC.270		DICC.245		
COMPLETION RIG 14 DAYS @	4400	PER DAY		<i>HH</i> .	111111	DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @ COMPLETION LOGGING, PERFORATING, WL UNITS, WI	SHDVEVS	PER DAY		1111	HHH	DICC.260	\$35,000	\$35,000
STIMULATION	SURVETO	,		1111	MHH	DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE				DIDC.300	\$10,000	DICC.280	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	\$10,000
WELL CONTROL INSURANCE \$0.35 PER F	тоот	٠,		DIDC.285	\$3,000	7777		\$3,000
CONTINGENCY 5% OF DRILLING IN	TANGIBLE	S		DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT				444		DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR SALES P/L		*1		444	44444	DLEQ.110 DICC.265	\$39,000	\$39,000
					*****	0100100		
ITOTAL INTANGIBLE COST		na ferra	相识的不识性	的特別的	\$2,463,180	<b>HARRIST</b>	\$712,750	\$3,175,930
TANGIBLE - WELL EQUIPMENT			Larger					
DRIVE PIPE	SIZE 20"	FEET 40	\$/FOOT 100.00	DWEB.150	4,000	· · · ·	~~~~~	\$4,000
CONDUCTOR PIPE	- 20	40	100.00	DWEB.130	4,000	444	HHHH	
WATER STRING				DWEB.135		7777	111111	
SURFACE CASING	13-3/8"	250	42.00	DWEB.140	11,000	777	111111	\$11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145	105,000	777		\$105,000
DRILLING LINER	7"			DWEB.145	,	7777,	1111111	
DRILLING LINER	E 4/0"	0.000	15.00	DWEB.145	,,,,,,,	DIMES 100	7777777	¢450,000
PRODUCTION CASING OR LINER PRODUCTION TIE-BACK	5 1/2"	9,800	15.90	1111	44444	DWEA.100 DWEA.100	156,000	\$156,000
TUBING	2 7/8"	12,000	6.50	1111	****	DWEA.105	78,000	\$78,000
N/C WELL EQUIPMENT				7777	A 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	DWEA.115	\$9,000	\$9,000
WELLHEAD, TREE, CHOKES				DWEB.115	12,000	DWEA.120	\$28,000	\$40,000
LINER HANGER, ISOLATION PACKER				DWEB.100		DWEA.125		****
PACKER, NIPPLES					<del>, , , , , , , , , , , , , , , , , , , </del>	DWEA.130	\$110,000	\$110,000
PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors)				1111	111111	DLEQ.100 DLEQ.105	\$78,000 \$15,000	\$78,000 \$15,000
TANGIBLE - LEASE EQUIPMENT					,,,,,,,	J.L.Q. 103	ψ 10,000	Ψ10,000
N/C LEASE EQUIPMENT					77777	DLEQ.115	\$44,000	\$44,000
TANKS, TANKS STEPS, STAIRS					777777	DLEQ.120	\$21,000	\$21,000
BATTERY (Heater Treater, Separator, Gas Treating Equipment)					4444	DLEQ.125	\$18,000	\$18,000
FLOW LINES (Line Pipe from wellhead to central facility)	· · · · · · · · · · · · · · · · · · ·			444	4444	DLEQ.130	\$1,000	\$1,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES		•		444	<del>*****</del>	DWEA.135 DWEA.140		
I II CLINES TO SALES				1	*****			
TOTAL TANGIBLES				5,000	\$132,000		\$558,000	\$690,000
	21 900 2-05.20		1702310					7. 1. 2. 3.
P&A COSTS				DIDC.295	60,000	DICC.275	(60,000)	
TOTALCOST	7. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1.	Maria de la compania	and the second second	Partie Control	AND THE RESERVE OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERT	ANTENNA BORE	Print the sale who are natural and	

## DIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 11, 2007

John Millard Wicker 1496 23rd Street Wyandotte, MI 48192

Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4,
SW/4NE/4 and NW/4SE/4 of Section 6
Township 15 South, Range 38 East
Lea County, New Mexico

Dear John:

According to our title research you own an undivided .9092726 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this lease are a \$100.00 flat fee bonus consideration, three (3) year paid-up primary term and one-fifth (1/5) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$100.00 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

	U.S. Postal CERTIFIE Womestic Mail (	DIMMIG	EIPT Coverage Provided)
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<u></u>	And The State		
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000	(Endorsement Required)  Restricted Delivery Fee (Endorsement Required)	1.85	Here .
	Total Postage & Fees	\$ 4,88	• .
03E	Sent To Street, Apt. No.;	m Millar	DWICKER
7007	or PO Box No. City, State, ZIP+4		
. –	PS Form 3800; January 200	) I	See Reverse for Instructions

## **OIL & GAS LEASE**

THIS AGREEMENT made this 11th day of April 2007, between John Millard Wicker, herein dealing in his sole and separate property, as Lessor (whether one or more), whose address is 1496 23rd Street, Wyandotte, MI 48192, and Shaw Interests, Inc. whose address is 310 W. Wall St., Ste. 305, Midland, Texas 79701, Lessee.

#### WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

#### Township 14 South, Range 38 East

W/2 of Section 31

#### Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

- 2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.
- 3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, one-fifth (1/5) of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of one-fifth (1/5) of the gas used, provided that on gas sold on or off the premises, the royalties shall be one-fifth (1/5) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals. Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under this lease hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such e
- 4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.
- 5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.
- 6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.
- 7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.
- 8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.
- 9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder, and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

- 10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.
- 11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.			
		•	
Millard Wicker			
			•
		•	
			•
ACI	NOWLEDGMENT		
TE OF MICHICAN S			
TE OF MICHIGAN §  § UNTY OF §			
UNTY OF §			
This instrument was acknowledged before me on the	day of	. 2007. by	John Millard Wicker.
	Notary Public, Sta	ate of Michigan	

My Commission Expires:

# SHAW INTERESTS, INC OIL & GAS PROPERTIES 310 W. WALL ST., SUITE 305 MIDLAND, TEXAS 79701

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# OIL & GAS PROPERTIES SHAW INTERESTS, IN 310 W. WALL ST., SUITE 305 MIDLAND, TEXAS 79701



1003645008435001

Harthelm Mannallaham Harthallan hall

## DIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

Mary S. William 11 West 42nd Street New York, NY 10095

Re: Pyramid #1

W/2 of Section 31, Township 14 South, Range 38 East

Lea County, New Mexico

Dear Mary:

In conjunction with our proposal of April 11, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

Surface Hole Location: 2210' FSL & 430' FWL
Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

• \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw

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<del>, "</del> 1	Street, Apt. No.; or PO Box No.	• • • • • • • • • • • • • • • • • • • •	
7007	City, State, ZIP+4		
	.PS Form 3800, January 2	001	See Reverse for Instructions



## **AUTHORIZATION FOR EXPENDITURE**

COMPANY ENT			21.					DATE P	REPARED March 8,	2007	
REGION	WELL NAME	WELL NO	PROSP	ECT OR FIELD	NAME	PROPER	TY NUMBER		DRILLING A	FE NO.	
Permian	Pyramid	1 1	S	tar-Dentoi	1						
LOCATION	SHL 2210' FSL & 430' FV	VL		COL	JNTY	S	TATE		TYPE WE	ELL	
BHL 330' F	SL & 430' FWL			1				OIL	XE	EXPL _	X
Sec 31, T1	4S, R38E			Le	a	New	Mexico	GAS	F	PROD	
ORIGINAL ESTI	T14S, R38E Lea New Mexico GAS		E	EST. TD							
REVISED ESTIN	MATE								980	0	TVD
SUPPLEMENTA	L ESTIMATE		٠.						1160	0'	MD

#### PROJECT DESCRIPTION:

Drill and complete a horizontal wolfcamp well.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
TANGIBLES			
Well Equipment	. 132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

#### Comments on Well Costs:

#### WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

_	elect to	purchase	my own	well control	insurance	policy.
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Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

#### Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs. may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

		· #VALUE
i	CIMAREX ENERGY CO. APPROVAL	
PREPARED BY	DRILLING AND COMPLETION MANAGER	REGIONAL MANAGER
Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	Roger Alexander, Regional Manager Permian Basin
	JOINT INTEREST APPROVAL	
COMPANY	BY ,	DATE

^{1.} All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.



## PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

## SURFACE CASING   13-3/8"   250   42.00   DWEB.146   11,000    INTERMEDIATE CASING   8-5/8"   4,500   23.40   DWEB.145   105,000    DRILLING LINER   7"   DWEB.145   DWEB.145    DRILLING LINER   DWEB.145   DWEB.145    PRODUCTION CASING OR LINER   5 1/2"   9,800   15.90   DWEA.100    PRODUCTION TIE-BACK   DWEB.145   DWEA.100    PRODUCTION TIE-BACK   DWEB.145   DWEA.100    PRODUCTION TIE-BACK   DWEB.145   DWEA.100    PRODUCTION TIE-BACK   DWEB.145   DWEA.105    PRODUCTION TIE-BACK   DWEB.115   12,000   0.50    PRODUCTION TIE-BACK   DWEB.115   12,000   DWEA.105    PRODUCTION TIE-BACK   DWEB.115   12,000   DWEA.125    PRODUCTION TIE-BACK   DWEB.115   DWEA.130    PRODUCTION TIE-BACK   DWEB.115   DUEQ.105    PRODUCTION TIE-BACK   DWEB.115   DUEQ.105    PRODUCTION TIE-BACK   DWEB.115   DUEQ.105    PRODUCTION TIE-BACK   DWEB.100   DWEA.126    PRODUCTION TIE-BACK   DWEB.100   DWEB.100    PRODUCTION TIE-BACK   DWEB.100    PRODUCTION TIE-BACK   DWEB.100   DWEB.100    PRODUCTION TIE-BACK   DWE	AFTER CASING	G COMPLETE
DAMAGES MODEL IUDIS DISPOSAL CHARGES  DAY SATE 45 OF DAYS (8)  DISCLASS  SACP DAYS (8)  DISCLASS  DISCLASS  SACP DAYS (8)		WELL COST
### MODELLIDS DISPOSAL CHARGES DAY PATE ### 45 CH DAYS \$ ACP DAYS @ 17430 PER DAY   DICC. 20		
DAY PATE		
SISC_PREPARATION_COST (mouse hole, rat hole, paids, pile dusters, misc.)   DIDE. 120   38.000   DIDE. 120   SITS   DIDE. 120		
### 1975   FILE   \$2.20 PER GALLON   DIRCUSS   \$10,0000   DIRCUSS	CC.120 \$87,150	\$888,93
SPECIAL PROPERTY   SPECIAL DISTRICT   SPECIAL DI	CC.125 \$1,000	<del></del>
WATER COMPLETION PILIDS		
SIDE A ADDITIVES SIDERACE REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORTALS DOMENOIS REPORT		
SUPPRIADE   DOCUMENTALS	Timor Timor	\$64,40
DOMPHOLD RENTALS	CC.140 \$45,000	
MOD LOGGING	CC.145 \$10,000	\$154,00
GERE HOLE LOGGING  CEMENTING A FLOW FOUR FOUR PRINT  DECRESS \$85,000   DICC. 195  TIBBULAR INSPECTIONS  DECRESS \$85,000   DICC. 195  TIBBULAR INSPECTIONS  DECRESS \$12,000   DICC. 195  STUDIO   DICC. 205	TITITITITE	
CEMENTING & FLOAT EQUIPMENT	<i>11XIIIII</i>	\$47,00
TIBBLIAR INSPECTIONS   DIDC.198   \$5.000   DICC.196   SCATING CERVIS   DIDC.195   \$72,000   DICC.196   SCATING CARRYS   DIDC.195   \$72,000   DICC.195   SCATING LADOR, WELDING, ETC.   DIDC.205   \$27,000   DICC.195   SAND TRANSPORTATION (Trucking)   DIDC.205   \$27,000   DICC.195   SAND TRANSPORTATION (Trucking)   DIDC.205   \$37,000   DICC.195   TRAILER HOUSE/DAMPICATERING   DIDC.205   \$17,000   DICC.195   DIDC.205   \$17,000   DICC.205   DICC.205   DIDC.206   \$17,000   DICC.205   DICC.205   DIDC.207   DIDC.207   DIDC.207   DICC.207   DIDC.207   DIDC.207   DICC.207   DICC.207   DIDC.207   DIDC.207   DICC.207   DICC.207   DIDC.207   DIDC.207   DICC.207   DICC.207   DIDC.207   DICC.207   DICC.207   DIDC.207   DICC.207   DICC.207   DICC.207   DIDC.207   DICC.207   DI	<u> </u>	\$65,00
CASING CREWS  DIDC. 195  ST740 ADD TRANSPORTATION (Trucking)  DIDC. 205  S32,200  DIDC. 205  S17,000  DIDC. 205  S18,000  DIDC. 205  D	CC.155 \$40,000	\$90,00
EXTRALABOR, WELDING, ETC. LAND TRANSPORTATION (Trucking)  EUPERCYSICAL  TOTALER HOUSE/CAMP/CATERING  DIDC.236  EUPERCYSICAL  TOTALER HOUSE/CAMP/CATERING  DIDC.237  DIDC.237  DIDC.237  SEARCH ALOO DOC.180  OVERHEAD  DIDC.231  DIDC.232  DIDC.230  DIDC.		
LAND TRANSPORTATION (Trucking)		<del></del>
SUPERVISION    DIDC.210		
TRAILER HOUSE/CAMP/CATERING    DIDC.280		
### CHIEF MISC EXPENSES		
CVERINEAD         DIDC.225         \$14,000         DIDC.215           REMEDIAL CEMENTING         DIDC.231         \$14,000         DICC.215           MOBIDEMOB         DIDC.231         \$150,000         DIDC.215           DIDECTIONAL DRILLING SERVICES         22 DAYS @ 9500 PER DAY         DIDC.246         \$260,000           DOCK, DISPATCHER, CRANE         DIDC.250         DIDC.250         DICC.250           MARINE & AIR TRANSPORTATION         DIDC.275         DIDC.250         DICC.250           SOLIDS CONTROL         DIDC.250         \$166,000         DICC.250           WELL CONTROL EQUIP (Snubbing services)         DIDC.265         \$28,000         DICC.260           FISHING A SIDETRACK OPERATIONS         DIDC.250         DICC.250         DICC.250           COMPLETION RIG         14 DAYS @ 4400         PER DAY         DICC.250         DICC.250           COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS         DIDC.300         \$10,000         DICC.250           STIMULATION         DIDC.300         \$10,000         DICC.250         DICC.250           WELL CONTROL INSURANCE         \$0.35 PER FOOT         DIDC.305         \$17,000         DICC.250           CONSTRUCTION FOR WELL EQUIPMENT         DIDC.305         \$17,000         DICC.250         \$17,000<		
EMMEDIAL CEMENTING		
MOBIDEMOR   DIDC.240   \$150,000   DIDC.245   \$209,000   DIDC.245   \$209,000   DIDC.245   \$209,000   DIDC.245   \$209,000   DIDC.255		1
DOC.   DISPATCHER, CRANE		\$150,00
MARINE & AIR TRANSPORTATION  SOLIDS CONTROL  SOLIDS CONTROL  SOLIDS CONTROL  DIDC. 250  \$166,000  \$166,000  \$166,000  \$166,000  \$166,000  \$166,000  DIDC. 250  \$166,000  \$166,000  DIDC. 250  \$166,000  DIDC. 250  \$166,000  DIDC. 250  \$166,000  DIDC. 250   11111111	\$209,00	
SOLIDS CONTROL   WELL CONTROL EQUIP (Snubbing services)   DIDC.260   \$165,000   DICC.260     FISHING & SIDETRACK OPERATIONS   DIDC.270   DICC.260     FISHING & SIDETRACK OPERATIONS   DIDC.270   DICC.260     FISHING & SIDETRACK OPERATIONS   DIDC.270   DICC.260     COMPLETION RIG	CC.230	
WELL CONTROL EQUIP (Shubbing services)  FISHING & SIDETRACK OPERATIONS  DIDC.276  DIDC.276  DIDC.277  DIDC.276  DIDC.276  DIDC.276  DIDC.277  DIDC.277  DIDC.277  DIDC.276  DIDC.276  DIDC.277  DIDC.277  DIDC.277  DIDC.277  DIDC.277  DIDC.278  STIMULATION  LEGAL/REGULATORY/CURATIVE  LEGAL/REGULATORY/CURATIVE  LEGAL/REGULATORY/CURATIVE  WELL CONTROL INSURANCE  \$0.35 PER FOOT  DIDC.285  \$3.000  DIDC.285  \$3.000  DIDC.285  \$3.000  DIDC.285  S117,000  DIDC.285  S117,000  DIDC.285  S117,000  DIDC.285  DIDC.2	CC.250	
FISHING & SIDETRACK OPERATIONS  COMPLETION RIG 14 DAYS @ 4400 PER DAY  COLI TUBING DAYS @ PER DAY  COLI TUBING DAYS @ PER DAY  DICC.266  COMPLETION LOGGING, PERFORATING, WIL UNITS, WIL SURVEYS  STIMULATION  LEGAL/REGULATORY/CURATIVE  WELL CONTROL INSURANCE \$0.35 PER FOOT DICC.288  CONTINGENCY \$5% OF DRILLING INTANGIBLES  CONSTRUCTION FOR WELL EQUIPMENT  CONSTRUCTION FOR WELL EQUIPMENT  CONSTRUCTION FOR FOR SALES PIL  FLORAL STRUCTION FOR SALES PIL  FLORAL STRUCTION FOR PIPE  MATER STRING  SUPER AND  SUPER AND  DWEB 130  DWEB 140	77777777	\$166,00
COMPLETION RIG 14 DAYS @ 4400 PER DAY COLI TUBING DAYS @ PER DAY COLI TUBING DAYS @ PER DAY DAYS @ DAYS @ PER DAY DIGC 280 DAYS @ DAYS @ PER DAY DIGC 280 DIGC 280 DIGC 280 DIGC 240 DI		\$44,80
COIL TUBING DAYS @ PER DAY  COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS  STIMULATION  LEGAL/REGULATORY/CURATIVE  DIDC.300  \$10,000  DICC.200  DICC		
DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200   DICC.200		\$61,60
STIMULATION		\$35,00
LEGAL/REGULATORY/CURATIVE		\$220,00
WELL CONTROL INSURANCE \$0.35 PER FOOT DIDC.285 \$3,000 DIDC.220 CONTINUENCY 5% OF DRILLING INTANGIBLES DIDC.435 \$117,000 DIDC.220 DIDC.435 \$117,000 DIDC.220 DIDC.435 \$117,000 DIDC.220 DIDC.435 \$117,000 DIDC.220 DIDC.435 DIDC.435 \$117,000 DIDC.220 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435 DIDC.435		\$10,000
CONTINGENCY	THINKS	\$3,00
CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR SALES PIL    DICC.285	CC.220 \$32,000	\$149,000
DICC.265   TOTALINITANGIBLEICOSIT   DICC.265	EA.110 \$1,000	\$1,000
TANGIBLE - WELL EQUIPMENT  CASING  SIZE  FEET  \$/FOOT  DRIVE PIPE  20"  40  100.00  DWEB.150  4,000  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  13-3/8"  250  42.00  DWEB.130  DWEB.130  SURFACE CASING  13-3/8"  250  42.00  DWEB.140  11,000  INTERMEDIATE CASING  8-5/8"  4,500  23.40  DWEB.145  DWEB.145  DRILLING LINER  7"  DWEB.145  DRILLING LINER  DWEB.145  DRILLING LINER  5 1/2"  9,800  15.90  DWEA.100  DWEA.100  DWEA.100  DWEA.100  DWEA.101  DWEA.101  DWEA.105  DWEA.105  DWEA.105  DWEA.105  DWEA.105  DWEA.106  DWEA.106  DWEA.107  DWEA.107  DWEA.107  DWEA.107  DWEA.108  DWEA.109  DWEA.109  DWEA.100  DWEA.1	EQ.110 \$39,000	\$39,000
TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  20"  40  100.00  DWEB.150  4.000  DWEB.133  DWEB.135  SURFACE CASING  BUFFACE CASING  13-3/8"  250  42.00  DWEB.145  DWEB.145  DRILLING LINER  DRILLING LINER  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  TUBING  DWEB.145  DWEB.100  DWEB.115  12.000  DWEB.115  12.000  DWEB.115  12.000  DWEB.115  12.000  DWEB.115  12.000  DWEB.115  DWEB.100	C.265	
TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  20"  40  100.00  DWEB.150  4.000  DWEB.133  DWEB.135  SURFACE CASING  BUFFACE CASING  13-3/8"  250  42.00  DWEB.145  DWEB.145  DRILLING LINER  DRILLING LINER  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  TUBING  DWEB.145  DWEB.100  DWEB.115  12.000  DWEB.115  12.000  DWEB.115  12.000  DWEB.115  12.000  DWEB.115  12.000  DWEB.115  DWEB.100		Supersidad St. 100, 100 files
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SIZE   FEET   \$I/FOOT		
DRIVE PIPE 20" 40 100.00 DWEB.150 4,000 CONDUCTOR PIPE	<del></del>	
WATER STRING	1111111111	\$4,000
SURFACE CASING 13-3/8" 250 42.00 DWEB.140 11,000 INTERMEDIATE CASING 8-5/8" 4,500 23.40 DWEB.145 105,000 DRILLING LINER 7" DWEB.145 DWEB.145 DRILLING LINER DWEB.145 DWEB.145 DRILLING LINER DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWE	MIIIII	
NTERMEDIATE CASING		,
DRILLING LINER  DRILLING LINER  DRIB. 145  DRIB. 145  DRODUCTION CASING OR LINER  5 1/2" 9,800 15.90  DWEA. 100  DWEA. 100  DWEA. 100  DWEA. 105  DWEA. 115  DWEA. 105  DWEA. 105  DWEA. 105  DWEA. 105  DWEA. 105  DWEA. 106  DWEA. 107  DWEA. 10	77777777	\$11,000
DRILLING LINER PRODUCTION CASING OR LINER  5 1/2" 9,800 15.90  DWEA.100  PRODUCTION TIE-BACK  TUBING 2 7/8" 12,000 6.50  DWEA.105  DWEA.115  DWEA.115  DWEA.115  DWEA.120  DWEA.120  DWEA.120  DWEA.130  DUEQ.100  DLEQ.100  DLEQ.100  TANGIBLE - LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY'(Heater Treater, Separator, Gas Treating Equipment)  DLEQ.120  DATTERY'(Heater Treater, Separator, Gas Treating Equipment)  DLEQ.130  DFFSHORE PRODUCTION STRUCTURE FOR FACILITIES  DWEA.135  DIFFELINES TO SALES	<i>1111111</i>	\$105,000
PRODUCTION CASING OR LINER 5 1/2" 9,800 15.90 DWEA 100 PRODUCTION TIE-BACK DWEA 100 PRODUCTION TIE-BACK DWEA 100 TUBING 2 7/8" 12,000 6.50 DWEA 105 N/C WELL EQUIPMENT DWEA.115 WELLHEAD, TREE, CHOKES DWEB.115 12,000 DWEA.120 LINER HANGER, ISOLATION PACKER DWEB.100 DWEA.125 PACKER, NIPPLES DWEB.100 DWEB.100 PACKER, NIPPLES DWEB.100 DWEB.100 PACKER, NIPPLES DWEB.100 PUMPING UNIT, ENGINE DLEQ.100 LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY'(Heater Treater, Separator, Gas Treating Equipment) PLOW LINES (Line Pipe from wellhead to central facility) DFFSHORE PRODUCTION STRUCTURE FOR FACILITIES DWEA.130 DIFFELINES TO SALES  TOTAL TANGIBLES  15.90 DWEA.100 DWEA	<i>11111111</i>	
PRODUCTION TIE-BACK TUBING 2 7/8" 12,000 6.50 DWEA 105 DWEA 105 N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES DWEB.115 LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipment) PLOW LINES (Line Pipe from wellhead to central facility) DFFSHORE PRODUCTION STRUCTURE FOR FACILITIES DWEA. 130 DWEA. 100 DWEB. 100 D	77/77/77	
TUBING 2 7/8" 12,000 6.50 DWEA 105  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  DWEB.100 DWEA.125  DWEB.100 DWEA.130  DUEQ.100  DLEQ.100  DLEQ.100  TANGIBLE - LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  DIEQ.125  DIEQ.130  DEQ.130  DEQ.130  DEQ.130  DEQ.130  DEPSHORE PRODUCTION STRUCTURE FOR FACILITIES  DWEA.135  DWEA.140  TOTAL TANGIBLES		\$156,000
N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  DWEA.130  DUEQ.100  DIEQ.100  DLEQ.100  DLEQ.105  TANGIBLE - LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  DIEQ.130		\$78,000
WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  PLOW LINES (Line Pipe from wellhead to central facility)  DIFFSHORE PRODUCTION STRUCTURE FOR FACILITIES		\$9,000
LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  DWEA.130  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  NIC LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  DLEQ.125  FLOW LINES (Line Pipe from wellhead to central facility)  DFFSHORE PRODUCTION STRUCTURE FOR FACILITIES  DWEA.135  DWEA.140  TOTAL TANGIBLES		\$40,000
PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  NIC LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  PLOW LINES (Line Pipe from wellhead to central facility)  DEFSHORE PRODUCTION STRUCTURE FOR FACILITIES  DIFFELINES TO SALES  DIFFALTIANGIBLES		\$10,000
LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  VC LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  CLEQ. 120  DLEQ. 120  DLEQ. 125  DLEQ. 130  DLEQ. 130  DEPSHORE PRODUCTION STRUCTURE FOR FACILITIES  DWEA. 135  DIPPLINES TO SALES	<del></del>	\$110,000
TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  DEFSHORE PRODUCTION STRUCTURE FOR FACILITIES  DWEA.135  DIPPLINES TO SALES  TOTAL TANGIBLES  (\$132,000)	Q.100 \$78,000	\$78,000
AVC LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipment) CLEQ.120 DLEQ.125 FLOW LINES (Line Pipe from wellhead to central facility) DEG.130 DEFSHORE PRODUCTION STRUCTURE FOR FACILITIES DWEA.135 DIPELINES TO SALES TOTAL TANGIBLES	Q.105 \$15,000	\$15,000
TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  DEC. 130  DEFSHORE PRODUCTION STRUCTURE FOR FACILITIES  DWEA. 135  DIPELINES TO SALES  TOTAL TANGIBLES		
DLEQ.125 FLOW LINES (Line Pipe from wellhead to central facility) DEFSHORE PRODUCTION STRUCTURE FOR FACILITIES DWEA.135 DIPPLINES TO SALES DIPPLINES TO SALES	<del></del>	\$44,000
FLOW LINES (Line Pipe from wellhead to central facility)  DEFO.130  DEFSHORE PRODUCTION STRUCTURE FOR FACILITIES  DWEA.135  DWEA.140  PIPELINES TO SALES  (\$132,000)		\$21,000
DEPENDENT OF THE PRODUCTION STRUCTURE FOR FACILITIES  DIPPELINES TO SALES  DIPPELINES TO SALES  TOTAL TANGIBLES		\$18,000
DIPELINES TO SALES  TOTAL TANGIBLES  , \$132,000		\$1,000
TOTAL TANGIBLES		
,	140	
,	\$558 000 F	\$690.000
P&A COSTS DIDC.295 60,000 DICC.275		a sequence with a factor of the second
	C.275 (60,000)	

## DIL & GAS PROPERTIES

P.D. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 11, 2007

Mary S. William 11 West 42nd Street New York, NY 10095

Re:

Oil & Gas Lease W/2 of Section 31 Township 14 South, Range 38 East Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6 Township 15 South, Range 38 East

Lea County, New Mexico

Dear Mary:

According to our title research you own an undivided 2.0005 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this lease are a \$100.00 bonus consideration, three (3) year paid-up primary term and one-fifth (1/5) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$200.05 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

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<b>L</b> ~	PS Form 3800, January 2	001	See Reverse for Instruction	s

## **OIL & GAS LEASE**

THIS AGREEMENT made this 11th day of April 2007, between Mary S. William, herein dealing in her sole and separate property, as Lessor (whether one or more), whose address is 11 West 42nd Street, New York, NY 10095, and Shaw Interests, Inc. whose address is 310 W. Wall St., Ste. 305, Midland, Texas 79701, Lessee,

#### WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

- 2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.
- 3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, one-fifth (1/5) of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gascous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of one-fifth (1/5) of the gas used, provided that on gas sold on or off the premises, the royalties shall be one-fifth (1/5) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made it Lessee shall correct such
- 4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term, however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.
- 5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.
- 6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.
- 7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.
- 8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.
- 9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

and in the event Lessee does so it shall be subrogated to satisfying same. Without impairment of Lessee's rights entire and undivided fee simple estate (whether Lessor's any part as to which this lease covers less than such full whole and undivided fee simple estate therein. Should a upon the party or parties executing the same.	under the warranty, if this lease of interest is herein specified or not) interest, shall be paid only in the pr	same and to apply royalties overs a less interest in the oi then the royalties, shut-in roy oportion which the interest t	and shut-in royalties payable and gas in all or any part of valty, and other payments, if herein, if any, covered by this	hereunder toward said land than the any, accruing from lease, bears to the
11. Lessee, its or his successors, heirs and assigns, shall assigns by delivering or mailing a release thereof to the shall be relieved from all obligations, expressed or implireduced in the proportion that the acreage covered hereby	Lessor, or by placing a release the ed, of this agreement as to acreage	reof of record in the county so surrendered, and thereafter	in which said land is situated	; thereupon Lessee
Executed the day and year first above written.				
M. O.Willer				
Mary S. William			•	

# **ACKNOWLEDGMENT**

STATE OF NEW YORK	§			
COUNTY OF	§ §			
This instrument was ackno	wledged before me on the	day of	, 2007, by Mary S. William.	
		Notary Pub	blic, State of New York	,

My Commission Expires:

SHAW INTERESTS, INC. OIL & GAS PROPERTIES 310 W. WALL ST., SUITE 305 MIDLAND, TEXAS 79701

76909Q4, QQU ADR

MAILED FROM ZIP CODE

INSUFFICIENT ADDRESS

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SHAW INTERESTS, INC

OIL & GAS PROPERTIES 310 W. WALL ST., SUITE 305 MIDLAND, TEXAS 79701

Rose Berger C/o Henry Kemp

MAILED FROM ZIP CODE 7471

☐ INSUFFICIENT ADDRESS
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## OIL & GAS PROPERTIES

P.D. BDX 9612

MIDLAND, TX 79708

(432) 685-1404

April 18, 2007

Rose Berger C/o Henry Kemp 480 Lexington New York, NY 10167

Re: Pyramid #1

W/2 of Section 31, Township 14 South, Range 38 East

Lea County, New Mexico

Dear Mr. Kemp:

We are unable to locate a current address for Rose Berger. In conjunction with our proposal of April 6, 2007 to lease Rose's undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

Surface Hole Location: 2210' FSL & 430' FWL
Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

• \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw

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	U.S. Postal So CERTIFIED (Domestic Mail On	ervice MAIL RECE lly, No Insurance C	EIPT overage Provided)	
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-	Postage	\$ .39		
E E E	Certified Fee	2.40	Postmark Here	
.⊐ -⊐	Return Receipt Fee (Endorsement Required)	1.85		
4000	Restricted Delivery Fee (Endorsement Required)			
	Total Postage & Fees			
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	Street, Apt. No.; or PO Box No. City, State, ZIP+4			L
7007	oon lanuary	2001	See Reverse for Instructions	



COMPANY ENT	•••							DATE PI	REPARED March 8	8, 2007	
REGION	WELL NAME	WELL NO		ECT OR FIELD		PROPER	TY NUMBER		DRILLING	AFE NO.	
	Pyramid SHL 2210' FSL & 430' FV	<u>                                     </u>				-	FATE		77/05/		
*	· · · · · · · · · · · · · · · · · · ·	V L		بالم	JNTY	5	TATE		TYPE \		v
BHF 330, F	SL & 430' FWL							OIL		EXPL	
Sec 31, T1	4S, R38E			L€	a .	New	Mexico	GAS		PROD	
ORIGINAL EST	MATE X		EST. STA	RT DATE	EST. CO	MP, DATE	FORM	ATION	1	EST. TD	
REVISED ESTIN	1ATE	-			,				98	300	TVD
SUPPLEMENTA	L ESTIMATE	_	••			_			116	00'	MD

#### PROJECT DESCRIPTION:

Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
TANGIBLES			
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

## Comments on Well Costs:

#### WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

I elect to purchase	my own well control	insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

## Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

		#VALUET
· · · · · · · · · · · · · · · · · · ·	CIMAREX ENERGY CO. APPROVAL	· · · · · · · · · · · · · · · · · · ·
PREPARED BY	DRILLING AND COMPLETION MANAGER	REGIONAL MANAGER
Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	Roger Alexander, Regional Manager Permian Basin
	JOINT INTEREST APPROVAL	
COMPANY	ВУ	DATE

^{1.} All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.



## PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

INTANGIBLES	,				DRY HOLE		AFTER CASING	1
III I AITOIDELO	· · · · · · · · · · · · · · · · · · ·			Codes	COST	Codes	POINT	WELL COST
ROADS & LOCATION PREPARATION / RESTORATION				DIDC.100	\$100,000	DICC.100	\$8,000	\$108,00
DAMAGES				DIDC.105	\$4,000	DICC.105	\$1,000	\$5,00
MUD/FLUIDS DISPOSAL CHARGES				DIDC.255	\$20,000	DICC.235	\$20,000	\$40,00
DAY RATE 46 DH DAYS 5 ACP I	DAYS @	17430	PER DAY	DIDC.115	\$801,780	DICC.120	\$87,150	\$888,93
MISC PREPARATION COST (mouse hole, rat hole, pads, )	pile clusters,	misc.)		DIDC.120	\$8,000	7777	111111	\$8,00
BITS				DIDC.125	\$100,000	DICC.125	\$1,000	\$101,00
FUEL \$2.20 PER GALLON		••		DIDC.135	\$111,000	DICC.130	\$11,000	\$122,00
WATER / COMPLETION FLUIDS				DIDC.140	\$32,200	DICC.135	\$25,000	\$57,20
MUD & ADDITIVES				DIDC.145	\$64,400			\$64,40
SURFACE RENTALS				DIDC.150	\$69,000	DICC.140	\$45,000	\$114,00
DOWNHOLE RENTALS				DIDC.155	\$144,000	DICC.145	\$10,000	\$154,00
FORMATION EVALUATION (DST, Coring including evalua	ation, G&G S	ERVICES)		DIDC.160				
MUD LOGGING 37 DAYS @ \$900	PER DAY			DIDC.170	\$47,000			\$47,00
OPEN HOLE LOGGING		•,	·	DIDC.180	\$65,000	7777	711111	\$65,00
CEMENTING & FLOAT EQUIPMENT				DIDC.185	\$50,000	DICC,155	\$40,000	\$90,00
TUBULAR INSPECTIONS				DIDC.190	\$5,000	DICC.160	\$2,500	\$7,50
CASING CREWS				DIDC.195	\$12,000	DICC,165	\$15,000	\$27,00
EXTRA LABOR, WELDING, ETC.				DIDC.200	\$27,600	DICC.170	\$5,000	\$32,60
LAND TRANSPORTATION (Trucking)				DIDC.205	\$32,200	DICC.175	\$7,000	\$39,20
SUPERVISION		•	-	DIDC.210	\$51,000	DICC.180	\$18,000	\$69,00
TRAILER HOUSE/CAMP/CATERING				DIDC.280	\$17,000	DICC.255	\$2,500	\$19,50
OTHER MISC EXPENSES				DIDC.220	\$5,000	DICC,190	\$5,000	\$10,00
OVERHEAD				DIDC.225	\$14,000	DICC.195	\$4,200	\$18,20
REMEDIAL CEMENTING			,	DIDC.231		DICC:215		L
MOB/DEMOB				DIDC.240	\$150,000	1111	111111	\$150,00
	DAYS @	9500	PER DAY	DIDC.245	\$209,000	[[]]	777777	\$209,00
DOCK, DISPATCHER, CRANE	<u> </u>			DIDC.250		DICC.230		
MARINE & AIR TRANSPORTATION				DIDC,275	'''	DICC.250		
SOLIDS CONTROL				DIDC.260	\$166,000	1111	111111	\$166,00
WELL CONTROL EQUIP (Snubbing services)				DIDC.265	\$28,000	DICC.240	\$16,800	\$44,80
FISHING & SIDETRACK OPERATIONS				DIDC.270	, , , , , , , , , , , , , , , , , , ,	DICC.245	****	
	4400	PER DAY		1111	111111	DICC.115	\$61,600	\$61,60
COIL TUBING DAYS @		PER DAY		111	11111	DICC.260	<b>V</b> 1,500	
COMPLETION LOGGING, PERFORATING, WL UNITS, WI	LSUBVEVS			1111	4444	DICC.200	\$35,000	\$35,00
STIMULATION	LOUNVEIO			444	44444	DICC.210	\$220,000	\$220,00
LEGAL/REGUL'ATORY/CURATIVE				DIDC 300	\$10,000	DICC.280	φ220,000	\$10,00
	TOOT			DIDC.300		DICC.280	mm	
WELL CONTROL INSURANCE \$0.35 PER F		· · · · · · · · · · · · · · · · · · ·		DIDC.285	\$3,000		600,000	\$3,00
CONTINGENCY 5% OF DRILLING IN	VIANGIBLES	<u> </u>		DIDC.435	\$117,000	DICC.220	\$32,000	\$149,00
CONSTRUCTION FOR WELL EQUIPMENT				777	4444	DWEA.110	\$1,000	\$1,00
CONSTRUCTION FOR LEASE EQUIPMENT				1111	44444	DLEQ.110	\$39,000	\$39,00
CONSTRUCTION FOR SALES P/L				7777.	777777	DICC.265		
3.4. C.	<b>医电影器 医电影器 医</b>	nacember some	And the state of the state of	*Nastania	es values son	0.814.5399.467.3	•-22-17-6	**************************************
TOTAL INTANGIBLE COST					\$2,463,180		\$7:12,750	\$3,175,93
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TANGIBLE - WELL EQUIPMENT					\$2,463,180		<b>\$7</b> :12,750	\$3,175,93
TANGIBLE - WELL EQUIPMENT CASING	SIZE	FEET	\$/FOOT				\$7.12.750	
TANGIBLE - WELL EQUIPMENT CASING DRIVE PIPE				DWEB.150	\$2;463;180 4,000		\$712,750	\$3,175,93 \$4,00
TANGIBLE - WELL EQUIPMENT CASING DRIVE PIPE CONDUCTOR PIPE	SIZE	FEET	\$/FOOT	DWEB.150			\$7.12.750	
TANGIBLE - WELL EQUIPMENT CASING DRIVE PIPE CONDUCTOR PIPE WATER STRING	SIZE 20"	FEET 40	\$/FOOT 100.00	DWEB.150 DWEB.130 DWEB.135	4,000		\$7.12.750	\$4,000
TANGIBLE - WELL EQUIPMENT CASING DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING	SIZE 20" 13-3/8"	FEET 40 250	\$/FOOT 100.00	DWEB.150 DWEB.130 DWEB.135 DWEB.140	4,000		\$7.12.750	\$4,00 \$11,00
TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING	SIZE 20" 13-3/8" 8-5/8"	FEET 40	\$/FOOT 100.00	DWEB.150 DWEB.130 DWEB.135 DWEB.140 DWEB.145	4,000		\$7.12.750	
TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER	SIZE 20" 13-3/8"	FEET 40 250	\$/FOOT 100.00	DWEB.150 DWEB.130 DWEB.135 DWEB.140 DWEB.145 DWEB.145	4,000		\$7.12.750	\$4,000 \$11,00
TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  DRILLING LINER	SIZE 20" 13-3/8" 8-5/8" 7"	FEET 40 250 4,500	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.130 DWEB.135 DWEB.140 DWEB.145	4,000			\$4,000 \$11,000 \$105,000
TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  PRODUCTION CASING OR LINER	SIZE 20" 13-3/8" 8-5/8"	FEET 40 250	\$/FOOT 100.00	DWEB.150 DWEB.130 DWEB.135 DWEB.140 DWEB.145 DWEB.145	4,000	OWEA.100	\$7.12.750 \$7.12.750	\$4,000 \$11,00
TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2"	FEET 40 250 4,500 9,800	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.130 DWEB.135 DWEB.140 DWEB.145 DWEB.145	4,000	DWEA 100	156,000	\$4,000 \$11,000 \$105,000 \$156,000
TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING	SIZE 20" 13-3/8" 8-5/8" 7"	FEET 40 250 4,500	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.130 DWEB.135 DWEB.140 DWEB.145 DWEB.145	4,000	DWEA 100 DWEA 100 DWEA 105	. 156,000	\$4,00 \$11,00 \$105,00 \$156,00
TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2"	FEET 40 250 4,500 9,800	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.130 DWEB.135 DWEB.140 DWEB.145 DWEB.145	4,000 11,000 105,000	DWEA 100 DWEA 105 DWEA 115	. 156,000 78,000 \$9,000	\$4,00 \$11,00 \$105,00 \$156,00 \$78,00 \$9,00
TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  DRILLING-LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2"	FEET 40 250 4,500 9,800	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.130 DWEB.135 DWEB.145 DWEB.145 DWEB.145 DWEB.145	4,000 11,000 105,000	DWEA 100 DWEA 100 DWEA 105 DWEA 115 DWEA 120	. 156,000	\$4,00 \$11,00 \$105,00 \$156,00
TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  DRILLING-LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2"	FEET 40 250 4,500 9,800	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.130 DWEB.135 DWEB.140 DWEB.145 DWEB.145	4,000 11,000 105,000	DWEA 100 DWEA 100 DWEA 105 DWEA 115 DWEA 120 DWEA 125	. 156,000 78,000 \$9,000 \$28,000	\$4,00 \$11,00 \$105,00 \$156,00 \$78,00 \$9,00 \$40,00
TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK.  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2"	FEET 40 250 4,500 9,800	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.130 DWEB.135 DWEB.145 DWEB.145 DWEB.145 DWEB.145	4,000 11,000 105,000	DWEA 100 DWEA 100 DWEA 105 DWEA 115 DWEA 120 DWEA 125 DWEA 130	. 156,000 78,000 \$9,000 \$28,000	\$4,00 \$11,00 \$105,00 \$156,00 \$78,00 \$9,00 \$40,00
TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2"	FEET 40 250 4,500 9,800	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.130 DWEB.135 DWEB.145 DWEB.145 DWEB.145 DWEB.145	4,000 11,000 105,000	DWEA 100 DWEA 100 DWEA 105 DWEA 125 DWEA 125 DWEA 130 DLEQ 100	. 156,000 78,000 \$9,000 \$28,000 \$110,000 \$78,000	\$4,00 \$11,00 \$105,00 \$156,00 \$78,00 \$9,00 \$40,00 \$110,00 \$78,00
TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2"	FEET 40 250 4,500 9,800	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.130 DWEB.135 DWEB.145 DWEB.145 DWEB.145 DWEB.145	4,000 11,000 105,000	DWEA 100 DWEA 100 DWEA 105 DWEA 115 DWEA 120 DWEA 125 DWEA 130	. 156,000 78,000 \$9,000 \$28,000	\$4,00 \$11,00 \$105,00 \$156,00 \$78,00 \$9,00 \$40,00
TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2"	FEET 40 250 4,500 9,800	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.130 DWEB.135 DWEB.145 DWEB.145 DWEB.145 DWEB.145	4,000 11,000 105,000	DWEA 100 DWEA 100 DWEA 105 DWEA 125 DWEA 125 DWEA 130 DLEQ 100 DLEQ 100	. 156,000 78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000	\$4,00 \$11,00 \$105,00 \$156,00 \$78,00 \$9,00 \$40,00 \$110,00 \$78,00 \$15,00
TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2"	FEET 40 250 4,500 9,800	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.130 DWEB.135 DWEB.145 DWEB.145 DWEB.145 DWEB.145	4,000 11,000 105,000	DWEA 100 DWEA 100 DWEA 105 DWEA 125 DWEA 125 DWEA 120 DLEQ 100 DLEQ 100 DLEQ 105	. 156,000 78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000	\$11,00 \$105,00 \$105,00 \$156,00 \$78,00 \$9,00 \$40,00 \$110,00 \$78,00 \$15,00
TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	FEET 40 250 4,500 9,800	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.130 DWEB.135 DWEB.145 DWEB.145 DWEB.145 DWEB.145	4,000 11,000 105,000	DWEA. 100 DWEA. 100 DWEA. 105 DWEA. 125 DWEA. 125 DWEA. 130 DLEQ. 100 DLEQ. 105 DLEQ. 105 DLEQ. 126	. 156,000 78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000	\$4,00 \$11,00 \$105,00 \$156,00 \$78,00 \$9,00 \$40,00 \$110,00 \$78,00 \$15,00
TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipned)	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	FEET 40  250 4,500  9,800  12,000	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.130 DWEB.135 DWEB.145 DWEB.145 DWEB.145 DWEB.145	4,000 11,000 105,000	DWEA. 100 DWEA. 100 DWEA. 105 DWEA. 125 DWEA. 125 DWEA. 120 DLEQ. 100 DLEQ. 105 DLEQ. 125 DLEQ. 120 DLEQ. 120 DLEQ. 120	. 156,000 78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$4,00 \$11,00 \$105,00 \$156,00 \$78,00 \$9,00 \$40,00 \$78,00 \$15,00 \$44,00 \$21,00 \$18,00
TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	FEET 40 250 4,500 9,800	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.130 DWEB.135 DWEB.145 DWEB.145 DWEB.145 DWEB.145	4,000 11,000 105,000	DWEA. 100 DWEA. 100 DWEA. 105 DWEA. 125 DWEA. 125 DWEA. 130 DLEQ. 100 DLEQ. 105 DLEQ. 105 DLEQ. 126	. 156,000 78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000	\$11,00 \$105,00 \$156,00 \$78,00 \$9,00 \$40,00 \$110,00 \$78,00 \$15,00 \$144,00 \$21,00 \$18,00
TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipn	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	FEET 40  250 4,500  9,800  12,000	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.130 DWEB.135 DWEB.145 DWEB.145 DWEB.145 DWEB.145	4,000 11,000 105,000	DWEA. 100 DWEA. 100 DWEA. 105 DWEA. 125 DWEA. 125 DWEA. 120 DLEQ. 100 DLEQ. 105 DLEQ. 125 DLEQ. 120 DLEQ. 120 DLEQ. 120	. 156,000 78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$11,00 \$105,00 \$156,00 \$78,00 \$9,00 \$40,00 \$110,00 \$78,00 \$15,00 \$144,00 \$21,00 \$18,00
TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  CONDUCTOR PIPE  WATER SITRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipn FLOW LINES (Line Pipe from wellhead to central facility)	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	FEET 40  250 4,500  9,800  12,000	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.130 DWEB.135 DWEB.145 DWEB.145 DWEB.145 DWEB.145	4,000 11,000 105,000	DWEA. 100 DWEA. 100 DWEA. 105 DWEA. 125 DWEA. 125 DWEA. 125 DWEA. 125 DLEQ. 100 DLEQ. 105 DLEQ. 125 DLEQ. 120 DLEQ. 120 DLEQ. 120	. 156,000 78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$11,00 \$105,00 \$156,00 \$78,00 \$9,00 \$40,00 \$110,00 \$78,00 \$15,00 \$144,00 \$21,00 \$18,00
TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  CONDUCTOR PIPE  WATER SITRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	FEET 40  250 4,500  9,800  12,000	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.130 DWEB.135 DWEB.145 DWEB.145 DWEB.145 DWEB.145	4,000 11,000 105,000	DWEA. 100 DWEA. 100 DWEA. 105 DWEA. 105 DWEA. 125 DWEA. 125 DWEA. 125 DLEQ. 100 DLEQ. 105 DLEQ. 125 DLEQ. 120 DLEQ. 120 DLEQ. 120 DLEQ. 120 DLEQ. 120 DLEQ. 130 DWEA. 135	. 156,000 78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$11,00 \$105,00 \$156,00 \$78,00 \$9,00 \$40,00 \$110,00 \$78,00 \$15,00 \$144,00 \$21,00 \$18,00
TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  CONDUCTOR PIPE  WATER SITRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8" 2 7/8"	FEET 40  250 4,500  9,800  12,000	\$/FOOT 100.00 42.00 23.40 15.90	DWEB.150 DWEB.130 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145	11,000 105,000 12,000	DWEA 100 DWEA 100 DWEA 105 DWEA 115 DWEA 125 DWEA 120 DWEA 130 DLEQ 100 DLEQ 105 DLEQ 125 DLEQ 120 DLEQ 125 DLEQ 130 DWEA 135 DWEA 140	. 156,000 78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$11,00 \$1156,00 \$156,00 \$78,00 \$9,00 \$40,00 \$110,00 \$78,00 \$15,00 \$15,00 \$11,00
TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  CONDUCTOR PIPE  WATER SITRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8" 2 7/8"	FEET 40  250 4,500  9,800  12,000	\$/FOOT 100.00 42.00 23.40 15.90	DWEB.150 DWEB.130 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145	11,000 105,000 12,000	DWEA 100 DWEA 100 DWEA 105 DWEA 115 DWEA 125 DWEA 120 DWEA 130 DLEQ 100 DLEQ 105 DLEQ 125 DLEQ 120 DLEQ 125 DLEQ 130 DWEA 135 DWEA 140	\$156,000 \$9,000 \$9,000 \$28,000 \$110,000 \$15,000 \$44,000 \$21,000 \$18,000 \$11,000	\$11,00 \$105,00 \$156,00 \$156,00 \$78,00 \$40,00 \$110,00 \$78,00 \$15,00 \$15,00 \$11,000 \$11,000
TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  CONDUCTOR PIPE  WATER SITRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipm  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES  PIPELINES TO SALES	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8" 2 7/8"	FEET 40  250 4,500  9,800  12,000	\$/FOOT 100.00 42.00 23.40 15.90	DWEB. 150 DWEB. 130 DWEB. 135 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145	11,000	DWEA 100 DWEA 100 DWEA 105 DWEA 115 DWEA 125 DWEA 120 DWEA 130 DLEQ 100 DLEQ 105 DLEQ 125 DLEQ 120 DLEQ 125 DLEQ 130 DWEA 135 DWEA 140	\$156,000 \$9,000 \$9,000 \$28,000 \$110,000 \$15,000 \$44,000 \$21,000 \$18,000 \$11,000	\$11,00 \$105,00 \$156,00 \$156,00 \$78,00 \$40,00 \$110,00 \$78,00 \$15,00 \$15,00 \$11,000 \$11,000
TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  DRILLING: LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipn  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES  PIPELINES TO SALES	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8" 2 7/8"	FEET 40  250 4,500  9,800  12,000	\$/FOOT 100.00 42.00 23.40 15.90	DWEB.150 DWEB.130 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145	11,000	DWEA. 100 DWEA. 100 DWEA. 105 DWEA. 125 DWEA. 125 DWEA. 130 DLEQ. 100 DLEQ. 105 DLEQ. 125 DLEQ. 120 DLEQ. 125 DLEQ. 130 DWEA. 135 DWEA. 135 DWEA. 140	. 156,000 78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$1,000	\$11,00 \$1156,00 \$156,00 \$78,00 \$9,00 \$40,00 \$110,00 \$78,00 \$15,00 \$15,00 \$11,00

## DIL & GAS PROPERTIES

J. BOX 9612 MIDLAND, TX 79708

(432) 685-1404

April 6, 2007

Rose Berger C/o Henry Kemp 480 Lexington New York, NY 10167

Re:

Oil & Gas Lease W/2 of Section 31 Township 14 South, Range 38 East Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6 Township 15 South, Range 38 East Lea County, New Mexico

Dear Mr. Kemp:

According to our title research, Rose Berger owns an undivided 3.00075 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) royalty.

If these terms are acceptable, please have her sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward her a check in the amount of \$300.08 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

	U.S. Postal : CERTIFIED (Domestic Mail C	D MAIL	REC	EIPT Coverage	Provided	).
45.00				7.00		
	3750 23 %			9. <b>%</b> _\$	200	
<b>±</b>	Postage	\$ .62	)			
40	. Certified Fee	2.40	<b>&gt;</b>			
F-7	Return Receipt Fee (Endorsement Required)	1.85	`		ostmark Here	
± 0	Restricted Delivery Fee	(10)				
4000	(Endorsement Required)					
	Total Postage & Fees	\$4.88				
0320	Sent To Drace	. Ben	`40			
	Street, Apt. No.;	- tell	XL.			
<u>-</u> -	or PO Box No.					
700I	City, State, ZIP+4					
-	PS,Form 3800, January 20	01		. See Re	verse for Inst	uctions
			ACCRECATION AND ADDRESS OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE	, and the second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second	edition to receive the	206/2009

## OIL & GAS LEASE

THIS AGREEMENT made this 6th day of April, 2007, between Rose Berger, herein dealing in his sole and separate property, as Lessor (whether one or more), C/o Henry Kemp, whose address is 480 Lexington, New York, NY 10167, and Shaw Interests, Inc. whose address is P.O. Box 9612, Midland, Texas 79708, Lessee,

#### WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines; storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

- 2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.
- 3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, three-sixteenths (3/16) of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of three-sixteenths (3/16) of the gas used, provided that on gas sold on or off the premises, the royalties shall be three-sixteenths (3/16) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written no
- 4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.
- 5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.
- 6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.
- 7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.
- 8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.
- 9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first ab	oove written.			Þ		
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		ACKNOW	LEDGMEN	T		
TATE OF NEW YORK OUNTY OF	§ § §		•			
This instrument was acknown	wledged before me	on the day	/ of		, 2007, by Rose	Berger.
						• .
			1			
			Notary Pub	lic, State of New	York	

My Commission Expires:

SHAW INTERESTS, IN OIL & GAS PROPERTIES

MIDLAND, TEXAS 79701

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MAILED FROM ZIP CODE 79708

8900 Comanche Olivette, MO 63132 Vanda Dale Byars

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RETURN TO SENDER VACANT UNABLE TO FORWARD

BC: 79701511780 *0416-04570-23-32

SHAW INTERESTS, IT

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310 W.: WALL ST., SUITE 305 MIOLAND, TEXAS 79701

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8900 Comanche Olivette: MO 63132 Vanda Dale Byars



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#### **DIL & GAS PROPERTIES**

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

Vanda Dale Byars 8900 Comanche Olivette, MO 63132

Re:

Pyramid #1

W/2 of Section 31, Township 14 South, Range 38 East

Lea County, New Mexico

Dear Vanda:

In conjunction with our proposal of April 6, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

Surface Hole Location: 2210' FSL & 430' FWL
Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

• \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw

LÜBRAN	U.S CÉRTIFIÉ (Domestic Mail (	Service D MAIL REC Only; No Insurance	CEIPT Coverage Provided)
9710	The state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the s		
1883	Postage Certified Fee	\$ .39	Posìmark
1000	Return Receipt Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required)	1.85	Here
0350	Total Postage & Fees	\$ H.UH	
7001	or PO Box No.  City, State, ZIP+4	la Rufe B	yars
	PS Form 3800, January 200	11	See Reverse for Instructions



COMPANY ENT		-						DATE PRE		8, 2007	
REGION	WELL NAME	WELL NO	PROSP	ECT OR FIELD	NAME	PROPER	TY NUMBER		DRILLING	AFE NO.	
Permian	Pyramid	1	Star-Denton								
LOCATION	SHL 2210' FSL & 430' FV	VL.		COL	JNTY	s	TATE		TYPE	WELL	
BHL 330' F	SL & 430' FWL							OIL	Х	EXPL	Х
Sec 31, T1	4S, R38E			Le	a	New	Mexico	GAS		PROD	
ORIGINAL ESTI	MATE X		EST. STA	RT DATE	EST. CC	MP. DATE	FORMA	TION		EST. TD	
REVISED ESTIN	MATE	_							98	300	TVD
SUPPLEMENTA	L ESTIMATE	_	٠.				1		116	600'	MD

#### PROJECT DESCRIPTION:

Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
Intangible Drilling Costs	\$2,463,180	•	\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
TANGIBLES Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

#### Comments on Well Costs:

#### WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

I elect to	purchase	my own	well	control	insurance	policy.
	•					

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

## Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

		#VALUE!
	CIMAREX ENERGY CO. APPROVAL	
PREPARED BY	DRILLING AND COMPLETION MANAGER	REGIONAL MANAGER
Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	Roger Alexander, Regional Manager Permian Basin
	JOINT INTEREST APPROVAL	
COMPANY	BY	DATE

^{1.} All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.



## PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

			<del></del>	1	DDV HOLE	т	ACTED CACING	LOONDLETER
INTANGIBLES				Codes	DRY HOLE COST	Codes	AFTER CASING	WELL COST
ROADS & LOCATION PREPARATION / RESTORATION	DIDC.100	1	DICC.100		\$108,00			
DAMAGES				DIDC.105	\$4,000	DICC.105	\$1,000	\$5,00
MUD/FLUIDS DISPOSAL CHARGES			-	DIDC.255	\$20,000	DICC.235	\$20,000	\$40,00
DAY RATE 46 DH DAYS 5 ACP	DAYS @	1743	0 PER DAY	DIDC.115	\$801,780	DICC.120	\$87,150	\$888,93
MISC PREPARATION COST (mouse hole, rat hole, pads,	pile clusters	s, misc.)		DIDC.120	1	7777	7//////	\$8,00
BITS				DIDC.125	<u> </u>	DICC.125	<del> </del>	\$101,00
FUEL \$2.20 PER GALLON WATER / COMPLETION FLUIDS	<del></del>			DIDC.135		DICC.130	<del> </del>	\$122,00
MUD & ADDITIVES				DIDC.140	+	DICC.135	\$25,000	\$57,20 \$64,40
SURFACE RENTALS				DIDC:148	+	DICC.140	\$45,000	\$114.00
DOWNHOLE RENTALS				DIDC.155	1	DICC.145		\$154,00
FORMATION EVALUATION (DST, Coring including evalua	ation, G&G	SERVICES)		DIDC.160		1111	MILLER	
MUD LOGGING 37 DAYS @ \$90	0 PER DAY			DIDC.170	\$47,000			\$47,00
OPEN HOLE LOGGING		*,		DIDC.180	\$65,000	$\overline{M}$		\$65,00
CEMENTING & FLOAT EQUIPMENT				DIDC.185	<del>                                     </del>	DICC.155		\$90,00
TUBULAR INSPECTIONS				DIDC.190	· · · · · · · · · · · · · · · · · · ·	DICC.160		\$7,50
CASING CREWS  EXTRA LABOR, WELDING, ETC.				DIDC.195	<del></del>	DICC.165	<del> </del>	\$27,00
LAND TRANSPORTATION (Trucking)				DIDC.200	7 - 7 - 7 - 7	DICC.170 DICC.175	<del>                                     </del>	\$32,60 \$39,20
SUPERVISION				DIDC.210		DICC.175		\$69,00
TRAILER HOUSE/CAMP/CATERING	•			DIDC.280	<del> </del>	DICC.255	<del></del>	\$19,50
OTHER MISC EXPENSES				DIDC.220		DICC.190	\$5,000	\$10,00
OVERHEAD				DIDC.225		DICC.195	\$4,200	\$18,20
REMEDIAL CEMENTING				DIDC.231		DICC.215		
MOB/DEMOB				DIDC.240	\$150,000	7777		\$150,00
	2 DAYS @	9500	PER DAY	DIDC.245		7777	7777777	\$209,00
DOCK, DISPATCHER, CRANE				DIDC.250		DICC.230		
MARINE & AIR TRANSPORTATION SOLIDS CONTROL				DIDC.275		DICC.250	·····	\$166.00¢
WELL CONTROL EQUIP (Snubbing services)				DIDC.260	\$28,000	DICC.240	\$16,800	\$166,000 \$44,800
FISHING & SIDETRACK OPERATIONS				DIDC:200	Ψ20,000	DICC.245	ψ10,000	Ψ44,000
COMPLETION RIG 14 DAYS @	4400	PER DAY		1111	111111	DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @		PER DAY	· · · · · · · · · · · · · · · · · · ·	1111	11111	DICC.260	, , , , , , , , , , , , , , , , , , , ,	
COMPLETION LOGGING, PERFORATING, WL UNITS, WI	L SURVEYS	3			711111	DICC.200	\$35,000	\$35,000
STIMULATION				////		DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE				DIDC.300	\$10,000	DICC.280	***	\$10,000
WELL CONTROL INSURANCE \$0.35 PER F				DIDC.285	\$3,000	7777.	7777777	\$3,000
CONTINGENCY 5% OF DRILLING IN CONSTRUCTION FOR WELL EQUIPMENT	NTANGIBLE	S ·		DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT				1111	HHH	DWEA.110 DLEQ.110	\$1,000 \$39,000	\$1,000 \$39,000
CONSTRUCTION FOR SALES P/L				1111	HHH	DICC.265	\$33,000	ψ33,000
ı								
ITOTALLINITANGIBLE (COST			chia di Sa	Andrew Service	\$2,463,180	Mark St	\$712,750	\$3,175,930
TANGIBLE - WELL EQUIPMENT CASING	0175	FEET	A/500T			-		
DRIVE PIPE	SIZE 20"	FEET 40	\$/FOOT 100.00	DWEB.150	4,000	m	·····	£4.000
CONDUCTOR PIPE	20	40	100.00	DWEB. 130		444	HHHH	\$4,000
WATER STRING				DWEB.135		1111	HHH	
SURFACE CASING	13-3/8"	250	42.00	DWEB.140	11,000	7777	111111	\$11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145	105,000	1111	Mille	\$105,000
DRILLING LINER	7"			DWEB.145				
DRILLING:LINER	<u> </u>			DWEB.145		7777	777777	
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90	7777	777777	DWEA.100	156,000	\$156,000
PRODUCTION TIE-BACK		40.000	0.50	1111	444444	DWEA.100 DWEA.105	70.000	A70.000
***************************************	TUBING 2 7/8" 12,000 6.50						78,000 \$9,000	\$78,000 \$9,000
TUBING	2 7/8"	12,000	N/C WELL EQUIPMENT					
TUBING N/C WELL EQUIPMENT	2 7/8"			DWER 115	12 000	DWEA.115		
TUBING	2 7/8"	12,000	•	DWEB.115 DWEB.100		DWEA.115 DWEA.120 DWEA.125	\$28,000	
TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES	2 7/8"					DWEA.120		\$40,000
TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER	2 7/8"					DWEA.120 DWEA.125	\$28,000	\$40,000 \$110,000
TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING'UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)	2 7/8"					DWEA.120 DWEA.125 DWEA.130	\$28,000 \$110,000	\$40,000 \$110,000 \$78,000 \$15,000
TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT	2 7/8"					DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105	\$28,000 \$110,000 \$78,000 \$15,000	\$40,000 \$110,000 \$78,000 \$15,000
TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING'UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT	2 7/8"					DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.115	\$28,000 \$110,000 \$78,000 \$15,000	\$40,000 \$110,000 \$78,000 \$15,000
TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING'UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS						DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.115 DLEQ.120	\$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000	\$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000
TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING'UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipm						DWEA.120 DWEA.135 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.115 DLEQ.120 DLEQ.125	\$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000
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TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING'UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	nent)			DWEB.100		DWEA.120 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.105 DLEQ.120 DLEQ.120 DLEQ.130 DWEA.135 DWEA.140	\$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000
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TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING'UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment Lines)  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES  PIPELINES TO SALES	nent)			DWEB.100	\$132,000	DWEA.120 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.105 DLEQ.120 DLEQ.120 DLEQ.130 DWEA.135 DWEA.140	\$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000
TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING'UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES  PIPELINES TO SALES	nent)			DWEB 100	\$132,000	DWEA.120 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.105 DLEQ.120 DLEQ.120 DLEQ.130 DWEA.135 DWEA.140 DICC.275	\$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000 \$1,000 \$1,000 \$60,000)	\$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000 \$1,000

## DIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 6, 2007

Vanda Dale Byars 8900 Comanche Olivette, MO 63132

Re:

Oil & Gas Lease W/2 of Section 31 Township 14 South, Range 38 East Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6 Township 15 South, Range 38 East Lea County, New Mexico

Dear Ms. Byars:

According to our title research, you own an undivided 4.25606 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$425.61 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

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7001 0320	Total Postage & Fees  Sent To  Street, Apt. No.; or PO Box No.  City, State, ZiP+4  PS Form 3800-danuary 200	s 4.88 Nate Byan	See Reverse for Instructions

#### OIL & GAS LEASE

THIS AGREEMENT made this 6th day of April, 2007, between Vanda Dale Byars, herein dealing in her sole and separate property, as Lessor (whether one or more), whose address is 8900 Comanche, Olivette, MO 63132, and Shaw Interests, Inc. whose address is P.O. Box 9612, Midland, Texas 79708, Lessee,

#### WITNESSETH:

Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

- 2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.
- 3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, three-sixteenths (3/16) of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of threesixteenths (3/16) of the gas used, provided that on gas sold on or off the premises, the royalties shall be three-sixteenths (3/16) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.
- This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.
- 5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.
- 6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.
- 7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.
- 8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee, and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.
- 9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land,
and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward
satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the
entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from
any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the
whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding
upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first	above written							
				•				
Vanda Dale Byars								
					*			
		ACKN	NOWLE:	DGMENT				
STATE OF MISSOURI	8							
	§ § §					. • •		
COUNTY OF	8							
This instrument was ack	nowledged before me	on the	day of _	<del></del>		, 2007, by	Vanda Dale By	ars.
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•	,	.*			G:	·		
				Notary Public	,	ouri	•	
				My Commiss	ion Expires:			
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#### OIL & GAS PROPERTIES

310 WEST WALL, STE. 305

MIDLAND, TX 79701

(432) 685-1404

April 17, 2007

Clay Allen Cureton 6582 Vanguard Avenue Garden Grove, CA 92845

Re:

Pyramid #1

W/2 of Section 31, Township 14 South, Range 38 East

Lea County, New Mexico

Dear Clay:

In conjunction with our proposal of April 6, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

Surface Hole Location: 2210' FSL & 430' FWL
Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

• \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

**SHAW INTERESTS** 

Maner B. Shaw

di di	U.S. Postal : CERTIFIED (Domestic Mail C	Service D MAIL RE Only; No Insuranc	CEIPT e.Coverage	Provided)
E	Silling Comp. Comp.			25 Page 1
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200	- September 1		See He	verse for Instructions



COMPANY ENT								DATE PRE	EPARED Viarch 8, 2007	,
REGION	WELL NAME	WELL NO	PROSPECT OR FIELD NAME		CT OR FIELD NAME PROPERTY NUMBER			DRILLING AFE NO.		
Permian	Pyramid	1	s	Star-Denton						
LOCATION	SHL 2210' FSL & 430' FW	/L		COL	NTY	S.	TATE	1	TYPE WELL	
BHL 330' F	SL & 430' FWL			·				OIL	<b>X</b> EXPL	Х
Sec 31, T14	1S, R38E			Lε	a	New	Mexico	GAS	PROD	
ORIGINAL ESTIMATE X			EST. START DATE EST.		EST. CO	OMP. DATE FORMA		TION	EST. TD	
REVISED ESTIN	IATE	_							9800	TVD
SUPPLEMENTA	L ESTIMATE	-	٠.				<u>.</u>		11600'	MD

#### PROJECT DESCRIPTION:

Drill and complete a horizontal wolfcamp well.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
TANGIBLES			
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

#### Comments on Well Costs:

## WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

I elect to purchase my own well control insurance	policy.	

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

#### Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

		#VALUE!
!	CIMAREX ENERGY CO. APPROVAL	
PREPARED BY	DRILLING AND COMPLETION MANAGER	REGIONAL MANAGER
Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	Roger Alexander, Regional Manager Permian Basin
:	JOINT INTEREST APPROVAL	
COMPANY	ву	DATE

^{1.} All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.



# PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

		· · · · · · · · · · · · · · · · · · ·		1	DRY HOLE	1	AFTER CASING	COMPLETED
INTANGIBLES				Codes	COST	Codes	POINT	WELL COST
ROADS & LOCATION PREPARATION / RESTORATION				DIDC.100	\$100,000	DICC.100	\$8,000	\$108,00
DAMAGES				DIDC.105	<del></del>	DICC.105	\$1,000	\$5,00
MUD/FLUIDS DISPOSAL CHARGES				DIDC.255	<del></del>	DICC.235	\$20,000	\$40,000
DAY RATE 46 DH DAYS 5 ACP [			PER DAY	DIDC.115		DICC.120	\$87,150	\$888,93
MISC PREPARATION COST (mouse hole, rat hole, pads, page 1975)	oile clusters	, misc.)		DIDC.120	<del> </del>	DICC.125	\$1,000	\$8,00 \$101,00
FUEL \$2.20 PER GALLON				DIDC.125		DICC.125	\$11,000	\$101,00
WATER / COMPLETION FLUIDS				DIDC.140		DICC.135	\$25,000	\$57,20
MUD & ADDITIVES	1.17			DIDC.145	<del></del>	1111	minn	\$64,40
SURFACE RENTALS				DIDC.150	\$69,000	DICC.140	\$45,000	\$114,00
DOWNHOLE RENTALS				DIDC.155	\$144,000	DICC.145	\$10,000	\$154,00
FORMATION EVALUATION (DST, Coring including evaluation)	tion, G&G S	SERVICES)		DIDC.160		7777		
MUD LOGGING 37 DAYS @ \$900	PER DAY			DIDC.170		<i>7777</i>	444444	\$47,00
OPEN HOLE LOGGING		•		DIDC.180	+	7777	777777	\$65,00
CEMENTING & FLOAT EQUIPMENT				DIDC.185		DICC.155	\$40,000	\$90,000
TUBULAR INSPECTIONS  CASING CREWS		· · · · · ·		DIDC.190 DIDC.195	-	DICC.160 DICC.165	\$2,500 \$15,000	\$7,50 \$27,00
EXTRA LABOR, WELDING, ETC.				DIDC.200	<del></del>	DICC.170	\$5,000	\$32,60
LAND TRANSPORTATION (Trucking)				DIDC.205	<del> </del>	DICC.175	\$7,000	\$39.20
SUPERVISION				DIDC.210		DICC.180	\$18,000	\$69,00
TRAILER HOUSE/CAMP/CATERING				DIDC.280		DICC.255	\$2,500	\$19,50
OTHER MISC EXPENSES				DIDC.220		DICC.190	\$5,000	\$10,000
OVERHEAD				DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200
REMEDIAL CEMENTING	-,			DIDC.231		DICC.215		
MOB/DEMOB	DAY/0 0	0500	DED DAY	DIDC.240	\$150,000	1111	44444	\$150,000
DIRECTIONAL DRILLING SERVICES 22 DOCK, DISPATCHER, CRANE	DAYS @	9500	PER DAY	DIDC.245 DIDC.250	\$209,000	DICC.230	777777	\$209,000
MARINE & AIR TRANSPORTATION				DIDC.250		DICC.250		·
SOLIDS CONTROL				DIDC.260	\$166,000	1111	77777	\$166,000
WELL CONTROL EQUIP (Snubbing services)				DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS		**.		DIDC.270		DICC.245		
COMPLETION RIG 14 DAYS @	4400	PER DAY		1111		DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @		PER DAY		1111		DICC.260		
COMPLETION LOGGING, PERFORATING, WL UNITS, WL	SURVEYS	3		7777	777777	DICC.200	\$35,000	\$35,000
STIMULATION	<del>.</del>	<del></del>		7777		DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE WELL CONTROL INSURANCE \$0.35 PER F	OOT			DIDC.300	\$10,000 \$3,000	DICC.280	1111111	\$10,000
WELL CONTROL INSURANCE \$0.35 PER F CONTINGENCY 5% OF DRILLING IN		9		DIDC.285	\$117,000	DICC.220	\$32,000	\$3,000 \$149,000
CONSTRUCTION FOR WELL EQUIPMENT	TANGIBLE			111	111111	DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT				1111	11111	DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L					77777	DICC.265		
· ·								
TOTAL INTANGIBLE COST				440.00	\$2,463,180		\$712,750	\$3,175,930
TANGET E MELL FOLIDATE		· · · · · · · · · · · · · · · · · · ·						
TANGIBLE - WELL EQUIPMENT CASING	SIZE	FEET	\$/FOOT	<del> </del>				
DRIVE PIPE	20"	40	100.00	DWEB:150	4,000	$\overline{m}$	mm	\$4,000
CONDUCTOR PIPE		-10	100.00	DWEB. 130		1111	777777	
WATER STRING				DWEB.135		1111	111111	
SURFACE CASING	13-3/8"	250	42.00	DWEB.140	11,000	7777		\$11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB 145	105,000	7777		\$105,000
DRILLING LINER	7"			DWEB.145		7777	711111	
DRILLING LINER	5 4 1011	0.000	45.00	DWEB.145		////	777777	<b>*</b> 450.000
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90	1117	77777	DWEA.100 DWEA.100	156,000	\$156,000
				1 1 1 1				
PRODUCTION TIE-BACK	2 7/8"	12 000	6.50	1111	HHH		78 000	\$78,000
PRODUCTION TIE-BACK TUBING	2 7/8"	12,000	6.50			DWEA.105	78,000 \$9.000	
PRODUCTION TIE-BACK	2 7/8"	12,000	6.50	DWEB.115	12,000		78,000 \$9,000 \$28,000	\$9,000
PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT	2 7/8"	12,000	6.50	DWEB.115 DWEB.100		DWEA.105 DWEA.115	\$9,000	\$9,000
PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES	2 7/8"	12,000	6.50			DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130	\$9,000 \$28,000 \$110,000	\$9,000 \$40,000
PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE	2 7/8"	12,000	6.50			DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100	\$9,000 \$28,000 \$110,000 \$78,000	\$9,000 \$40,000 \$110,000 \$78,000
PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors)	2 7/8"	12,000	6.50			DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130	\$9,000 \$28,000 \$110,000	\$9,000 \$40,000 \$110,000 \$78,000
PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT	2 7/8"	12,000	6.50			DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105	\$9,000 \$28,000 \$110,000 \$78,000 \$15,000	\$9,000 \$40,000 \$110,000 \$78,000 \$15,000
PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT	2 7/8"	12,000	6.50			DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105	\$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000	\$9,000 \$40,000 \$110,000 \$78,000 \$15,000
PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT		12,000	6.50			DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105	\$9,000 \$28,000 \$110,000 \$78,000 \$15,000	\$9,000 \$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000
PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS		12,000	6.50			DWEA.105 DWEA.125 DWEA.125 DWEA.130 DLEQ.105 DLEQ.115 DLEQ.120	\$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000	\$9,000 \$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000
PRODUCTION TIE-BACK TUBING  N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	ent)		6.50			DWEA.105 DWEA.125 DWEA.125 DWEA.130 DLEQ.105 DLEQ.115 DLEQ.115 DLEQ.125	\$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$9,000 \$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000
PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility)	ent)		6,50			DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.105 DLEQ.105 DLEQ.115 DLEQ.120 DLEQ.125 DLEQ.130	\$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$9,000 \$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000
PRODUCTION TIE-BACK TUBING  N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES	ent)	71		DWEB.100		DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEG.100 DLEG.105 DLEG.115 DLEG.120 DLEG.120 DLEG.130 DWEA.136 DWEA.136	\$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$9,000 \$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000
PRODUCTION TIE-BACK TUBING  N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES	ent)	71		DWEB.100		DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEG.100 DLEG.105 DLEG.115 DLEG.120 DLEG.120 DLEG.130 DWEA.136 DWEA.136	\$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$9,000 \$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000
PRODUCTION TIE-BACK TUBING  N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES	ent)	71		DWEB 100	11111	DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.115 DLEQ.120 DLEQ.125 DLEQ.130 DWEA.135 DWEA.140	\$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$1,000	\$15,000 \$44,000 \$21,000 \$18,000
PRODUCTION TIE-BACK TUBING  N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES	ent)	71		DWEB.100	11111	DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEG.100 DLEG.105 DLEG.115 DLEG.120 DLEG.120 DLEG.130 DWEA.136 DWEA.136	\$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$9,000 \$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000
PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES	eent)			DWEB 100	60,000	DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.105 DLEQ.120 DLEQ.120 DLEQ.125 DLEQ.130 DWEA.135 DWEA.140 DICC.275	\$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$1,000	\$9,000 \$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$1,000

#### DIL & GAS PROPERTIES

310 West Wall, Ste. 305

MIDLAND, TX 79701

(432) 685-1404

April 6, 2007

Clay Allen Cureton 6582 Vanguard Avenue Garden Grove, CA 92845

Re:

Oil & Gas Lease W/2 of Section 31

Township 14 South, Range 38 East

Lea County, New Mexico

Dear Mr. Cureton:

According to our title research, you own an undivided 2.87 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) royalty.

If the terms of this lease are acceptable, please sign the Lease in the presence of a Notary Public, and thereafter, return the Lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$287.00 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

**SHAW INTERESTS** 

Tim Lilley

Species :		MAIL REC	EIPT Coverage Provided)
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188T 1000	Postage  Certified Fee  Return Receipt Fee (Endorsement Required)  Restricted Delivery Fee (Endorsement Required)  Total Postage & Fees	\$ .63 2.40 1.85 \$4.88	Postmark Here
7001 0320	Street, Apt. No.; or PO.Box No. City, State, ZIP+4		CURPTCIN See Reverse for Instructions

## **OIL & GAS LEASE**

THIS AGREEMENT made this 6th day of April 2007, between Clay Allen Cureton, herein dealing in her sole and separate property, as Lessor (whether one or more), whose address is 6582 Vanguard Avenue, Garden Grove, CA 92845, and Shaw Interests, Inc. whose address is 310 West Wall Street, Suite 305, Midland, TX 79701, Lessee,

#### WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

#### Township 14 South, Range 38 East W/2 of Section 31

Said land is estimated to comprise 320.0 acres, whether it actually comprises more or less.

- 2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.
- 3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, three-sixteenths (3/16) of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of three-sixteenths (3/16) of the gas used, provided that on gas sold on or off the premises, the royalties shall be three-sixteenths (3/16) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Le
- 4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term, however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.
- 5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.
- 6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.
- 7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.
- 8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee, and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.
- 9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

- 10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.
- 11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and ye	ear first above written.			
	<i>;</i>	,		
Clay Allen Cureton				
	ACI	KNOWLED	GMENT	
STATE OF	§ • § • §			
This instrument	was acknowledged before me on the	day of	:	_, 2007, by Clay Allen Cureton.
			Notary Public, State of	<u> </u>
			My Commission Expires:	

MIDLAND, TEXAS 79701

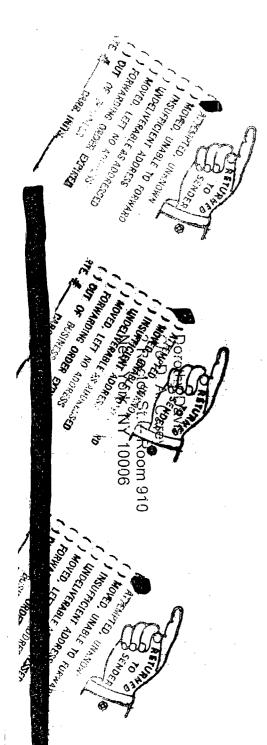
MAILED FROM ZIP CODE



SHAW INTERESTS, INC. OIL & GAS PROPERTIES 310 W. WALL ST., SUITE 305 MIDLAND, TEXAS 79701

> WIDEAND / ODESSA A W AN XI

MIDLAND/ODESSÁ ÓTKU 757 11 APR 2007 FM



#### DIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 18, 2007

Dorothy Davis C/o D.A. Carey 2 Rector St. – Room 910 New York, NY 10006

Re: Pyramid #1

W/2 of Section 31, Township 14 South, Range 38 East

Lea County, New Mexico

Dear Mr. Carey:

We are unable to locate a current address for Dorothy Davis. In conjunction with our proposal of April 6, 2007 to lease Dorothy's undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

Surface Hole Location: 2210' FSL & 430' FWL
Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

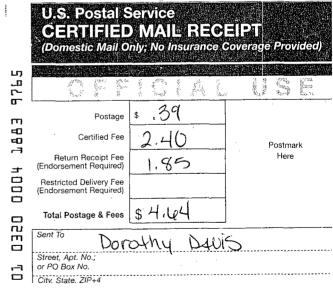
• \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw





COMPANY ENTITY Cimarex Ener	gy Co.							DATE PR		8, 2007	
REGION Permian	WELL NAME  Pyramid	WELL NO	PROSPECT OR FIELD NAME  Star-Denton		PROPERTY NUMBER		DRILLING AFE NO.				
LOCATION SH BHL 330' FSL	IL 2210' FSL & 430' FV . & 430' FWL	VL.	COUNTY		TY STATE		OIL	TYPE X	WELL EXPL	x	
Sec 31, T14S,	R38E			Le	a	New	Mexico	GAS		PROD	
ORIGINAL ESTIMAT		-	EST. STA	ART DATE	EST. CO	OMP. DATE	FORM	ATION		EST. TD <b>800</b> <b>600'</b>	TVD MD

#### PROJECT DESCRIPTION:

Drill and complete a horizontal wolfcamp well.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
TANGIBLES Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	-
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

#### Comments on Well Costs:

#### WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

 I elect to	purchase	my own	well c	ontrol	insurance	policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

#### Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

		#VALUE!
!	CIMAREX ENERGY CO. APPROVAL	
PREPARED BY	DRILLING AND COMPLETION MANAGER	REGIONAL MANAGER
Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	Roger Alexander, Regional Manager Permian Basin
	JOINT INTEREST APPROVAL	
COMPANY	BY	DATE
1		

^{1.} All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.



## PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

<u></u>				<del></del>	DRY HOLE	T	AFTER CASING	COMPLETED
INTANGIBLES				Codes	COST	Codes	POINT	WELL COST
ROADS & LOCATION PREPARATION / RESTORATION				DIDC.100	1	DICC.100	\$8,000	\$108,000
DAMAGES				DIDC.105		DICC.105	\$1,000	\$5,000
MUD/FLUIDS DISPOSAL CHARGES				DIDC.255	\$20,000	DICC.235	\$20,000	\$40,000
	AY RATE 46 DH DAYS 5 ACP DAYS @ 17430 PER DAY				\$801,780	DICC.120	\$87,150	\$888,930
MISC PREPARATION COST (mouse hole, rat hole, pads, p	oile clusters	s, misc.)		DIDC.120		7777	777777	\$8,000
FUEL \$2.20 PER GALLON				DIDC.125 DIDC.135	<del>+</del>	DICC.125 DICC.130	\$1,000 \$11,000	\$101,000 \$122,000
WATER / COMPLETION FLUIDS			<del></del>	DIDC.135		DICC.135	\$25,000	\$57,200
MUD & ADDITIVES				DIDC.145		1777	Tim	\$64,40
SURFACE RENTALS				DIDC.150		DICC.140	\$45,000	\$114,00
DOWNHOLE RENTALS				DIDC.155	\$144,000	DICC.145	\$10,000	\$154,000
FORMATION EVALUATION (DST, Coring including evaluation)				DIDC.160	<del></del>	1111	44444	
MUD LOGGING 37 DAYS @ \$900	PER DAY	·	<del></del>	DIDC.170	·	444	44444	\$47,000
OPEN HOLE LOGGING CEMENTING & FLOAT EQUIPMENT			·	DIDC.180	<del> </del>	DICC.155	\$40,000	\$65,000 \$90,000
TUBULAR INSPECTIONS				DIDC.183	<del>                                     </del>	DICC.155	\$2,500	\$7,500
CASING CREWS				DIDC.195	+	DICC.165	\$15,000	\$27,000
EXTRA LABOR, WELDING, ETC.				DIDC.200	<del>                                     </del>	DICC.170	\$5,000	\$32,600
LAND TRANSPORTATION (Trucking)				DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200
SUPERVISION				DIDG.210		DICC.180	\$18,000	\$69,000
TRAILER HOUSE/CAMP/CATERING				DIDC.280		DICC.255	\$2,500	\$19,500
OTHER MISC EXPENSES  OVERHEAD				DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000
REMEDIAL CEMENTING		· · · · · · · · · · · · · · · · · · ·	·	DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200
MOB/DEMOB			<del></del>	DIDC.240	\$150,000	TTT.	mm	\$150,000
	DAYS @	9500	PER DAY	DIDC.245	\$209,000	1111	111111	\$209,000
DOCK, DISPATCHER, CRANE				DIDC.250		DICC.230		
MARINE & AIR TRANSPORTATION				DIDC.275		DICC.250		
SOLIDS CONTROL		<u>·</u> ;		DIDC.260	\$166,000	7777	777777	\$166,000
WELL CONTROL EQUIP (Snubbing services)	<del></del>			DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS		550.041/		DIDC.270	-	DICC,245		
	4400	PER DAY		444	4444	DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @ COMPLETION LOGGING, PERFORATING, WL UNITS, WL	SURVEYS	PER DAY	·····	1111	HHH	DICC.260 DICC.200	\$35,000	\$35,000
STIMULATION	JOINT			1111	HHH	DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE				DIDC.300	\$10,000	DICC.280	Ψ220,000	\$10,000
WELL CONTROL INSURANCE \$0.35 PER F	OOT			DIDC.285	\$3,000	1111	1111111	\$3,000
CONTINGENCY 5% OF DRILLING IN	ITANGIBLE	S		DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT				$\overline{III}$		DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT				7777	77777	DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L			<del></del>	7777.	777777	DICC.265		<del></del>
TOTALINTANGIBLEICOST			in Chicana		1 40 463 180		£742.750	\$2.475.030
				2465488493180		energe transmitters		
TANGIBLE - WELL EQUIPMENT								
CASING	SIZE	FEET	\$/FOOT					
DRIVE PIPE	20"	40	100.00	DWEB.150	4,000	7777	777777	\$4,000
CONDUCTOR PIPE				DWEB.130		1111,	HHH	
WATER STRING SURFACE CASING	13-3/8"	250	42.00	DWEB.135	44.000	444	HHHH	£14.000
INTERMEDIATE CASING	8-5/8"	4,500	42.00 23.40	DWEB.140 DWEB.145	11,000	1111	HHHH	\$11,000 \$105,000
DRILLING:LINER	7"	4,000	20.40	DWEB.145	100,000	HH.	HHHH	\$103,000
DRILLING:LINER				DWEB 145		111	111111	
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90	1111	111111	DWEA.100	156,000	\$156,000
PRODUCTION TIE-BACK						DWEA.100		
TUBING	2 7/8"	12;900	6.50			DWEA.105	78,000	\$78,000
N/C WELL EQUIPMENT				7777.		DWEA.115	\$9,000	\$9,000
WELLHEAD, TREE, CHOKES				DWEB.115	12,000	DWEA.120	\$28,000	\$40,000
LINER HANGER, ISOLATION PACKER PACKER, NIPPLES	<del> ′ .</del>			DWEB.100		DWEA.125	£110.000	\$110,000
PUMPING UNIT, ENGINE		<del> </del>		1111	HHH	DWEA.130 DLEQ.100	\$110,000 \$78,000	\$110,000 \$78,000
LIFT EQUIPMENT (BHP, Rods, Anchors)				444	111111	DLEQ.105	\$15,000	\$15,000
TANGIBLE - LEASE EQUIPMENT					****			
N/C LEASE EQUIPMENT				7777	777777	DLEQ.115	\$44,000	\$44,000
TANKS, TANKS STEPS, STAIRS			<u> </u>	7777	777777	DLEQ.120	· \$21,000	\$21,000
BATTERY (Heater Treater, Separator, Gas Treating Equipm	ent)	· · · · · · · · · · · · · · · · · · ·		7777	111111	DLEQ.125	\$18,000	\$18,000
FLOW LINES (Line Pipe from wellhead to central facility)				444	4444	DLEQ.130	\$1,000	\$1,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES	<u> </u>			HH	HHH	DWEA.135		
I II LEINEG TO OMEGO				7777	777777	DWEA.140		
TOTALTANGIBLES			2.0		\$132,000	100000	\$558,000	\$690,000
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P&A COSTS				DIDC.295	60,000	DICC.275	(60,000)	
TOTAL COST	tar de la	Walter State		MACHEN.	\$2,655,180		\$1,210,750	\$3,865,930
	_							

#### **DIL & GAS PROPERTIES**

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 6, 2007

D.A. Carey 2 Rector St. – Room 910 New York, NY 10006

Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4,

SW/4NE/4 and NW/4SE/4 of Section 6 Township 15 South, Range 38 East

Lea County, New Mexico

Dear Mr. Carey:

According to our title research, Dorothy Davis owns an undivided 1.00025 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$100.03 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

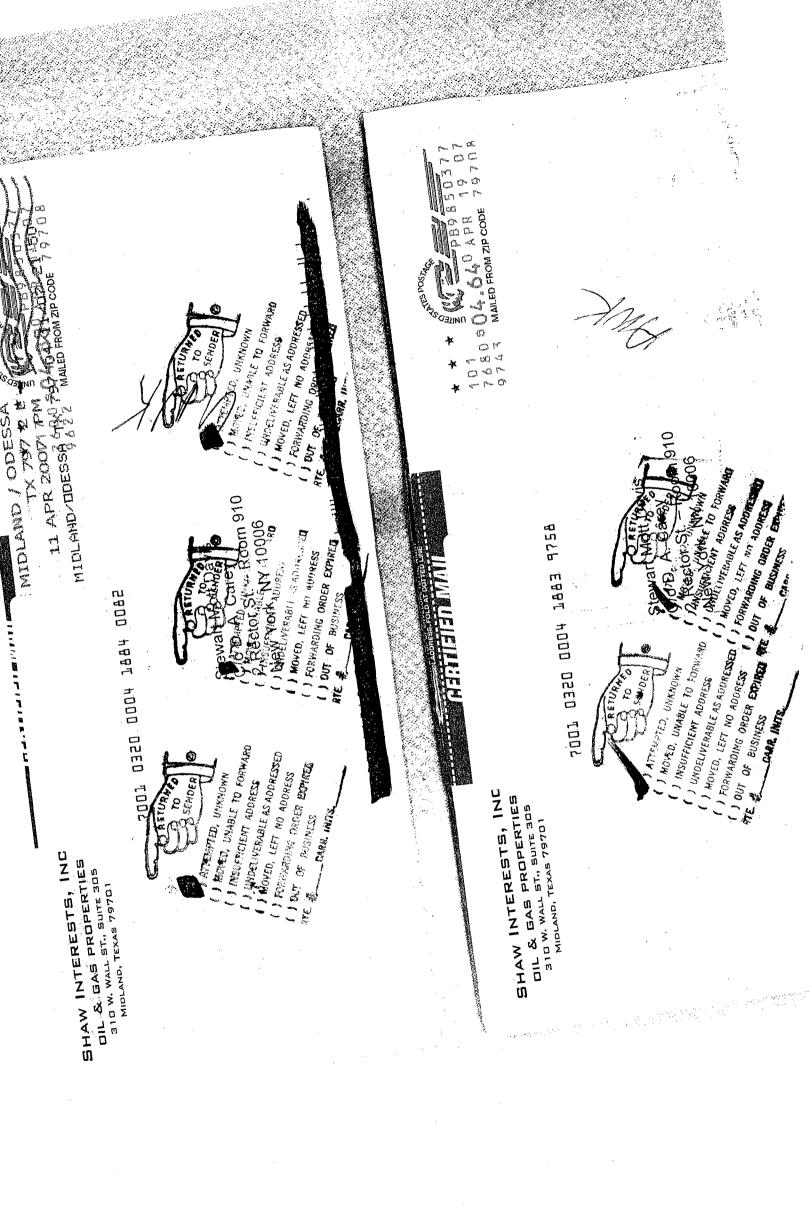
Tim Lilley

1	U.S. Postal CEPTIFIE (Domestic Mail	D IV		EIPT Coverage Provided)	
0		SECTION SECTION			
6600	Care Since		AL	U G For	A. Carrie
<b>_</b>	Postage	\$ ,62		See Seed Man	
1. A. B.	Certified Fee	2,40	)		
	Return Receipt Fee (Endorsement Required)	1.85		Postmark Here	
h 0 0 0	Restricted Delivery Fee (Endorsement Required)				
00	Total Postage & Fees	\$ 4.88		•	
03E)	Sent To	201141	Di	Nic	
	Street, Apt. No.; or PO Box No.	WHIL	1,741	)(0	
7007	City, State, ZIP+4		•		
r~	PS Form 3800, January 200	Parada Santa S	Care distribution		
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10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land
and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward
satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the
entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from
any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the
whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding
upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first abo	ove written.					
	,	•	,			
			•			
orothy Davis	,		:			
			•			
	1			•		
	AC	CKNOWLEDO	GMENT			
STATE OF NEW YORK	§					
COUNTY OF	§ § §.					,
This instrument was acknow	wledged before me on the	day of	·	, 200°	7, by Dorothy Davis.	
		, <u>N</u>	Jotary Public, State	of New York		
			My Commission Exp	•		



## OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 18, 2007

Stewart Mott Davis C/o D. A. Carey 2 Rector St. – Room 910 New York, NY 10006

Re: Pyramid #1

W/2 of Section 31, Township 14 South, Range 38 East

Lea County, New Mexico

Dear Mr. Carey:

We are unable to locate a current address for Stewart Mott Davis. In conjunction with our proposal of April 6, 2007 to lease Stewart's undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

Surface Hole Location: 2210' FSL & 430' FWL
Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

• \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw





COMPANY ENT								DATE PRE		8, 2007	
REGION :	WELL NAME  Pyramid	WELL NO		ect or field		PROPER	TY NUMBER	ſ	DRILLING	AFE NO.	
-	SHL 2210' FSL & 430' F\	NI '						+	TVDE	14751	
LOCATION		W.L.		COL	YTML	5	TATE		TYPE	WELL	
BHL 330' F	SL & 430' FWL			ŀ		1		OIL	Х	EXPL	Х
Sec 31, T1	4S, R38E			Le	a	New	Mexico	GAS		PROD	
ORIGINAL ESTI	MATE X		EST. STA	ART DATE	EST. CC	MP. DATE	FORMA	TION		EST. TD	
REVISED ESTIN	MATE	_			·				98	800	TVD
SUPPLEMENTA	L ESTIMATE	_	٠,				i		110	600'	MD

#### PROJECT DESCRIPTION:

Drill and complete a horizontal wolfcamp well.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
TANGIBLES			
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

#### Comments on Well Costs:

#### WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

I elect t	to purchase	my own	well	control	insurance	policy.
	•	,				

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

## Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

		#VALU
· 현	CIMAREX ENERGY CO. APPROVAL	
PREPARED BY	DRILLING AND COMPLETION MANAGER	REGIONAL MANAGER
Mark Audas, Sr. Drilling/Completion Enginee Permian Basin	Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	Roger Alexander, Regional Manager Permian Basin
	JOINT INTEREST APPROVAL	
COMPANY	BY	DATE

^{1.} All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.



## PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

				_		т —		
INTANODI CO					DRY HOLE	6-4	AFTER CASING	l .
INTANGIBLES		** .		DIDC.100	\$100,000	Codes DICC.100	POINT \$8,000	\$108,000
ROADS & LOCATION PREPARATION / RESTORATION DAMAGES	-			DIDC.105		DICC.100	<del> </del>	\$5,000
MUD/FLUIDS DISPOSAL CHARGES				DIDC.255		DICC.235		\$40,000
DAY RATE 46 DH DAYS 5 ACP	DIDC.115	<del> </del>	<del> </del>		\$888,930			
MISC PREPARATION COST (mouse hole, rat hole, pads,	DIDC.120	<u> </u>	1111	111111	\$8,000			
BITS	DIDC.125	\$100,000	DICC.125	\$1,000	\$101,00			
FUEL \$2.20 PER GALLON	DIDC.135	\$111,000	DICC.130	\$11,000	\$122,000			
WATER / COMPLETION FLUIDS				DIDC.140	\$32,200	DICC.135	\$25,000	\$57,200
MUD & ADDITIVES				DIDC.145		7777		\$64,400
SURFACE RENTALS	·	•		DIDC.150		DICC.140	\$45,000	\$114,000
DOWNHOLE RENTALS				DIDC.155	<del> </del>	DICC.145	\$10,000	\$154,000
FORMATION EVALUATION (DST, Coring including evalua		SERVICES)		DIDC.160		444	HHH	£47.00/
MUD LOGGING 37 DAYS @ \$900 OPEN HOLE LOGGING	3 PER DAY	٠,-		DIDC.170 DIDC.180	· · · · · · · · · · · · · · · · · · ·	444	HHH	\$47,000 \$65,000
CEMENTING & FLOAT EQUIPMENT				DIDC.185	<del>1</del>	DICC.155	\$40,000	\$90,000
TUBULAR INSPECTIONS				DIDC:190	\$5,000	DICC.160	\$2,500	\$7,500
CASING CREWS				DIDC.195	<del></del>	DICC.165	<del></del>	\$27,000
EXTRA LABOR, WELDING, ETC.				DIDC.200	\$27,600	DICC.170		\$32,600
LAND TRANSPORTATION (Trucking)				DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200
SUPERVISION				DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000
TRAILER HOUSE/CAMP/CATERING				DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500
OTHER MISC EXPENSES				DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000
OVERHEAD			<u> </u>	DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200
REMEDIAL CEMENTING			•	DIDC.231		DICC.215	-	ļ
MOB/DEMOB				DIDC.240	\$150,000	444	44444	\$150,000
	2 DAYS @	9500	PER DAY	DIDC.245	\$209,000	7777	777777	\$209,000
MARINE & AIR TRANSPORTATION	<del></del>	,,		DIDC.250	ļ	DICC.230		
SOLIDS CONTROL				DIDC.275 DIDC.260	\$166,000	DICC.250	mm	\$166,000
WELL CONTROL EQUIP (Snubbing services)				DIDC.265	\$28,000	.DICC.240	\$16,800	\$100,000
FISHING & SIDETRACK OPERATIONS		****		DIDC.270	Ψ20,000	DICC.245	\$10,000	Ψ-1,000
COMPLETION RIG 14 DAYS @	4400	PER DAY		1111	111111	DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @		PER DAY		1111	11111	DICC.260	75,123	73.75.5
COMPLETION LOGGING, PERFORATING, WL UNITS, WI	L SURVEYS	3		1111	11111	DICC.200	\$35,000	\$35,000
STIMULATION					111111	DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE				DIDC.300	\$10,000	DICC.280		\$10,000
WELL CONTROL INSURANCE \$0.35 PER F	TOOT							
	DIDC.285	\$3,000	7777	777777	\$3,000			
CONTINGENCY 5% OF DRILLING IN		S		DIDC.435	\$117,000		\$32,000	
CONTINGENCY 5% OF DRILLING IN CONSTRUCTION FOR WELL EQUIPMENT		S				DWEA.110	\$1,000	\$149,000 \$1,000
CONTINGENCY 5% OF DRILLING IN CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT			-			DWEA.110 DLEQ.110		\$149,000
CONTINGENCY 5% OF DRILLING IN CONSTRUCTION FOR WELL EQUIPMENT						DWEA.110	\$1,000	\$149,000 \$1,000
CONTINGENCY 5% OF DRILLING IN CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR SALES P/L	NTANGIBLE			DIDC.435	\$117,000	DWEA.110 DLEQ.110 DICC.265	\$1,000 \$39,000	\$149,000 \$1,000 \$39,000
CONTINGENCY 5% OF DRILLING IN CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT	NTANGIBLE			DIDC.435	\$117,000	DWEA.110 DLEQ.110 DICC.265	\$1,000 \$39,000	\$39,000
CONTINGENCY 5% OF DRILLING IN CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR SALES P/L  TOTAL INTANGIBLE COST	NTANGIBLE			DIDC.435	\$117,000	DWEA.110 DLEQ.110 DICC.265	\$1,000 \$39,000	\$149,000 \$1,000 \$39,000
CONTINGENCY 5% OF DRILLING IN CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR SALES P/L	NTANGIBLE			DIDC.435	\$117,000	DWEA.110 DLEQ.110 DICC.265	\$1,000 \$39,000	\$149,000 \$1,000 \$39,000
CONTINGENCY 5% OF DRILLING IN CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR SALES P/L  TOTAL INTANGIBLE COST	NTANGIBLE	 1516-1618	\$/FOOT 100.00	DIDC.435	\$117,000	DWEA.110 DLEQ.110 DICC.265	\$1,000 \$39,000	\$149,000 \$1,000 \$39,000
CONTINGENCY 5% OF DRILLING IN CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR SALES P/L TOTAL INTANGIBLE COST	NTANGIBLE SIZE	FEET	\$/FOOT	DIDC.435	\$117,000 \$117,000	DWEA.110 DLEQ.110 DICC.265	\$1,000 \$39,000	\$149,000 \$1,000 \$39,000
CONTINGENCY 5% OF DRILLING IN CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR SALES P/L TOTAL INTANGIBLE COST.  TANGIBLE - WELL EQUIPMENT CASING   DRIVE PIPE	NTANGIBLE SIZE	FEET	\$/FOOT	DIDC 435	\$117,000 \$117,000	DWEA.110 DLEQ.110 DICC.265	\$1,000 \$39,000	\$149,000 \$1,000 \$39,000
CONTINGENCY 5% OF DRILLING IN CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR SALES P/L  IOTAL INTANGIBLE COST.  TANGIBLE - WELL EQUIPMENT CASING DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING	NTANGIBLE SIZE	FEET	\$/FOOT	DIDC 435  DWEB. 150  DWEB. 130	\$117,000 \$117,000	DWEA.110 DLEQ.110 DICC.265	\$1,000 \$39,000	\$149,000 \$1,000 \$39,000 \$3,175,930 \$4,000
CONTINGENCY 5% OF DRILLING IN CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR SALES P/L  TOTAL INTANGIBLE COST.  TANGIBLE - WELL EQUIPMENT CASING DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING	SIZE 20" 13-3/8" 8-5/8"	FEET 40	\$/FOOT 100.00	DIDC. 435  DWEB. 150  DWEB. 130  DWEB. 135	\$117,000 \$2,463,80 4,000	DWEA.110 DLEQ.110 DICC.265	\$1,000 \$39,000	\$149,000 \$1,000 \$39,000 \$3,175,930 \$4,000 \$11,000
CONTINGENCY 5% OF DRILLING IN CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR SALES P/L  TOTAL INTANGIBLE COST.  TANGIBLE - WELL EQUIPMENT CASING DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER	SIZE 20"	FEET 40	\$/FOOT 100.00	DWEB. 150 DWEB. 130 DWEB. 135 DWEB. 140 DWEB. 145	\$117,000 \$2,463,80 4,000	DWEA.110 DLEQ.110 DICC.265	\$1,000 \$39,000	\$149,000 \$1,000 \$39,000 \$3,175,930 \$4,000 \$11,000
CONTINGENCY 5% OF DRILLING IN CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR SALES P/L  TOTAL INTANGIBLE COST.  TANGIBLE - WELL EQUIPMENT CASING DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER DRILLING LINER	SIZE 20" 13-3/8" 8-5/8" 7"	FEET 40	\$/FOOT 100.00 42.00 23.40	DWEB. 150 DWEB. 130 DWEB. 135 DWEB. 140 DWEB. 145	\$117,000 \$2,463,80 4,000	DWEA.110 DLEQ.110 DICC.265	\$1,000 \$39,000	\$149,000 \$1,000 \$39,000 \$31,75,930 \$4,000 \$11,000 \$105,000
CONTINGENCY 5% OF DRILLING IN CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR SALES P/L  TOTAL INTANGIBLE COST.  TANGIBLE - WELL EQUIPMENT CASING DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER	SIZE 20" 13-3/8" 8-5/8"	FEET 40	\$/FOOT 100.00	DWEB. 150 DWEB. 130 DWEB. 135 DWEB. 140 DWEB. 145	\$117,000 \$2,463,180 4,000 11,000	DWEA.110 DLEQ.110 DICC.265	\$1,000 \$39,000	\$149,000 \$1,000 \$39,000 \$31,75,930 \$4,000 \$11,000 \$105,000
CONTINGENCY 5% OF DRILLING IN CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR SALES P/L  TOTAL INTANGIBLE COST.  TANGIBLE - WELL EQUIPMENT CASING DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2"	FEET 40  250 4,500	\$/FOOT 100.00 42.00 23.40	DWEB. 150 DWEB. 130 DWEB. 135 DWEB. 140 DWEB. 145	\$117,000 \$2,463,180 4,000 11,000	DWEA.100 DWEA.100 DWEA.100	\$1,000 \$39,000	\$149,000 \$1,000 \$39,000 \$39,000 \$4,000 \$11,000 \$105,000
CONTINGENCY 5% OF DRILLING IN CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR SALES P/L  TOTAL INTANGIBLE COST.  TANGIBLE - WELL EQUIPMENT CASING DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING	SIZE 20" 13-3/8" 8-5/8" 7"	FEET 40	\$/FOOT 100.00 42.00 23.40	DWEB. 150 DWEB. 130 DWEB. 135 DWEB. 140 DWEB. 145	\$117,000 \$2,463,180 4,000 11,000	DWEA.100 DWEA.100 DWEA.100 DWEA.105	\$1,000 \$39,000 \$712,750 156,000 78,000	\$149,000 \$1,000 \$39,000 \$39,000 \$4,000 \$11,000 \$105,000 \$78,000
CONTINGENCY 5% OF DRILLING IN CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR SALES P/L  TOTAL INTANGIBLE COST.  TANGIBLE - WELL EQUIPMENT CASING DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2"	FEET 40  250 4,500	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.130 DWEB.135 DWEB.145 DWEB.145 DWEB.145	\$117,000 \$2,463,380 4,000 11,000	DWEA.100 DWEA.100 DWEA.105 DWEA.105 DWEA.105 DWEA.105	\$1,000 \$39,000 \$4,712,750 156,000 78,000 \$9,000	\$149,000 \$1,000 \$39,000 \$39,000 \$4,000 \$11,000 \$105,000 \$78,000 \$9,000
CONTINGENCY 5% OF DRILLING IN CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR SALES P/L  TOTAL INTANGIBLE COST.  TANGIBLE - WELL EQUIPMENT CASING DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2"	FEET 40  250 4,500	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.135 DWEB.145 DWEB.145 DWEB.145 DWEB.145	\$117,000 \$2,463,380 4,000 11,000	DWEA.100 DWEA.100 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.120	\$1,000 \$39,000 \$712,750 156,000 78,000	\$149,000 \$1,000 \$39,000 \$39,000 \$4,000 \$11,000 \$105,000 \$78,000 \$9,000
CONTINGENCY 5% OF DRILLING IN CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR SALES P/L  ITOTAL INTANGIBLE COST.  TANGIBLE - WELL EQUIPMENT CASING DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2"	FEET 40  250 4,500	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.130 DWEB.135 DWEB.145 DWEB.145 DWEB.145	\$117,000 \$2,463,380 4,000 11,000	DWEA.100 DWEA.100 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.125 DWEA.125	\$1,000 \$39,000 \$4,712,750 156,000 78,000 \$9,000 \$28,000	\$149,000 \$1,000 \$39,000 \$31,75,930 \$4,000 \$11,000 \$105,000 \$78,000 \$9,000 \$40,000
CONTINGENCY 5% OF DRILLING IN CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR SALES P/L  TOTAL INTANGIBLE COST.  TANGIBLE - WELL EQUIPMENT CASING DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2"	FEET 40  250 4,500	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.135 DWEB.145 DWEB.145 DWEB.145 DWEB.145	\$117,000 \$2,463,380 4,000 11,000	DWEA.100 DWEA.100 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.120	\$1,000 \$39,000 \$4,712,750 156,000 78,000 \$9,000	\$149,000 \$1,000 \$39,000 \$39,000 \$4,000 \$11,000 \$156,000 \$78,000 \$9,000 \$40,000
CONTINGENCY 5% OF DRILLING IN CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR SALES P/L  ITOTAL INTANGIBLE COSTA  TANGIBLE - WELL EQUIPMENT CASING DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2"	FEET 40  250 4,500	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.135 DWEB.145 DWEB.145 DWEB.145 DWEB.145	\$117,000 \$2,463,380 4,000 11,000	DWEA.100 DWEA.100 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.125 DWEA.130	\$1,000 \$39,000 \$4,712,750 \$156,000 78,000 \$9,000 \$28,000	\$149,000 \$1,000 \$39,000 \$39,000 \$4,000 \$110,000 \$156,000 \$78,000 \$110,000 \$110,000 \$110,000 \$78,000
CONTINGENCY 5% OF DRILLING IN CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR SALES P/L  IT.O.F.A.E.INITANGIBLE: COST.  TANGIBLE - WELL EQUIPMENT CASING DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2"	FEET 40  250 4,500	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.135 DWEB.145 DWEB.145 DWEB.145 DWEB.145	\$117,000 \$2,463,380 4,000 11,000	DWEA.110 DICC.265 DWEA.100 DWEA.100 DWEA.105 DWEA.125 DWEA.130 DLEQ.100	\$1,000 \$39,000 \$4,712,750 \$156,000 78,000 \$9,000 \$28,000 \$110,000 \$78,000	\$149,000 \$1,000 \$39,000 \$39,000 \$4,000 \$110,000 \$156,000 \$78,000 \$110,000 \$110,000 \$110,000 \$78,000
CONTINGENCY 5% OF DRILLING IN CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR SALES P/L  ITOTAL INTANGIBLE: COST.  TANGIBLE - WELL EQUIPMENT CASING DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2"	FEET 40  250 4,500	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.135 DWEB.145 DWEB.145 DWEB.145 DWEB.145	\$117,000 \$2,463,380 4,000 11,000	DWEA.110 DICC.265 DICC.265 DICC.265 DICC.265 DICC.265 DWEA.100 DWEA.100 DWEA.100 DWEA.105 DWEA.125 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.105	\$1,000 \$39,000 \$39,000 \$7,12,750 \$15,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000	\$149,000 \$1,000 \$39,000 \$39,000 \$4,000 \$1156,000 \$78,000 \$110,000 \$110,000 \$110,000 \$40,000 \$15,000
CONTINGENCY 5% OF DRILLING IN CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR SALES P/L  IT.O.F.A.E.INITANGIBLE: COST.  TANGIBLE - WELL EQUIPMENT CASING: DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	FEET 40  250 4,500	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.135 DWEB.145 DWEB.145 DWEB.145 DWEB.145	\$117,000 \$2,463,380 4,000 11,000	DWEA.110 DLEQ.110 DICC.265 DICC.265 DICC.265 DICC.265 DWEA.100 DWEA.100 DWEA.105 DWEA.125 DWEA.125 DWEA.130 DLEQ.105 DLEQ.105 DLEQ.105	\$1,000 \$39,000 \$39,000 \$7,12,750 \$15,000 \$110,000 \$110,000 \$15,000 \$15,000 \$21,000	\$149,000 \$1,000 \$39,000 \$39,000 \$4,000 \$11,000 \$105,000 \$78,000 \$110,000 \$110,000 \$40,000 \$15,000 \$15,000
CONTINGENCY  CONSTRUCTION FOR WELL EQUIPMENT  CONSTRUCTION FOR LEASE EQUIPMENT  CONSTRUCTION FOR SALES P/L  ITOITAL INITANGIBLE COST.  INITERMEDIATE CASING  INITERMEDIATE  INITER	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	FEET 40 250 4,500 9,800 12,000	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.135 DWEB.145 DWEB.145 DWEB.145 DWEB.145	\$117,000 \$2,463,380 4,000 11,000	DWEA.100 DWEA.100 DWEA.100 DWEA.100 DWEA.105 DWEA.120 DWEA.120 DWEA.120 DLEQ.105 DLEQ.105 DLEQ.105 DLEQ.120 DLEQ.125	\$1,000 \$39,000 \$39,000 \$156,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$149,000 \$1,000 \$39,000 \$39,000 \$4,000 \$11,000 \$105,000 \$78,000 \$40,000 \$110,000 \$15,000 \$15,000 \$15,000
CONTINGENCY 5% OF DRILLING IN CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR SALES P/L  IT.O.F.A.E.INITANGIBLE: COST.  TANGIBLE - WELL EQUIPMENT CASING: DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility)	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	FEET 40  250 4,500	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.135 DWEB.145 DWEB.145 DWEB.145 DWEB.145	\$117,000 \$2,463,380 4,000 11,000	DWEA.100 DWEA.100 DWEA.100 DWEA.100 DWEA.105 DWEA.120 DWEA.130 DLEQ.105 DLEQ.105 DLEQ.125 DLEQ.125 DLEQ.130	\$1,000 \$39,000 \$39,000 \$7,12,750 \$15,000 \$110,000 \$110,000 \$15,000 \$15,000 \$21,000	\$149,000 \$1,000 \$39,000 \$39,000 \$4,000 \$11,000 \$105,000 \$78,000 \$40,000 \$110,000 \$15,000 \$15,000 \$110,000 \$110,000 \$110,000 \$110,000 \$110,000 \$110,000 \$110,000 \$110,000
CONTINGENCY  CONSTRUCTION FOR WELL EQUIPMENT  CONSTRUCTION FOR LEASE EQUIPMENT  CONSTRUCTION FOR SALES P/L  TOTAL INTANGIBLE COST.  TANGIBLE - WELL EQUIPMENT  CASING    DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	FEET 40 250 4,500 9,800 12,000	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.135 DWEB.145 DWEB.145 DWEB.145 DWEB.145	\$117,000 \$2,463,380 4,000 11,000	DWEA.100 DWEA.100 DWEA.100 DWEA.100 DWEA.105 DWEA.130 DLEQ.105 DLEQ.105 DLEQ.120 DLEQ.120 DLEQ.120 DLEQ.120 DLEQ.130 DWEA.135	\$1,000 \$39,000 \$39,000 \$156,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$149,000 \$1,000 \$39,000 \$39,000 \$4,000 \$11,000 \$105,000 \$78,000 \$40,000 \$110,000 \$15,000 \$15,000 \$110,000 \$110,000 \$110,000 \$110,000 \$110,000 \$110,000 \$110,000 \$110,000
CONTINGENCY 5% OF DRILLING IN CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR SALES P/L  IT.O.F.A.E.INITANGIBLE: COST.  TANGIBLE - WELL EQUIPMENT CASING: DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility)	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	FEET 40 250 4,500 9,800 12,000	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.135 DWEB.145 DWEB.145 DWEB.145 DWEB.145	\$117,000 \$2,463,380 4,000 11,000	DWEA.100 DWEA.100 DWEA.100 DWEA.100 DWEA.105 DWEA.120 DWEA.130 DLEQ.105 DLEQ.105 DLEQ.125 DLEQ.125 DLEQ.130	\$1,000 \$39,000 \$39,000 \$156,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$149,000 \$1,000 \$39,000 \$39,000 \$4,000 \$11,000 \$105,000 \$78,000 \$40,000 \$110,000 \$15,000 \$15,000 \$110,000 \$110,000 \$110,000 \$110,000 \$110,000 \$110,000 \$110,000 \$110,000
CONTINGENCY  CONSTRUCTION FOR WELL EQUIPMENT  CONSTRUCTION FOR LEASE EQUIPMENT  CONSTRUCTION FOR SALES P/L  ITOTAL INTANGIBLE: COST  TANGIBLE - WELL EQUIPMENT  CASING:  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING: UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	FEET 40  250 4,500  9,800  12,000	\$/FOOT 100.00 42.00 23.40 15.90	DIDC. 435  DWEB. 150  DWEB. 135  DWEB. 145  DWEB. 145  DWEB. 145  DWEB. 145  DWEB. 100	\$117,000 \$2,463,80 4,000 11,000 105,000	DWEA.100 DWEA.100 DWEA.100 DWEA.100 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DLEQ.105	\$1,000 \$39,000 \$39,000 \$156,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000 \$1,000	\$149,000 \$1,000 \$39,000 \$39,000 \$4,000 \$111,000 \$105,000 \$78,000 \$40,000 \$110,000 \$15,000 \$15,000 \$15,000 \$15,000 \$15,000
CONTINGENCY  CONSTRUCTION FOR WELL EQUIPMENT  CONSTRUCTION FOR LEASE EQUIPMENT  CONSTRUCTION FOR SALES P/L  TOTAL INTANGIBLE COST.  TANGIBLE - WELL EQUIPMENT  CASING    DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment Company of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Contr	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	FEET 40  250 4,500  9,800  12,000	\$/FOOT 100.00 42.00 23.40	DIDC. 435  DWEB. 150  DWEB. 135  DWEB. 145  DWEB. 145  DWEB. 145  DWEB. 145  DWEB. 100	\$117,000 \$2,463,80 4,000 11,000 105,000	DWEA.100 DWEA.100 DWEA.100 DWEA.100 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DLEQ.105	\$1,000 \$39,000 \$39,000 \$156,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$149,000 \$1,000 \$39,000 \$39,000 \$4,000 \$111,000 \$105,000 \$78,000 \$40,000 \$110,000 \$15,000 \$15,000 \$15,000 \$15,000 \$15,000
CONTINGENCY CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR SALES P/L  TOTAL INTANGIBLE COST  TANGIBLE - WELL EQUIPMENT CASING DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	FEET 40  250 4,500  9,800  12,000	\$/FOOT 100.00 42.00 23.40 15.90	DIDC.435  DWEB.150  DWEB.135  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.100	\$117,000 \$2,463,80 4,000 11,000 105,000	DWEA.100 DWEA.100 DWEA.100 DWEA.100 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105	\$1,000 \$39,000 \$39,000 \$156,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$14,000 \$1,000 \$1,000	\$149,000 \$1,000 \$39,000 \$39,000 \$4,000 \$111,000 \$105,000 \$78,000 \$110,000 \$15,000 \$15,000 \$15,000 \$15,000 \$11,000 \$11,000 \$11,000 \$11,000
CONTINGENCY  CONSTRUCTION FOR WELL EQUIPMENT  CONSTRUCTION FOR LEASE EQUIPMENT  CONSTRUCTION FOR SALES P/L  TOTAL INTANGIBLE COST.  TANGIBLE - WELL EQUIPMENT  CASING    DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	FEET 40  250 4,500  9,800  12,000	\$/FOOT 100.00 42.00 23.40 15.90	DIDC. 435  DWEB. 150  DWEB. 135  DWEB. 145  DWEB. 145  DWEB. 145  DWEB. 145  DWEB. 100	\$117,000 \$2,463,80 4,000 11,000 105,000	DWEA.100 DWEA.100 DWEA.100 DWEA.100 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DLEQ.105	\$1,000 \$39,000 \$39,000 \$156,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000 \$1,000	\$149,000 \$1,000 \$39,000 \$39,000 \$4,000 \$111,000 \$105,000 \$78,000 \$110,000 \$15,000 \$15,000 \$15,000 \$15,000 \$11,000 \$11,000 \$11,000 \$11,000
CONTINGENCY  CONSTRUCTION FOR WELL EQUIPMENT  CONSTRUCTION FOR LEASE EQUIPMENT  CONSTRUCTION FOR SALES P/L  TOFALINTANGIBLE:COST  TANGIBLE - WELL EQUIPMENT  CASING:  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING:LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING:UNIT, ENGINE  LIFT EQUIPMENT  N/C LEASE EQUIPMENT  N/C LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the control of the	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8" 2 7/8"	FEET 40  250 4,500  9,800  12,000	\$/FOOT 100.00 42.00 23.40 15.90 6.50	DIDC.435  DWEB.150  DWEB.130  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.100	\$117,000 \$2,463,80 4,000 105,000 12,000 12,000 60,000	DWEA.100 DWEA.100 DWEA.100 DWEA.105 DWEA.105 DWEA.125 DWEA.120 DLEQ.105 DLEQ.105 DLEQ.105 DLEQ.115 DLEQ.120 DLEQ.125 DLEQ.130 DLEQ.140 DLEQ.120 DLEQ.125 DLEQ.130 DWEA.135 DWEA.140	\$1,000 \$39,000 \$39,000 \$156,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$14,000 \$1,000 \$1,000	\$149,000 \$1,000 \$39,000 \$39,000 \$4,000 \$110,000 \$105,000 \$78,000 \$40,000 \$110,000 \$15,000 \$15,000 \$15,000 \$15,000

## DIL & GAS PROPERTIES

P.D. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 6, 2007

Stewart Mott Davis C/o D. A. Carey 2 Rector St. – Room 910 New York, NY 10006

Re:

Oil & Gas Lease W/2 of Section 31 Township 14 South, Range 38 East Lots 3, 4, S/2NW/4, N/2SW/4,

SW/4NE/4 and NW/4SE/4 of Section 6 Township 15 South, Range 38 East

Lea County, New Mexico

Dear Mr. Carey:

According to our title research, Stewart Mott Davis owns an undivided 1.00025 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) royalty.

If these terms are acceptable, please have him sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$100.03 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

, egypod piljy.		MAIL REC	EIPT Coverage Provided)
5800	emily gare year		
0004 1884 I	Postage  Certified Fee  Return Receipt Fee (Endorsement Required)  Restricted Delivery Fee (Endorsement Required)  Total Postage & Fees	\$ ,63 2,40 1.65 \$ 4,86	Postmark Here
Tool oseo	Street, Apt. No.; or PO Box No. City, State, ZIP+4	wart Mott	See Reverse for Instructions

## OIL & GAS LEASE

THIS AGREEMENT made this 6th day of April, 2007, between Stewart Mott Davis, herein dealing in his sole and separate, as Lessor (whether one or more), C/o D. A. Carey, whose address is 2 Rector St. – Room 910, New York, NY 10006, and Shaw Interests, Inc. whose address is P.O. Box 9612, Midland, Texas 79708, Lessee,

#### WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

- 2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.
- 3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, three-sixteenths (3/16) of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of threesixteenths (3/16) of the gas used, provided that on gas sold on or off the premises, the royalties shall be three-sixteenths (3/16) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.
- 4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.
- 5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.
- 6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.
- 7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.
- 8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his setate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.
- 9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first abo	ove written.				
·					
tewart Mott Davis		•	,	1.	
					•
4		ACKNOWLED	GMENT	:	
				;	
STATE OF NEW YORK	\$ \$				
COUNTY OF	§ §				
This instrument was acknown	wledged before me on th	ne day of			, 2007, by Stewart Mott Davis.
•				:	
		•			
			Notary Public, S	State of New Y	fork
			My Commission		

SHAW INTERESTS, INC. DIL & GAS PROPERTIES

310 W. WALL ST., SUITE 305

MIDLAND, TEXAS 79701 7001 0320 0004 1884 0617 655 Plum Avenue Wyandotte, Ml 48192 Jean and Orville Morris MIDLAND/DDESSA GROFI MIDLAND / ODESSA 12 APR 20076 IPM NIXIE BC: 79701511780 RETURN TO SENDER Memo *1110-00309-12-45 70 05/02/07

## DIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 11, 2007

Jean and Orville Morris 655 Plum Avenue Wyandotte, MI 48192

Re: Oil & Gas Lease

W/2 of Section 31

Township 14 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4,

SW/4NE/4 and NW/4SE/4 of Section 6

Township 15 South, Range 38 East

Lea County, New Mexico

Dear Jean and Orville:

According to our title research you own an undivided .9092726 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this lease are a \$100.00 flat fee bonus consideration, three (3) year paid-up primary term and one-fifth (1/5) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$100.00 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

Seed Pallers .	U.  Postal S CERTIFIED Domestic Mail O	ervice MAIL RECI	EIPT Coverage Provided)
1617			
<u> </u>	Postage	\$ 163	
1.884	Certified Fee	2.80	Postmark
	Return Receipt Fee (Endorsement Required)	1.85	Here
4000	Restricted Delivery Fee (Endorsement Required)		
0	Total Postage & Fees	\$ 4.88	
LI)	Sent To VAV	: Orville M	CKK15
	Street, Apt. No.; or PO Box No.		
7007	City, State, ZIP+4		
7	PS-Form 3800; January 2	001	See Reverse for Instructions

### **DIL & GAS PROPERTIES**

P.D. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

Jean and Orville Morris 655 Plum Avenue Wyandotte, MI 48192

Re: Pyramid #1

W/2 of Section 31, Township 14 South, Range 38 East

Lea County, New Mexico

Dear Jean & Orville:

In conjunction with our proposal of April 11, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

Surface Hole Location: 2210' FSL & 430' FWL
Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

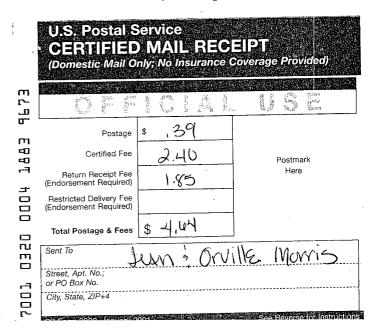
• \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw





### **AUTHORIZATION FOR EXPENDITURE**

COMPANY ENT	• •							DATE PR	EPARED	B, 2007	
REGION	WELL NAME	WELL NO	PROSE	PECT OR FIELD	NAME.	PROPER	TY NUMBER		DRILLING	AFE NO.	
Permian	Pyramid	1	S	Star-Dento	n '						
LOCATION	SHL 2210' FSL & 430' FW	/L		, co	UNTY	S	TATE		TYPE \	WELL	
BHL 330' F	SL & 430' FWL							ÓIL	Х	EXPL	Χ
Sec 31, T14	IS, R38E			Le	ea	New	Mexico	GAS		PROD	
ORIGINAL ESTIN	MATE X	_	EST, ST	ART DATE	EST, CC	MP. DATE	FORMA	ATION	T	EST. TD	
REVISED ESTIM	ATE	_	i				1		.98	300	TVD
SUPPLEMENTA	L ESTIMATE				L				116	00'	MD

#### PROJECT DESCRIPTION:

Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
Intangible Drilling Costs	\$2,463,180	e de la companya de la companya de la companya de la companya de la companya de la companya de la companya de	\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
TANGIBLES		•	
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

### Comments on Well Costs:

### WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

I elect to	o purchase	my	own	well	control	insurance	policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

## Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

		#VALUE!
•	CIMAREX ENERGY CO. APPROVAL	•
PREPARED BY	DRILLING AND COMPLETION MANAGER	REGIONAL MANAGER
Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	Roger Alexander, Regional Manager Permian Basin
	IONIT INTEREST APPROVAL	
	JOINT INTEREST APPROVAL	
COMPANY	BY	DATE

^{1.} All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.



## PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

INTANGBLES	DRY HOLE		AFTER CASING	1
DAMAGES	\$100,000	Codes DICC.100	POINT \$8,000	\$108,00
MUDIFILIDIS DISPOSAL CHARGES   17430 PER DAY   DIDC 235   DAY PATE   46 DH DAYS   5 ACP DAYS (a)   17430 PER DAY   DIDC 235   DAY PATE   46 DH DAYS   5 ACP DAYS (a)   17430 PER DAY   DIDC 235   DAY PATE   46 DH DAYS   5 ACP DAYS (a)   17430 PER DAY   DIDC 235   DAYS PATE   46 DH DAYS   5 ACP DAYS (a)   17430 PER DAY   DIDC 235   DIDC 135   DIDC 137   DIDC 137   DIDC 135   DIDC 135   DIDC 135   DIDC 137   DIDC 137   DIDC 135   DIDC 135   DIDC 135   DIDC 137   DIDC 135	\$4,000	DICC.100	<del> </del>	\$5,00
DAY RATE 46 DH DAYS 5 ACP DAYS	\$20,000	DICC.235		\$40,00
MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)  BITS  FUEL  S2 20 PER GALLON  DIDC.135  WATER / COMPLETION FUIDS  MUD & ADDITIVES  DIDC.140  MATER / COMPLETION FUIDS  DIDC.140  DIDC.145  SURFACE RENTALS  DIDC.145  SURFACE RENTALS  DIDC.145  SURFACE RENTALS  DIDC.145  SURFACE RENTALS  DIDC.145  FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)  DIDC.145  FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)  DIDC.145  FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)  DIDC.145  FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)  DIDC.145  FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)  DIDC.145  FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)  DIDC.145  DIDC.145  FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)  DIDC.146  DIDC.145	\$801,780	DICC.120	1	\$888,93
FUEL  ### S2 20 PER GALLON    DIDC:145	\$8,000	1111	MILLER	\$8,00
MATER / COMPLETION FLUIDS  MID & ADDITIVES  DIDC.140  MID & ADDITIVES  DIDC.140  MID & ADDITIVES  DIDC.140  MID & ADDITIVES  DIDC.150  DOWNHOLE RENTALS  DIDC.150  FORMATION EVALUATION (OST, Coring including evaluation, GAG SERVICES)  DIDC.150  MID LOGGING  37 DAYS ® \$900 PER DAY  DIDC.150  MID LOGGING  CEMENTING & FLOAT EQUIPMENT  DIDC.150  DIDC.150  DIDC.150  CEMENTING & FLOAT EQUIPMENT  DIDC.150  DIDC.250  DIDC.150  DIDC.250  DIDC.25	\$100,000	DICC.125	\$1,000	\$101,00
MUD & ADDITIVES  SURFACE RENTALS  DOWNHOUS RENTALS  DOWNHOUS RENTALS  DOWNHOUS RENTALS  DOWNHOUS RENTALS  DOWNHOUS RENTALS  DOWNHOUS RENTALS  DOWNHOUS RENTALS  DOWNHOUS RENTALS  DOWNHOUS RENTALS  DOWNHOUS RENTALS  DOWNHOUS RENTALS  DOWNHOUS RENTALS  DOC. 150  DOC. 155  FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)  DOC. 150  DOC.	\$111,000	DICC.130	\$11,000	\$122,00
SUPERACE RENTALS	\$32,200	DICC.135	\$25,000	\$57,20
DOWNHOLE RENTALS         DIDC.156           FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)         DIDC.160           MUD LOGGING         37 DAYS @ \$900 PER DAY         DIDC.170           OPEN HOLE LOGGING         DIDC.190         DIDC.190           CEMENTING & FLOAT EQUIPMENT         DIDC.190           TUBULAR INSPECTIONS         DIDC.195           CASING CREWS         DIDC.195           EXTRA LASOR, WELDING, ETC.         DIDC.200           LAND TRANSPORTATION (Trucking)         DIDC.220           LAND TRANSPORTATION (Trucking)         DIDC.220           SUPERVISION         DIDC.220           OTHER MISC EXPENSES         DIDC.220           OVERHEAD         DIDC.220           DIRECTIONAL DRILLING SERVICES         22 DAYS @ 9500 PER DAY           DIDC.230         DIDC.240           DIRECTIONAL DRILLING SERVICES         22 DAYS @ 9500 PER DAY           DIDC.240         DIDC.240           MARINE & AIR TRANSPORTATION         DIDC.240           MARINE & AIR TRANSPORTATION         DIDC.250           MARINE & AIR TRANSPORTATION         DIDC.250           WELL, CONTROL EQUIP (SINUBbing services)         DIDC.250           FISHING & SIDETRACK OPERATIONS         DIDC.250           COMPLETION IN GOIL STA	\$64,400	7777	MMM	\$64,40
FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)   DIDC. 190	\$69,000	DICC.140	\$45,000	\$114,00
MUD LOGGING         37 DAYS @ \$900 PER DAY         DICC.190           OPEN HOLE LOGGING         DICC.180           CEMENTING & FLOAT EQUIPMENT         DICC.180           TUBULAR INSPECTIONS         DICC.195           CASING CREWS         DICC.195           EXTRA LABOR, WELDING, ETC.         DICC.200           LAND TRANSPORTATION (Trucking)         DICC.205           SUPERVISION         DICC.205           SUPERVISION         DICC.206           OVERHEAD         DICC.200           OVERHEAD         DICC.220           OVERHEAD         DICC.220           OVERHEAD         DICC.220           MOBIDEMOB         DIRCC.201           DIRCETIONAL DRILLING SERVICES         22 DAYS @ 9500 PER DAY           DIRCETIONAL DRILLING SERVICES         22 DAYS @ 9500 PER DAY           DIRCETIONAL DRILLING SERVICES         22 DAYS @ 9500 PER DAY           DIRCETIONAL DRILLING SERVICES         DICC.205           MARINE & AIR TRANSPORTATION         DICC.255           VEBLIC CONTROL, EQUIP (SHubbing services)         DICC.256           FIRSHING & SUBETRACK OPERATIONS         DICC.205           COMPLETION RIG         14 DAYS @ 4400 PER DAY           COIL TUBING         DAYS @ PER FOOT           COMPLETION LINGUIS AIR C	. \$144,000	DICC.145	\$10,000	\$154,00
OPEN HOLE LOGGING         DIDC.186           CEMENTING & FLOAT EQUIPMENT         DIDC.186           CEMENTING & FLOAT EQUIPMENT         DIDC.186           CASING CREWS         DIDC.196           EXTRA LABOR, WELDING, ETC.         DIDC.206           LAND TRANSPORTATION (Trucking)         DIDC.206           SUPERVISION         DIDC.226           TRAILLER NOUSE/CAMP/CATERING         DIDC.226           OTHER MISC EXPENSES         DIDC.225           OFWERHEAD         DIDC.226           NEWEDIAL CEMENTING         DIDC.225           REMEDIAL CEMENTING         DIDC.226           DIDRECTIONAL DRILLING SERVICES         22 DAYS @ 9500 PER DAY           DIDRECTIONAL DRILLING SERVICES         22 DAYS @ 9500 PER DAY           DIDRECTIONAL DRILLING SERVICES         22 DAYS @ 9500 PER DAY           DIDRECTIONAL DRILLING SERVICES         22 DAYS @ 9500 PER DAY           DIDRECTIONAL DRILLING SERVICES         DIDC.250           MARINE & AIR TRANSPORTATION         DIDC.250           MARINE & AIR TRANSPORTATION         DIDC.250           WELL CONTROL EQUIP (Snubbing services)         DIDC.250           MELL CONTROL EQUIP (Snubbing services)         DIDC.250           EISHING SERVICES         DIDC.250           COMPLETION LEGUIP (Snubbing services)		1777	XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX	
DIDC.185   CABING RECORDS   DIDC.185   DIDC.200   DID	\$47,000	444	HHHH	\$47,00
DIDC.190   CASING CREWS	\$65,000 \$50,000	DICC.155	\$40,000	\$65,00 \$90,00
CASING CREWS  EXTRA LABOR, WELDING, ETC.  LAND TRANSPORTATION (Trucking)  SUPERVISION  DIDC.200  LAND TRANSPORTATION (Trucking)  SUPERVISION  DIDC.210  TRAILER HOUSE/CAMP/CATERING  OTHER MISC EXPENSES  ODEC.225  OVERHEAD  OFFICE MISC EXPENSES  DIDC.226  OVERHEAD  OFFICE MISC EXPENSES  DIDC.227  MOBIDEMOB  DIRECTIONAL DRILLING SERVICES  22 DAYS @ 9500 PER DAY  DIDC.236  MARINE & AIR TRANSPORTATION  DIDC.237  MARINE & AIR TRANSPORTATION  DIDC.237  SOLIDS CONTROL  DIDC.236  FISHING & SIDETRACK OPERATIONS  COUNTINGENCY  COMPLETION RIG  DAYS @ 4400  PER DAY  COIL TUBING  DAYS @ PER DAY  COIL TUBING  DAYS @ PER DAY  COMPLETION LOGGING, PERFORATING, WIL UNITS, WIL SURVEYS  STIMULATION  LEGAL/REGULATORY/CURATIVE  WELL CONTROL INSURANCE  \$0.35 PER FOOT  DIDC.235  CONSTRUCTION FOR WELL EQUIPMENT  CONSTRUCTION FOR SALES FIL  TANGIBLE - WELL EQUIPMENT  CONSTRUCTION FOR SEASE FIL  TANGIBLE - WELL EQUIPMENT  CASING  DIVERSION  TANGIBLE - WELL EQUIPMENT  CASING  DIVERSION  TANGIBLE - WELL EQUIPMENT  CASING  DIVERSION  TANGIBLE - WELL EQUIPMENT  CONSTRUCTION FOR SALES FIL  DIVERSION  TANGIBLE - WELL EQUIPMENT  CASING  DIVERSION  TANGIBLE - WELL EQUIPMENT  CASING  DIVERSION  TANGIBLE - WELL EQUIPMENT  CASING  DIVERSION	\$5,000	DICC.160	<del></del>	\$7,50
EXTRA LABOR, WELDING, ETC.  LAND TRANSPORTATION (Trucking)  DIDC.200  LAND TRANSPORTATION (Trucking)  DIDC.201  DIDC.201  TRAILER HOUSE/CAMP/CATERING  ONC.202  OVERHEAD  OVERHEAD  OVERHEAD  OVERHEAD  DIDC.220  OVERHEAD  DIDC.220  OVERHEAD  DIDC.220  OVERHEAD  DIDC.220  OVERHEAD  DIDC.220  DIDC.220  DIDC.220  OVERHEAD  DIDC.220  DIDC.2	\$12,000	DICC.165	<del> </del>	\$27,00
LAND TRANSPORTATION (Trucking)   DIDC.205			<del></del>	\$32,60
TRAILER HOUSE/CAMP/CATERING	\$32,200	DICC.175	1	\$39,20
OTHER MISC EXPENSES         DIDC.220           OVERHEAD         DIDC.221           OWERHEAD         DIDC.231           MOBIDEMOB         DIDC.231           DIRECTIONAL DRILING SERVICES         22 DAYS @ 9500 PER DAY           DIDC.240         DIDC.240           DIRECTIONAL DRILING SERVICES         22 DAYS @ 9500 PER DAY           DIDC.250         DIDC.250           MARINE & AIR TRANSPORTATION         DIDC.250           SOLIDS CONTROL         DIDC.260           WELL CONTROL EQUIP (Shubbing services)         DIDC.260           FISHING & SIDETRACK OPERATIONS         DIDC.270           COMPLETION RIG         14 DAYS @ 4400         PER DAY           COIL TUBING         DAYS @ PER DAY         DIDC.270           COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS         STIMULATION           LEGAUREQUIATORY/CURATIVE         DIDC.285           WELL CONTROL INSURANCE         \$0.35 PER FOOT         DIDC.286           CONTINGENCY         5% OF DRILLING INTANGBLES         DIDC.438           CONTRUCTION FOR REASE EQUIPMENT         CONSTRUCTION FOR LEASE EQUIPMENT         DIDC.438           CONSTRUCTION FOR SALES P/L         TOTAL ALIANTANGIBLE EQUIPMENT         DWEB.150           CONDUCTOR PIPE         20° 40         100.00	\$51,000	DICC.180	\$18,000	\$69,00
OVERHEAD         DICC.225           REMEDIAL CEMENTING         DICC.220           MOBIDEMOB         DICC.240           DIRECTIONAL DRILLING SERVICES         22 DAYS @ 9500 PER DAY         DICC.245           DOCK, DISPATCHER, CRANE         DICC.280         DICC.280           MARNIE & AIR TRANSPORTATION         DICC.280         DICC.280           SOLIDS CONTROL         DICC.280         DICC.280           WELL CONTROL EQUIP (Snubbling services)         DICC.280           FISHING & SIDETRACK OPERATIONS         DICC.280           COIL TUBING         DAYS @ PER DAY           COIL TUBING         DAYS @ PER DAY           COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS         STIMULATION           LEGAUREGULATORY/CURATIVE         DICC.380           VELL CONTROL INSURANCE         \$0.35 PER FOOT         DICC.285           CONTINGENCY         5% OF DRILLING INTANGIBLES         DICC.485           CONSTRUCTION FOR WELL EQUIPMENT         CONSTRUCTION FOR SALES P/L         DICC.285           TANGIBLE - WELL EQUIPMENT         WELL CONTROL FOR WELL EQUIPMENT         DICC.285           CONDUCTOR PIPE         20°         40         100.00         DWEB.130           SURFACE CASING         13-3/8°         250         42.00         DWEB.145 <td>\$17,000</td> <td>DICC.255</td> <td>\$2,500</td> <td>\$19,50</td>	\$17,000	DICC.255	\$2,500	\$19,50
REMEDIAL CEMENTING  MORIDEMOB  MORIDEMOB  DIDIC 230  DIDIC 230  DIDIC 230  DIDIC 230  DIDIC 240  DIDIC 240  DIDIC 240  DIDIC 245  DOCK, DISPATCHER, CRANE  DIDIC 250  MARINE & AIR TRANSPORTATION  DIDIC 275  SOLIDS CONTROL  WELL CONTROL EQUIP (Shubbing services)  PISHING & SIDETRACK OPERATIONS  COMPLETION RIG  14 DAYS @ 4400  PER DAY  COIL TUBING  DAYS @ PER DAY  COIL TUBING  DAYS @ PER DAY  COIL TUBING  DAYS @ PER DAY  COIL TUBING  DAYS @ PER DAY  COIL TUBING  DAYS @ PER DAY  COIL TUBING  DOC 270  COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS  STIMULATION  LEGAL/REGULATORY/CURATIVE  WELL CONTROL INSURANCE  \$0.35 PER FOOT  DIDC 285  CONSTRUCTION FOR WELL EQUIPMENT  CONSTRUCTION FOR WELL EQUIPMENT  CONSTRUCTION FOR SALES P/L  TOTAL INNTANGIBLE COSTING  TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  20"  40  100.00  DWEB.150  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  13-3/8"  250  42.00  DWEB.140  DWEB.140  DWEB.140  DWEB.145  PRODUCTION TEL BACK  DIVER 145  PRODUCTION TEL BACK  TIBLING LINER  7"  DWEB.145  PRODUCTION TELBACK  DIVER 145  PRODUCTION TELBACK  DIVER 145  DRILLING LINER  PRODUCTION TELBACK  DIVER 145  PRODUCTION TELBACK  DIVER 145  DRILLING LINER  DRILLING LINER  PRODUCTION TELBACK  DIVER 145  DRILLING LINER  DIVER 145  DRILLING LINER  DIVER 145  DRILLING LINER  DIVER 145  DRILLING LINER  DRILLING LINER  DRILLING LINER  PRODUCTION TELBACK  DIVER 145  DRILLING LINER  DRILLING LIN	\$5,000	DICC.190	\$5,000	\$10,000
MOBIDEMOB   DIRECTIONAL DRILLING SERVICES   22 DAYS @ 9500 PER DAY   DIDC. 246	\$14,000	DICC.195	\$4,200	\$18,20
DIRECTIONAL DRILLING SERVICES   22 DAYS @ 9500 PER DAY   DIDC. 245		DICC.215		
DOCK, DISPATCHER, CRANE  MARINE & AIR TRANSPORTATION  MARINE & AIR TRANSPORTATION  SOLIDS CONTROL  WELL CONTROL EQUIP (Snubbing services)  DIDC. 265  FISHING & SIDETRACK OPERATIONS  COMPLETION RIG  14 DAYS @ 4400 PER DAY  COIL TUBING  DAYS @ PER DAY  COIL TUBING  DAYS @ PER DAY  COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS  STIMULATION  WELL CONTROL INSURANCE  \$0.35 PER FOOT  DIDC. 285  CONSTRUCTION FOR WELL EQUIPMENT  CONSTRUCTION FOR WELL EQUIPMENT  CONSTRUCTION FOR REASE EQUIPMENT  CONSTRUCTION FOR SALES PIL  TOTAL INTANGIBLE COST  TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  20"  40  100.00  DWEB. 130  DWEB. 130  WEB. 130  WEB. 133  SURFACE CASING  13-3/8"  250  42.00  DWEB. 140  INTERMEDIATE CASING  8-5/8"  4,500  23.40  DWEB. 145  PRODUCTION CASING OR LINER  7"  DWEB. 146  DRILLING LINER  7"  DWEB. 146  PRODUCTION TIE-BACK  TUBING  NOW WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  DWEB. 119  DWEB. 119  DWEB. 119  DWEB. 119  DWEB. 119  TANGIS LE - LOSE COUPMENT  WELLHEAD, TREE, CHOKES  DWEB. 119  DW	\$150,000	7777	<i>111111</i>	\$150,000
MARINE & AIR TRANSPORTATION  SOLIDS CONTROL  WELL CONTROL EQUIP (Shubbing services)  FISHING & SIDETRACK OPERATIONS  COMPLETION RIG  14 DAYS @ 4400 PER DAY  COIL TUBING  COMPLETION RIG  14 DAYS @ PER DAY  COIL TUBING  COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS  STIMULATION  LEGAL/REGULATORY/CURATIVE  WELL CONTROL INSURANCE  \$0.35 PER FOOT  CONTINGENCY  CONTINGENCY  5% OF DRILLING INTANGIBLES  CONSTRUCTION FOR WELL EQUIPMENT  CONSTRUCTION FOR REASE EQUIPMENT  CONSTRUCTION FOR SALES P/L  TOTAL STIMULATION  TANGIBLE - WELL EQUIPMENT  CASING  DIVER 19PE  CONDUCTOR PIPE  WATER STRING  SUFFACE CASING  INTERMEDIATE CASING  B-5/8"  4,500  DWEB.130  DIVEB.130  DIVEB.130  DIVEB.145  DRILLING LINER  PRODUCTION TIE-BACK  TUBING  PRODUCTION TIE-BACK  TUBING  PRODUCTION TIE-BACK  TUBING  NOWEB.150  DWEB.145	\$209,000	7777	777777	\$209,000
SOLIDS CONTROL WELL CONTROL EQUIP (Snubbing services) FISHING & SIDETRACK OPERATIONS  COMPLETION RIG  14 DAYS @ 4400 PER DAY  COIL TUBING DAYS @ PER DAY  COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS STIMULATION  LEGAUREGULATORY/CURATIVE WELL CONTROL INSURANCE CONTINGENCY 5% OF DRILLING INTANGIBLES  CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR SALES P/L  TANGIBLE - WELL EQUIPMENT CASING SURFACE CASING 13-3/8" SURFACE CASING 113-3/8" SURFACE CASING 113-3/8" SURFACE CASING 113-3/8" SURFACE CASING 115-3/8" SURFACE CASING 115-3/8" DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK DRILLING LINER PRODUCTION TIE-BACK DIDC 258  DWEB.140  DWEB.141  DWEB.140  DWEB		DICC.230	<del></del>	
WELL CONTROL EQUIP (Snubbing services)         DIDC.265           FISHING & SIDETRACK OPERATIONS         DIDC.270           COMPLETION RIG         14 DAYS @ 4400 PER DAY           COIL TUBING         DAYS @ PER DAY           COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS         STIMULATION           LEGAL/REGULATORY/CURATIVE         DIDC.300           WELL CONTROL INSURANCE         \$0.35 PER FOOT         DIDC.265           CONTINGENCY         5% OF DRILLING INTANGIBLES         DIDC.435           CONSTRUCTION FOR WELL EQUIPMENT         CONSTRUCTION FOR LEASE EQUIPMENT         DIDC.300           CONSTRUCTION FOR SALES PIL         TOTALSINTANGIBLEICOSTN         TANGIBLE - WELL EQUIPMENT           CASING         SIZE         FEET         \$/FOOT           DEBING PIPE         20°         40         100.00         DWEB.150           CONDUCTOR PIPE         DWEB.130         WWEB.135         WWEB.135           SURFACE CASING         13 -3/8°         250         42 00         DWEB.145           INTERMEDIATE CASING         8 -5/8°         4,500         23.40         DWEB.145           DRILLING LINER         7'         9,800         15.90         DWEB.145           DRILLING LINER         5 1/2"         9,800         15.90         DW	#400 000	DICC.250	mm	#400 000
PISHING & SIDETRACK OPERATIONS	\$166,000 \$28,000	DICC.240	\$16,000	\$166,000
COMPLETION RIG 14 DAYS @ PER DAY  COIL TUBING DAYS @ PER DAY  COIL TUBING DAYS @ PER DAY  COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS  STIMULATION  LEGAL/REGULATORY/CURATIVE  WELL CONTROL INSURANCE \$0.35 PER FOOT DIDC. 285  CONTINGENCY 5% OF DRILLING INTANGIBLES DIDC. 435  CONSTRUCTION FOR WELL EQUIPMENT  CONSTRUCTION FOR LEASE EQUIPMENT  CONSTRUCTION FOR SALES P/L  TOTALSINITANGIBLECOST  TANGIBLE - WELL EQUIPMENT  CASING SIZE FEET \$/FOOT  DRIVE PIPE 20" 40 100.00 DWEB.150  CONDUCTOR PIPE 20" 40 100.00 DWEB.135  SURFACE CASING 13-3/8" 250 42.00 DWEB.145  DRILLING LINER 7" DWEB.145  DRILLING LINER 7" DWEB.145  DRILLING LINER 7" DWEB.145  DRILLING LINER 51/2" 9,800 15.90  PRODUCTION TIE-BACK  TUBING 27/8" 12,000 6.50  N/C WELL EQUIPMENT  WELL EQUIPMENT  WELL EQUIPMENT  WELL EQUIPMENT  WELL EQUIPMENT  WELL EQUIPMENT  TOTALS THE STRING SUZE FEET \$/FOOT DEVELOR TO THE STRING SUZE FEET \$/FOOT DEVELOR TO THE STRING SUZE FEET \$/FOOT DEVELOR TO THE STRING SUZE FEET \$/FOOT DEVELOR TO THE STRING SUZE FEET \$/FOOT DEVELOR TO THE STRING SUZE FEET \$/FOOT DEVELOR TO THE STRING SUZE FEET \$/FOOT DEVELOR TO THE STRING SUZE FEET \$/FOOT DEVELOR TO THE STRING SUZE FEET \$/FOOT DEVELOR TO THE STRING SUZE FEET \$/FOOT DEVELOR TO THE STRING SUZE FEET \$/FOOT DEVELOR TO THE STRING SUZE FEET \$/FOOT DEVELOR TO THE STRING SUZE FEET \$/FOOT DEVELOR TO THE STRING SUZE FEET \$/FOOT DEVELOR TO THE STRING SUZE FEET \$/FOOT DEVELOR TO THE STRING SUZE FEET \$/FOOT DEVELOR TO THE STRING SUZE FEET \$/FOOT DEVELOR TO THE STRING SUZE FEET \$/FOOT DEVELOR TO THE STRING SUZE FEET \$/FOOT DEVELOR TO THE STRING SUZE FEET \$/FOOT DEVELOR TO THE STRING SUZE FEET \$/FOOT DEVELOR TO THE STRING SUZE FEET \$/FOOT DEVELOR TO THE STRING SUZE FEET \$/FOOT DEVELOR TO THE STRING SUZE FEET \$/FOOT DEVELOR TO THE STRING SUZE FEET \$/FOOT DEVELOR TO THE STRING SUZE FEET \$/FOOT DEVELOR TO THE STRING SUZE FEET \$/FOOT DEVELOR TO THE STRING SUZE FEET \$/FOOT DEVELOR TO THE STRING SUZE FEET \$/FOOT DEVELOR TO THE STRING SUZE FEET \$/FOOT DEVELOR TO THE STRING SUZE FEET SUZE FEET \$/	\$20,000	DICC.240		\$44,800
COIL TUBING DAYS @ PER DAY  COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS  STIMULATION  WELL CONTROL INSURANCE \$0.35 PER FOOT DIDC. 285  CONTINGENCY 5% OF DRILLING INTANGIBLES DIDC. 435  CONSTRUCTION FOR WELL EQUIPMENT  CONSTRUCTION FOR LEASE EQUIPMENT  CONSTRUCTION FOR SALES P/L  TOTAL INTANGIBLE (COSTR  TANGIBLE - WELL EQUIPMENT  CASING SIZE FEET \$/FOOT  DRIVE PIPE 20" 40 100.00 0WEB.150  CONDUCTOR PIPE  WATER STRING DWEB.130 0WEB.130  WATER STRING SURFACE CASING 13-3/8" 250 42.00 0WEB.145  DRILLING LINER 7" DWEB.145  DRILLING LINER 7" DWEB.145  DRILLING LINER 7" DWEB.145  PRODUCTION CASING OR LINER 5 1/2" 9,800 15.90  PRODUCTION TIE-BACK  TUBING 27/8" 12,000 6.50  NIC WELL EQUIPMENT  WELL EQUIPMENT  WELL EQUIPMENT  WELL EQUIPMENT  WELL EQUIPMENT  WELL EQUIPMENT  WELL EQUIPMENT  WELL EQUIPMENT  WELL EQUIPMENT  WELL EQUIPMENT  WELL EQUIPMENT  WELL EQUIPMENT  WELL EQUIPMENT  WELL EQUIPMENT  WELL EQUIPMENT  WELL EQUIPMENT  WELL EQUIPMENT  WELL EQUIPMENT  WELL EQUIPMENT  WELL EQUIPMENT  WELL EQUIPMENT  WELL EQUIPMENT  WELL EASE EQUIPMENT  NIC WEB. 160  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  NIC LEASE EQUIPMENT  TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	m	DICC.115		\$61,600
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS STIMULATION  LEGAL/REGULATORY/CURATIVE WELL CONTROL INSURANCE \$0.35 PER FOOT DIDC. 285 CONTINGENCY 5% OF DRILLING INTANGIBLES DIDC. 435 CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR SALES P/L  TOTALSINITANGIBLE - WELL EQUIPMENT  CASING SIZE FEET \$/FOOT DIVERSITY SIZE FEET \$/FOOT DIVERSITY SIZE FEET \$/FOOT DIVERSITY SIZE PREST SIZE OWEB.130 DRIVE PIPE 20" 40 100.00 DWEB.150 CONDUCTOR PIPE DIVERSITY SIZE SIZE SUBJECT SIZE SIZE SUBJECT SIZE SIZE SUBJECT SIZE SUBJECT SIZE SUBJECT SIZE SUBJECT SIZE SUBJECT SIZE SUBJECT SIZE SUBJECT SIZE SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SUBJECT SU	11111	DICC.260	+	401,000
DIDC.300	11111	DICC.200		\$35,000
WELL CONTROL INSURANCE \$0.35 PER FOOT DIDC.285 CONTINGENCY 5% OF DRILLING INTANGIBLES DIDC.435 CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR SALES P/L  JOTAL INTANGIBLE COST  TANGIBLE - WELL EQUIPMENT CASING SIZE FEET \$/FOOT DIVERS.130 DRIVE PIPE 20" 40 100.00 DWEB.150 CONDUCTOR PIPE DIVERS.130 WATER STRING DWEB.130 SURFACE CASING 13-3/8" 250 42.00 DWEB.140 INTERMEDIATE CASING 8-5/8" 4,500 23.40 DWEB.145 DRILLING LINER 7" DWEB.145 DRILLING LINER 7" DWEB.145 DRILLING LINER 5 1/2" 9,800 15.90 PRODUCTION CASING OR LINER 5 1/2" 9,800 15.90 PRODUCTION TIE-BACK DWEB.145 DRICLING LINER 27/8" 12,000 6.50 N/C WELL EQUIPMENT WELL EQUIPMENT WELL EQUIPMENT WELL EQUIPMENT WELL EQUIPMENT WELL EQUIPMENT WELL EASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY/(Heater Treater, Separator, Gas Treating Equipment) FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	Mille	DICC.210	\$220,000	\$220,000
CONTINGENCY 5% OF DRILLING INTANGIBLES  CONSTRUCTION FOR WELL EQUIPMENT  CONSTRUCTION FOR SALES EQUIPMENT  CONSTRUCTION FOR SALES P/L  ITOTALSINFANGIBLE COST  TANGIBLE - WELL EQUIPMENT  CASING SIZE FEET \$/FOOT  DRIVE PIPE 20" 40 100.00 DWEB.150  CONDUCTOR PIPE DWEB.135  SURFACE CASING 13-3/8" 250 42.00 DWEB.135  SURFACE CASING 13-3/8" 250 42.00 DWEB.140  INTERMEDIATE CASING 8-5/8" 4,500 23.40 DWEB.145  DRILLING LINER 7" DWEB.145  DRILLING LINER 7" DWEB.145  PRODUCTION CASING OR LINER 5 1/2" 9,800 15.90  PRODUCTION TIE-BACK DWEB.145  TUBING 2 7/8" 12,000 6.50  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  DWEB.115  DWEB.115  DWEB.116  DWEB.116  DWEB.117  DWEB.117  DWEB.118  DWEB.118  DWEB.119  DWEB.119  DWEB.119  DWEB.111  DWEB.115  DWEB.115  DWEB.115  DWEB.116  DWEB.117  DWEB.117  DWEB.118  DWEB.118  DWEB.118  DWEB.118  DWEB.119  DWEB.1	\$10,000	DICC.280		\$10,000
CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR SALES P/L  JOTAL INTANGIBUEICOST  TANGIBLE - WELL EQUIPMENT CASING SIZE FEET \$/FOOT DRIVE PIPE 20" 40 100.00 DWEB.150 CONDUCTOR PIPE DWEB.135 SURFACE CASING 13-3/8" 250 42.00 DWEB.135 SURFACE CASING 13-3/8" 250 42.00 DWEB.140 INTERMEDIATE CASING 8-5/8" 4,500 23.40 DWEB.145 DRILLING LINER 7" DWEB.145 DRILLING LINER 7" DWEB.145 DRILLING LINER 5 1/2" 9,800 15.90 PRODUCTION CASING OR LINER 5 1/2" 9,800 15.90 PRODUCTION TIE-BACK TUBING 27/8" 12,000 6.50 N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.146 DWEB.147 DWEB.147 DWEB.148 DWEB.149 DWEB.149 DWEB.149 DWEB.149 DWEB.149 DWEB.149 DWEB.149 DWEB.149 DWEB.1415 DWEB.145 D	\$3,000	IIII		\$3,000
CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR SALES P/L  TANGIBLE - WELL EQUIPMENT  CASING SIZE FEET \$/FOOT  DRIVE PIPE 20" 40 100.00 DWEB.150  CONDUCTOR PIPE DWEB.130  WATER STRING DWEB.135  SURFACE CASING 13-3/8" 250 42.00 DWEB.140  INTERMEDIATE CASING 8-5/8" 4,500 23.40 DWEB.145  DRILLING LINER 7" DWEB.145  DRILLING LINER 7" DWEB.145  PRODUCTION CASING OR LINER 5 1/2" 9,800 15.90  PRODUCTION TIE-BACK DWEB.145  UNITER HANGER, ISOLATION PACKER DWEB.145  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LINER HANGER, ISOLATION PACKER DWEB.140  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT WELL EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC LEASE EQUIPMENT  NIC L	\$117,000	DICC.220	\$32,000	\$149,000
TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT  WEB, 145  DATE OF THE WEB, 145  DATE OF THE WEB, 145  DATE OF THE OWNER,	777777	DWEA.110		\$1,000
TANGIBLE - WELL EQUIPMENT  CASING SIZE FEET \$FOOT  DRIVE PIPE 20" 40 100.00 DWEB.150  CONDUCTOR PIPE DWEB.135  WATER STRING DWEB.135  SURFACE CASING 13-3/8" 250 42.00 DWEB.140  INTERMEDIATE CASING 8-5/8" 4,500 23.40 DWEB.145  DRILLING LINER 7" DWEB.145  DRILLING LINER 7" DWEB.145  DRILLING LINER 5 1/2" 9,800 15.90  PRODUCTION CASING OR LINER 5 1/2" 9,800 15.90  PRODUCTION TIE-BACK TUBING 2 7/8" 12,000 6.50  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES DWEB.145  LINER HANGER, ISOLATION PACKER DWEB.140  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  N/C LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	4444	DLEQ.110	\$39,000	\$39,000
TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  20" 40 100.00 DWEB.150  CONDUCTOR PIPE  DWEB.130  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  INTERMEDIATE CASING  B-5/8" 4,500 23.40 DWEB.145  DRILLING LINER  7" DWEB.145  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  DOFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	7////	DICC.265		<u>.</u>
TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  20" 40 100.00 DWEB.150  CONDUCTOR PIPE  DWEB.130  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  INTERMEDIATE CASING  B-5/8" 4,500 23.40 DWEB.145  DRILLING LINER  7" DWEB.145  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  DOFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	\$2,463,180	Managara.	\$712,750	\$3,175,930
SIZE   FEET   \$/FOOT				
DRIVE PIPE 20" 40 100.00 DWEB.150  CONDUCTOR PIPE DWEB.130  WATER STRING DWEB.135  SURFACE CASING 13-3/8" 250 42.00 DWEB.140  INTERMEDIATE CASING B-5/8" 4,500 23.40 DWEB.145  DRILLING LINER 7" DWEB.145  DRILLING LINER DWEB.145  PRODUCTION CASING OR LINER 5 1/2" 9,800 15.90  PRODUCTION TIE-BACK DWEB.145  TUBING 27/8" 12,000 6.50  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES DWEB.115  LINER HANGER, ISOLATION PACKER DWEB.100  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES				
CONDUCTOR PIPE         DWEB.130           WATER STRING         DWEB.135           SURFACE CASING         13-3/8"         250         42.00         DWEB.140           INTERMEDIATE CASING         8-5/8"         4,500         23.40         DWEB.145           DRILLING LINER         7"         DWEB.145           DRILLING LINER         DWEB.145         DWEB.145           PRODUCTION CASING OR LINER         5 1/2"         9,800         15.90           PRODUCTION TIE-BACK         TUBING         2 7/8"         12,000         6.50           N/C WELL EQUIPMENT         WELLHEAD, TREE, CHOKES         DWEB.115           LINER HANGER, ISOLATION PACKER         DWEB.100           PACKER, NIPPLES         PUMPING UNIT, ENGINE           LIFT EQUIPMENT (BHP, Rods, Anchors)         TANGIBLE - LEASE EQUIPMENT           TANKS, TANKS STEPS, STAIRS         BATTERY (Heater Treater, Separator, Gas Treating Equipment)           FLOW LINES (Line Pipe from wellhead to central facility)         OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES		~~~		
WATER STRING         DWEB.135           SURFACE CASING         13-3/8"         250         42.00         DWEB.140           INTERMEDIATE CASING         8-5/8"         4,500         23.40         DWEB.145           DRILLING LINER         7"         DWEB.145           DRILLING LINER         0 WEB.145           PRODUCTION CASING OR LINER         5 1/2"         9,800         15.90           PRODUCTION TIE-BACK         12,000         6.50         15.90           N/C WELL EQUIPMENT         WELLHEAD, TREE, CHOKES         DWEB.115           LINER HANGER, ISOLATION PACKER         DWEB.100           PACKER, NIPPLES         DWEB.100           PUMPING UNIT, ENGINE         LIFT EQUIPMENT (BHP, Rods, Anchors)           TANGIBLE - LEASE EQUIPMENT         TANKS, TANKS STEPS, STAIRS           BATTERY (Heater Treater, Separator, Gas Treating Equipment)         FLOW LINES (Line Pipe from wellhead to central facility)           OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES         OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	4,000	444	44444	\$4,000
SURFACE CASING 13-3/8" 250 42.00 DWEB.140 INTERMEDIATE CASING 8-5/8" 4,500 23.40 DWEB.145 DRILLING LINER 7" DWEB.145 DRILLING LINER 5 1/2" 9,800 15.90 PRODUCTION CASING OR LINER 5 1/2" 9,800 15.90 PRODUCTION TIE-BACK TUBING 2 7/8" 12,000 6.50  N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES DWEB.115 LINER HANGER, ISOLATION PACKER DWEB.100 PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipment) FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES		1111.	HHH	
INTERMEDIATE CASING	44.000	444	44444	£44.000
DRILLING LINER 7" DWEB.145  DRILLING LINER 5 1/2" 9,800 15.90  PRODUCTION CASING OR LINER 5 1/2" 9,800 15.90  PRODUCTION TIE-BACK  TUBING 2 7/8" 12,000 6.50  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES DWEB.115  LINER HANGER, ISOLATION PACKER DWEB.100  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	11,000 105,000	444	HHH	\$11,000 \$105,000
DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	103,000	444	HHHH	\$105,000
PRODUCTION CASING OR LINER 5 1/2" 9,800 15.90  PRODUCTION TIE-BACK  TUBING 2 7/8" 12,000 6.50  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES DWEB.115  LINER HANGER, ISOLATION PACKER DWEB.100  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES		1111	111111	
TUBING 2 7/8" 12,000 6.50  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	VIIII	DWEA.100	156,000	\$156,000
N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	111111	DWEA.100		
WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES		DWEA. 105	78,000	\$78,000
LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	11111	DWEA.115	\$9,000	\$9,000
PACKER, NIPPLES PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES		DWEA.120		\$40,000
PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  DFFSHORE PRODUCTION STRUCTURE FOR FACILITIES		DWEA.125		
LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  DFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	the standard of the standard	DWEA,130		\$110,000
TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  DFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	<del></del>	DLEQ.100	\$78,000	\$78,000
N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipment) FLOW LINES (Line Pipe from wellhead to central facility) DFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	77777	DLEQ.105	\$15,000	\$15,000
TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	111111	DI 50 445	£44.000	£44.000
BATTERY (Heater Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	<del>\\\\\</del>	DLEQ.115 DLEQ.120	\$44,000 \$21,000	\$44,000 \$21,000
FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	<del>. ~ ~ ~ ~  </del>	DLEQ.125	. \$18,000	\$18,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	X X X X X X	DLEQ.130	\$1,000	\$1,000
	*****	DWEA, 135		
	<del> </del>	DWEA.140	<del></del>	
TOTAL TANGIBLES	\$132,000	100	\$558,000	\$690,000
P&A COSTS DIDC.295	60,000	DICC.275	(60,000)	
TOTAL COST				

## OIL & GAS LEASE

THIS AGREEMENT made this 11th day of April 2007, between Jean Morris and husband, Orville Morris, as Lessor (whether one or more), whose address is 655 Plum Avenue, Wyandotte, MI 48192, and Shaw Interests, Inc. whose address is 310 W. Wall St., Ste. 305, Midland, Texas 79701, Lessee,

#### WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

### Township 14 South, Range 38 East

W/2 of Section 31

### Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

- 2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.
- 3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, one-fifth (1/5) of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of one-fifth (1/5) of the gas used, provided that on gas sold on or off the premises, the royalties shall be one-fifth (1/5) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 da
- 4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.
- 5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.
- 6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.
- 7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.
- 8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee, and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.
- 9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to cand in the event Lessee does so it shall be satisfying same. Without impairment of Lentire and undivided fee simple estate (whe any part as to which this lease covers less twhole and undivided fee simple estate their upon the party or parties executing the same	subrogated to such lie Lessee's rights under the ether Lessor's interest than such full interest, rein. Should any one of	n with the right to enfo e warranty, if this lease is herein specified or no shall be paid only in the	rce same and to c covers a less in ot) then the royal c proportion wh	o apply royalties a interest in the oil a alties, shut-in royanich the interest the	and shut-in royalties pay- and gas in all or any par- alty, and other payments erein, if any, covered by	able hereunder toward t of said land than the , if any, accruing from this lease, bears to the
11. Lessee, its or his successors, heirs and assigns by delivering or mailing a release shall be relieved from all obligations, expreduced in the proportion that the acreage of	thereof to the Lessor, essed or implied, of th	or by placing a release is agreement as to acrea	thereof of recor age so surrender	rd in the county in	which said land is situa	ated; thereupon Lessee
Executed the day and year first above	written	• .				,
Executed the day and year since above	***************************************					
	,	*		. *		
Jean Morris			Or	rville Morris	<del></del>	
				,	·	
						•
• ,						
		ACKNOWLEI	OGMENT			
CT ATT OF MICHIGAN						,
STATE OF MICHIGAN	& & &					
COUNTY OF	§					
This instrument was acknowled	dged before me on the	day of			, 2007, by Jean Morris	· i.
				1		
			•	•		
•			Notary Public	c, State of Michiga		
			•			
•				,		
		ACKNOWLE	DGMENT			
STATE OF MICHIGAN	§					
	§ §					
COUNTY OF	8					
This instrument was acknowled	dged before me on the	day of			_, 2007, by Orville Mo	rris.
	•					

Notary Public, State of Michigan

My Commission Expires:

DIL & GAS PROPERTII 310 W WALL ST., SUITE 30 MIDLAND, TEXAS 79701 SHAW INTERESTS,

James E. O'Brien & Robert E. O'Brien,
Trustees u/w/o
Frank O. Doyle. dec'd
1724 Adam Dunmore, F

18509+2008-24 CO61

MIGGEO COESCA CANDAN 11 APR 2007 (PM MIDLAND / ODESSA (e, PA 18509-2008 פבפה שפת הספה בפפר מפכפ 18203+2888-24 COE1 DIL & GAS PROPERTIES 310 W. WALL ST., SUITE 305 MIDLAND, TEXAS 79701 SHAW INTERESTS, IN

## DIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 18, 2007

James E. O'Brien & Robert E. O'Brien, Trustees u/w/o Frank O. Doyle, dec'd 1724 Adams
Dunmore, PA 18509-2008

Re: Pyramid #1

W/2 of Section 31, Township 14 South, Range 38 East

Lea County, New Mexico

Dear Mr. O'Brien:

In conjunction with our proposal of April 6, 2007 to lease the undivided mineral interest in the Doyle Testamentary Trust in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

Surface Hole Location: 2210' FSL & 430' FWL
Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

• \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw

		MAIL REC	EIPT Coverage Provided)
928			
0 0004 1883 9	Postage  Certified Fee  Return Receipt Fee (Endorsement Required)  Restricted Delivery Fee (Endorsement Required)  Total Postage & Fees	\$ .39 7.40 1.85 \$ 4.44	Postmark Here
7001 032	Street, Apt. No.; or PO Box No. City, State, ZIP+4	? Robert	O'Brien



COMPANY ENTITY Cimarex Ener	gy Co.				•			DATE PR	EPARED March 8, 200	7
REGION	WELL NAME	WELL NO	PROSF	ECT OR FIELD	NAME	PROPER	TY NUMBER		DRILLING AFE NO	).
Permian	Pyramid	1	S	tar-Dentoi	1					
LOCATION SH	L 2210' FSL & 430'	FWL		COL	JNTY	s	TATE		TYPE WELL	
BHL 330' FSL	& 430' FWL							OIL	X EXPL	X
Sec 31, T14S,	R38E			Le	a	New	Mexico	GAS	PROD	
ORIGINAL ESTIMATI	E X		EST. STA	ART DATE	EST. CC	MP. DATE	FORMA	TION	EST. TO	)
REVISED ESTIMATE							1		9800	TVD
SUPPLEMENTAL ES	TIMATE		• •						11600'	MD

### PROJECT DESCRIPTION:

Drill and complete a horizontal wolfcamp well.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
MYANOIBLES			
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
TANGIBLES	•.		
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	1
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

### Comments on Well Costs:

### WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

	I elect to purchase	my own well	control insurance	policy.
--	---------------------	-------------	-------------------	---------

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

## Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

·	·	
	CIMAREX ENERGY CO. APPROVAL	· ·
PREPARED BY	DRILLING AND COMPLETION MANAGER	REGIONAL MANAGER
Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	Roger Alexander, Regional Manager Permian Basin
	JOINT INTEREST APPROVAL	
COMPANY	BY	DATE

^{1.} All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.



## PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

		····			DRY HOLE		AFTER CASING	
ROADS & LOCATION PREPARATION / RESTORATION				DIDC.100	COST \$100,000	Codes DICC.100	POINT \$8,000	\$108,000
				DIDC.100		DICC.100	\$1,000	\$108,000
DAMAGES MUD/FLUIDS DISPOSAL CHARGES				DIDC.103	<del> </del>	DICC.105	\$20,000	\$40,000
DAY RATE 46 DH DAYS 5 ACP	DIDC.115	\$801,780	DICC.120	\$87,150	\$888,930			
MISC PREPARATION COST (mouse hole, rat hole, pads,	<u>~</u>		O PER DAY	DIDC.120	\$8,000	1111	1111111	\$8,000
BITS		,		DIDC.125	\$100,000	DICC.125	\$1,000	\$101,000
FUEL \$2.20 PER GALLON				DIDC.135	\$111,000	DICC.130	\$11,000	\$122,000
WATER / COMPLETION FLUIDS				DIDC.140	\$32,200	DICC.135	\$25,000	\$57,200
MUD & ADDITIVES			<u> </u>	DIDC.145	\$64,400		$\overline{IIIIII}$	\$64,40
SURFACE RENTALS				DIDC.150	\$69,000	DICC.140	\$45,000	\$114,00
DOWNHOLE RENTALS				DIDC.155	\$144,000	DICC.145	\$10,000	\$154,000
FORMATION EVALUATION (DST, Coring including evaluation)		SERVICES)	· · ·	DIDC.160		1111	44444	
MUD LOGGING 37 DAYS @ \$90	0 PER DAY			DIDC.170	\$47,000	444	44444	\$47,000
OPEN HOLE LOGGING				DIDC.180	\$65,000	DIOC 455	\$40,000	\$65,000
CEMENTING & FLOAT EQUIPMENT TUBULAR INSPECTIONS				DIDC.185 DIDC.190	\$50,000 \$5,000	<del></del>	\$40,000 \$2,500	\$90,000 \$7,500
ICASING CREWS				DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000
EXTRA LABOR, WELDING, ETC.				DIDC.200	\$27,600	<del></del>	\$5,000	\$32,600
LAND TRANSPORTATION (Trucking)				DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200
SUPERVISION				DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000
TRAILER HOUSE/CAMP/CATERING				DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500
OTHER MISC EXPENSES				DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000
OVERHEAD				DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200
REMEDIAL CEMENTING				DIDC.231		DICC.215		
MOB/DEMOB				DIDC.240	\$150,000	7777,	777777	\$150,000
	2 DAYS @	9500	PER DAY	DIDC.245	\$209,000	7777	7//////	\$209,000
DOCK, DISPATCHER, CRANE				DIDC.250	<u> </u>	DICC.230		
MARINE & AIR TRANSPORTATION				DIDC.275		DICC.250	·····	
SOLIDS CONTROL				DIDC.260	\$166,000	7777	777777	\$166,000
WELL CONTROL EQUIP (Snubbing services) FISHING & SIDETRACK OPERATIONS				DIDC.265 DIDC.270	\$28,000	DICC.240	\$16,800	\$44,800
COMPLETION RIG 14 DAYS @	4400	PER DAY		DIDC.270	111111	DICC.245	\$61,600	\$61,600
COIL TUBING DAYS @	4400	PER DAY		1111	4444	DICC.260	ψ01,000	ψ01,500
COMPLETION LOGGING, PERFORATING, WL UNITS, W	L SURVEYS			1111	11111	DICC.200	\$35,000	\$35,000
STIMULATION				1111	111111	DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE				DIDC.300	\$10,000	DICC.280		\$10,000
WELL CONTROL INSURANCE \$0.35 PER	-00T			DIDC.285	\$3,000			\$3,000
CONTINGENCY 5% OF DRILLING II	NTANGIBLE	S	-	DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT				222	777777	DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT		٠.		7777	77777	DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L				7777	777777	DICC.265		·
TOTALINTANGIBLE COST	No. Americania			H ACCOMMONS		and the second		***********
TO ALINIANSIBLE COST					100 403 180		3 A 1 Z ( 2 V	\$3,175,930
TANGIBLE - WELL EQUIPMENT				<del> </del>		-		
CASING	SIZE	FEET	\$/FOOT	<del></del>				
DRIVE PIPE	20"	40	100.00	DWEB.150	4,000	1111	1111111	\$4,000
CONDUCTOR PIPE		**		DWEB.130		1111	THITT.	
WATER STRING				DWEB.135			777777	
SURFACE CASING	13-3/8"	250	42.00	DWEB.140	11,000			\$11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145	105,000	7777	444444	\$105,000
DRILLING LINER	7"			DWEB.145		7777.	4444	
DRILLING:LINER				DWEB.145	· · · · · · ·	7777	777777	
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90	444	<i>HHH</i> .	DWEA.100	156,000	\$156,000
PRODUCTION TIE-BACK	0.7(0)	10.000	0.50	1111	HHH	DWEA.100	70.000	#70.000
TUBING N/C WELL EQUIPMENT	2 7/8"	12,000	6.50	441	44444	DWEA.105 DWEA.115	78,000 \$9,000	\$78,000 \$9,000
WELLHEAD, TREE, CHOKES				DWEB.115	12,000	DWEA.113	\$28,000	\$40,000
LINER HANGER, ISOLATION PACKER				DWEB.100	12,000	DWEA.125	Ψ20,000	ψ40,000
PACKER, NIPPLES			·	1111	111111	DWEA.130	\$110,000	\$110,000
PUMPING UNIT, ENGINE				1111	11111	DLEQ.100	\$78,000	\$78,000
LIFT EQUIPMENT (BHP, Rods, Anchors)				1111		DLEQ.105	\$15,000	\$15,000
TANGIBLE - LEASE EQUIPMENT					11/////	DLEQ.115	\$44,000	\$44,000
N/C LEASE EQUIPMENT				1111	44444			
N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS				777	77777	DLEQ.120	\$21,000	
N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipr	ment)					DLEQ.125	\$18,000	\$18,000
N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipr FLOW LINES (Line Pipe from wellhead to central facility)		`;				DLEQ.125 DLEQ.130		\$18,000
N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipr FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIE		``;				DLEQ.125 DLEQ.130 DWEA.135	\$18,000	\$18,000
N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipr FLOW LINES (Line Pipe from wellhead to central facility)		79				DLEQ.125 DLEQ.130	\$18,000	\$18,000
N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipr FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIE PIPELINES TO SALES		,			12230000	DLEQ.125 DLEQ.130 DWEA.135 DWEA.140	\$18,000 \$1,000	\$18,000 \$1,000
N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipr FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIE		.,			\$132,000	DLEQ.125 DLEQ.130 DWEA.135 DWEA.140	\$18,000	\$21,000 \$18,000 \$1,000
N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipr FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIE PIPELINES TO SALES		·,	T. 27	DIDC.295		DLEQ.125 DLEQ.130 DWEA.135 DWEA.140	\$18,000 \$1,000	\$18,000 \$1,000
N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipr FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIE PIPELINES TO SALES		·,				DLEQ.125 DLEQ.130 DWEA.135 DWEA.140	\$18,000 \$1,000	\$18,000 \$1,000
N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipr FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIE PIPELINES TO SALES	S			DIDC.295	60,000	DLEQ.125 DLEQ.130 DWEA.135 DWEA.140 DICC.275	\$18,000 \$1,000	\$18,000 \$1,000

## **DIL & GAS PROPERTIES**

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 6, 2007

James O'Brien 1724 Adams Dunmore, PA 18509-2008

Re: Oil & Gas Lease

Frank O. Doyle Trust W/2 of Section 31

Township 14 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4,

SW/4NE/4 and NW/4SE/4 of Section 6 Township 15 South, Range 38 East

Lea County, New Mexico

### Dear James:

According to our title research, you own an undivided 5.00125 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$500.13 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

*tendendy	U.S.⊮Postal CERTIFIE (Domestic Mail		(CEIPT e Coverage Provided)	
0228	grave gas			
188T 1000	Postage  Certified Fee  Return Receipt Fee (Endorsement Required)  Restricted Delivery Fee (Endorsement Required)	\$ .63 2.40 1.85	Postmark Here	
7001 0350	Total Postage & Fees  Sent To  Street, Apt. No., or PO Box No.  City, State, ZiP+4  PS Form 3800, January 200	\$ 4.88 S 0'13 Pi	LY See Reverse for Instruction	

## OIL & GAS LEASE

THIS AGREEMENT made this 6th day of April 2007, between James O'Brien, John O'Brien, and Mary O'Brien, each dealing in their sole and separate property, as Lessor (whether one or more), whose address is 1724 Adams, Dunmore, PA 18509-2008, and Shaw Interests, Inc. whose address is 310 W. Wall., Midland, Texas 79708, Lessee,

#### WITNESSETH:

Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

- 2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.
- The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, three-sixteenths (3/16) of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of threesixteenths (3/16) of the gas used, provided that on gas sold on or off the premises, the royalties shall be three-sixteenths (3/16) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.
- 4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.
- 5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.
- 6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.
- 7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.
- 8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee, and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.
- 9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above v	vritten.					
		•		·		
• .				•		,
s O'Brien				John O'Brien		
				,		
O'Brien						
				•		
•		ACKNOWLE	DGMENT			
	•					•
ATE OF PENNSYLVANIA	§ § §					
UNTY OF	§ .					
			•		/	
This instrument was acknowled	ged before me on the	day of		, 2007	7, by James O'Brien.	
			•			
•						
				te of Pennsylvania		
		4	My Commission I	Expires:		
		ACKNOWLE	EDGMENT			
	,			•		
ATE OF PENNSYLVANIA	§					
UNTY OF ,	§ §					
•	S			•		
This instrument was acknowled	iged before me on the	day of		, 200°	7, by John O'Brien.	
	• 1					
				,		
			•	ate of Pennsylvania		
			My Commission 1	Expires:	· · · · · · · · · · · · · · · · · · ·	
		ACKNOWLI	EDCMENT			
		AUMIUWLI	TAMINITY I			
ATE OF PENNSYLVANIA	§					
	§ §				•	
OUNTY OF	8					
This instrument was acknowled	lged before me on the	eday of		, 200	7, by Mary O'Brien.	
	-					
•						
			Notary Public, St	ate of Pennsylvania		
			My Commission	,		

MAILED FROM ZIP CODE 7970 decearly 1969 MEDFORD OR 975 26 APR 2007 PM Marjorie M. Olds 1004 Røgue Valley Manor Medford, OR 97501 0750242748-04 0050 SHAW INTERESTS, INC. OIL & GAS PROPERTIES

### **DIL & GAS PROPERTIES**

P.O. BOX 9612 MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

Marjorie M. Olds 1004 Rogue Valley Manor Medford, OR 97501

Re: Pyramid #1

W/2 of Section 31, Township 14 South, Range 38 East

Lea County, New Mexico

Dear Marjorie:

In conjunction with our proposal of April 6, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

Surface Hole Location: 2210' FSL & 430' FWL
Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

• \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw

designation .	U.S. Postal CERTIFIEI (Domestic Mail C	D MAIL REC	EIPT Coverage Provided)
-	. A. 18. 18. 18. 18. 18. 18. 18. 18. 18. 18		
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LLJ	Postage	\$ .39	
8 8 7	Certified Fee	2.40	Postmark
<b>=</b>	Return Receipt Fee (Endorsement Required)	1.85	Here '
4000	Restricted Delivery Fee (Endorsement Required)		· ·
0	Total Postage & Fees	\$ 4,64	
0 3 Z	Sent To	arpeis o	106
H	Street, Apt. No.; or PO Box No.	7	
7007	City, State, ZIP+4		
•	PS Form 3800, January 20	01	



#### **AUTHORIZATION FOR EXPENDITURE**

COMPANY ENTITY  Cimarex Energ	ју Со.								REPARED March 8,	2007
REGION	WELL NAME	WELL NO	PROSPECT OR FIELD NAME		PROPERTY NUMBER			DRILLING AFE NO.		
Permian	Pyramid	1 1	Star-Denton							
LOCATION SHL 2210' FSL & 430' FWL			COUNTY		STATE			TYPE WE	'E WELL	
BHL 330' FSL	& 430' FWL							OIL	' <b>Χ</b> Ε	XPL X
Sec 31, T14S,	R38E			Le	a	New	Mexico	GAS	P	ROD
ORIGINAL ESTIMATE	X		EST. STA	ART DATE	EST. CO	OMP. DATE	FORM	IATION	E	ST, TD
REVISED ESTIMATE									980	O TV
SUPPLEMENTAL ES	TIMATE						1		11600	0' MI

#### PROJECT DESCRIPTION:

Drill and complete a horizontal wolfcamp well.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
TANGIBLES			
Well Equipment	132,000	474,000	606,000
Lease Equipment	,	84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

#### **Comments on Well Costs:**

### WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

I elect to purchase my own well control insurance policy
----------------------------------------------------------

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

### Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

CIMAREX ENERGY CO. APPROVAL

PREPARED BY
Mark Audas, Sr. Drilling/Completion Engineer
Permian Basin

Doug Park, Mgr Drilling/Completion Operations
Offshore and Permian Regions

Permian Basin

DOUG Park, Mgr Drilling/Completion Operations
Offshore and Permian Regions

DOUG Park, Mgr Drilling/Completion Operations
Offshore and Permian Regions

DOINT INTEREST APPROVAL

DATE

^{1.} All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.



## PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

INTANGIBLES				T	DRY HOLE		AFTER CASING	1
7.2				Codes	COST	Codes	POINT	WELL COST
ROADS & LOCATION PREPARATION / RESTORATION				DIDC.100	\$100,000	DICC.100		\$108,000
DAMAGES				DIDC.105	\$4,000		\$1,000	\$5,000
MUD/FLUIDS DISPOSAL CHARGES		.=		DIDC.255		DICC.235	\$20,000	\$40,000
	DAYS @		PER DAY	DIDC.115	\$801,780 \$8,000	DICC.120	\$87,150	\$888,930 \$8,000
MISC PREPARATION COST (mouse hole, rat hole, pads, BITS	pile clusters	, misc.)		DIDC.120 DIDC.125	\$100,000	DICC.125	\$1,000	\$101,000
FUEL \$2.20 PER GALLON				DIDC:125	\$111,000	DICC.130	\$11,000	\$122,000
WATER / COMPLETION FLUIDS				DIDC.140		DICC.135	<del> </del>	\$57,200
MUD & ADDITIVES				DIDC.145	\$64,400	1111	mm	\$64,400
SURFACE RENTALS				DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000
DOWNHOLE RENTALS				DIDC,155	\$144,000	DICC.145	\$10,000	\$154,000
FORMATION EVALUATION (DST, Coring including evaluation)	ation, G&G S	ERVICES)		DIDC.160				
MUD LOGGING 37 DAYS @ \$90	0 PER DAY	<del></del>		DIDC.170	\$47,000	7777	44444	\$47,000
OPEN HOLE LOGGING	www.			DIDC.180	\$65,000	7777	7//////	\$65,000
CEMENTING & FLOAT EQUIPMENT				DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000
TUBULAR INSPECTIONS  CASING CREWS		<del> </del>		DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500
EXTRA LABOR, WELDING, ETC.				DIDC.195 DIDC.200	\$12,000 \$27,600	DICC.165 DICC.170	\$15,000 \$5,000	\$27,000 \$32,600
LAND TRANSPORTATION (Trucking)				DIDC.200	\$32,200	DICC.175	\$7,000	\$39,200
SUPERVISION				DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000
TRAILER HOUSE/CAMP/CATERING			···	DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500
OTHER MISC EXPENSES	-			DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000
OVERHEAD		٠.		DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200
REMEDIAL CEMENTING				DIDC.231		DICC.215		
MOB/DEMOB				DIDC.240	\$150,000	7777		\$150,000
	2 DAYS @	9500	PER DAY	DIDC.245	\$209,000	IIII	777777	\$209,000
DOCK, DISPATCHER, CRANE				DIDC.250		DICC.230		
MARINE & AIR TRANSPORTATION				DIDC.275		DICC.250	*******	
SOLIDS CONTROL				DIDC.260	\$166,000	7777	777777	\$166,000
WELL CONTROL EQUIP (Snubbing services) FISHING & SIDETRACK OPERATIONS				DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
COMPLETION RIG 14 DAYS @	4400	PER DAY		DIDC.270	111111	DICC.245 DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @	4400	PER DAY		HH	77777	DICC.260	\$01,000	\$01,000
COMPLETION LOGGING, PERFORATING, WL UNITS, W	L SURVEYS			1111	4444	DICC.200	\$35,000	\$35,000
STIMULATION	200111210	<u> </u>		1111	77777	DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE				DIDC.300	\$10,000	DICC.280	<del></del>	\$10,000
WELL CONTROL INSURANCE \$0.35 PER	FOOT			DIDC.285	\$3,000	IIII		\$3,000
CONTINGENCY 5% OF DRILLING I	NTANGIBLE	S		DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT:						DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT		٠,		7777	777777.	DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L				7777,	777777	DICC.265		
TOTAL	1 A. J. T. W. Street		MARK BACKLER B	Name and Article	**********	Daniel State	\$712,750	
TOTAL INTANGIBLE COST				20040000	\$2,463,180		等等。其他数 <b>3</b> 7.72;750	\$ \$3,775,930
TANGIBLE - WELL EQUIPMENT								
			T 25555					
	SIZE	FEET	1 S/EOO1					
CASING DRIVE PIPF	SIZE 20"	FEET 40	\$/FOOT 100.00	DWEB 150	4.000		1111111	\$4,000
DRIVE PIPE CONDUCTOR PIPE	20"	FEET 40	100.00	DWEB.150 DWEB.130	4,000	<i>HH</i>	111111	\$4,000
DRIVE PIPE					4,000	#	HHH	\$4,000
DRIVE PIPE CONDUCTOR PIPE				DWEB.130	4,000			
DRIVE PIPE CONDUCTOR PIPE WATER STRING	20"	40	100.00	DWEB.130 DWEB.135				\$11,000
DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING	20"	40 250	100.00	DWEB.130 DWEB.135 DWEB.140	11,000			\$11,000
DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER	20" 13-3/8" 8-5/8"	40 250	100.00	DWEB.130 DWEB.135 DWEB.140 DWEB.145	11,000 105,000			\$11,000 \$105,000
DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER	20" 13-3/8" 8-5/8"	40 250	100.00	DWEB.130 DWEB.135 DWEB.140 DWEB.145	11,000 105,000	DWEA.100	156,000	\$11,000
DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK	20" 13-3/8" 8-5/8" 7" 5 1/2"	250 4,500 9,800	42.00 23.40 15.90	DWEB.130 DWEB.135 DWEB.140 DWEB.145	11,000 105,000	DWEA.100		\$11,000 \$105,000 \$156,000
DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING	20" 13-3/8" 8-5/8" 7"	250 4,500	100.00 42.00 23.40	DWEB.130 DWEB.135 DWEB.140 DWEB.145	11,000 105,000	DWEA.100 DWEA.105	78,000	\$11,000 \$105,000 \$156,000 \$78,000
DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT	20" 13-3/8" 8-5/8" 7" 5 1/2"	250 4,500 9,800	42.00 23.40 15.90	DWEB.130 DWEB.145 DWEB.145 DWEB.145 DWEB.145	11,000 105,000	DWEA.100 DWEA.105 DWEA.115	78,000 \$9,000	\$11,000 \$105,000 \$156,000 \$78,000 \$9,000
DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES	20" 13-3/8" 8-5/8" 7" 5 1/2"	250 4,500 9,800	42.00 23.40 15.90	DWEB. 130 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145	11,000 105,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120	78,000	\$11,000 \$105,000 \$156,000 \$78,000
DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER	20" 13-3/8" 8-5/8" 7" 5 1/2"	250 4,500 9,800	42.00 23.40 15.90	DWEB.130 DWEB.145 DWEB.145 DWEB.145 DWEB.145	11,000 105,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125	78,000 \$9,000 \$28,000	\$11,000 \$105,000 \$156,000 \$78,000 \$9,000 \$40,000
DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES	20" 13-3/8" 8-5/8" 7" 5 1/2"	250 4,500 9,800	42.00 23.40 15.90	DWEB. 130 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145	11,000 105,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130	78,000 \$9,000 \$28,000 \$110,000	\$11,000 \$105,000 \$156,000 \$78,000 \$9,000 \$40,000
DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER	20" 13-3/8" 8-5/8" 7" 5 1/2"	250 4,500 9,800	42.00 23.40 15.90	DWEB. 130 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145	11,000 105,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125	78,000 \$9,000 \$28,000	\$11,000 \$105,000 \$156,000 \$78,000 \$9,000
DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE	20" 13-3/8" 8-5/8" 7" 5 1/2"	250 4,500 9,800	42.00 23.40 15.90	DWEB. 130 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145	11,000 105,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100	78,000 \$9,000 \$28,000 \$110,000 \$78,000	\$11,000 \$105,000 \$156,000 \$78,000 \$9,000 \$40,000 \$110,000 \$78,000
DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors)	20" 13-3/8" 8-5/8" 7" 5 1/2"	250 4,500 9,800	42.00 23.40 15.90	DWEB. 130 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145	11,000 105,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100	78,000 \$9,000 \$28,000 \$110,000 \$78,000	\$11,000 \$105,000 \$156,000 \$78,000 \$9,000 \$40,000 \$110,000 \$78,000
DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS	20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	250 4,500 9,800	42.00 23.40 15.90	DWEB. 130 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145	11,000 105,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.115 DLEQ.120	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000	\$11,000 \$105,000 \$156,000 \$78,000 \$9,000 \$40,000 \$110,000 \$15,000 \$44,000 \$21,000
DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equiping to the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream of the stream	20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	40 250 4,500 9,800 12,000	42.00 23.40 15.90	DWEB. 130 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145	11,000 105,000	DWEA.100 DWEA.115 DWEA.125 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.115 DLEQ.120 DLEQ.121	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$11,000 \$105,000 \$156,000 \$78,000 \$9,000 \$40,000 \$110,000 \$15,000 \$44,000 \$21,000 \$18,000
DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipf  FLOW LINES (Line Pipe from wellhead to central facility)	20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	250 4,500 9,800	42.00 23.40 15.90	DWEB. 130 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145	11,000 105,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.105 DLEQ.120 DLEQ.120 DLEQ.120	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000	\$11,000 \$105,000 \$156,000 \$78,000 \$9,000 \$40,000 \$110,000 \$15,000 \$44,000
DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equiping LINES) FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIE	20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	40 250 4,500 9,800	42.00 23.40 15.90	DWEB. 130 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145	11,000 105,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.105 DLEQ.120 DLEQ.120 DLEQ.120 DLEQ.120 DLEQ.130 DWEA.130	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$11,000 \$105,000 \$156,000 \$78,000 \$9,000 \$40,000 \$110,000 \$15,000 \$44,000 \$21,000 \$18,000
DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipf  FLOW LINES (Line Pipe from wellhead to central facility)	20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	40 250 4,500 9,800	42.00 23.40 15.90	DWEB. 130 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145	11,000 105,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.105 DLEQ.120 DLEQ.120 DLEQ.120	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$11,000 \$105,000 \$156,000 \$78,000 \$9,000 \$40,000 \$110,000 \$15,000 \$44,000 \$21,000 \$18,000
DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipt FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIE PIPELINES TO SALES	20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	40 250 4,500 9,800	42.00 23.40 15.90	DWEB. 130 DWEB. 140 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145	11,000	DWEA.100 DWEA.155 DWEA.120 DWEA.125 DWEA.120 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.105 DLEQ.120 DLEQ.120 DLEQ.125 DLEQ.130 DWEA.130 DWEA.135	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$11,000 \$105,000 \$156,000 \$78,000 \$9,000 \$40,000 \$110,000 \$15,000 \$14,000 \$14,000 \$1,000
DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equiping LINES) FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIE	20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	40 250 4,500 9,800	42.00 23.40 15.90	DWEB. 130 DWEB. 140 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145	11,000	DWEA.100 DWEA.155 DWEA.120 DWEA.125 DWEA.120 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.105 DLEQ.120 DLEQ.120 DLEQ.125 DLEQ.130 DWEA.130 DWEA.135	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$11,000 \$105,000 \$156,000 \$78,000 \$40,000 \$110,000 \$15,000 \$144,000 \$21,000 \$18,000
DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equiping LINES) FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIE PIPELINES TO SALES	20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	40 250 4,500 9,800	42.00 23.40 15.90	DWEB. 130 DWEB. 140 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145	11,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.105 DLEQ.120 DLEQ.120 DLEQ.125 DLEQ.130 DWEA.135 DWEA.140	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000 \$1,000	\$11,000 \$105,000 \$156,000 \$78,000 \$40,000 \$110,000 \$15,000 \$144,000 \$21,000 \$18,000
DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equiping FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIE PIPELINES TO SALES	20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	40 250 4,500 9,800	42.00 23.40 15.90	DWEB. 130 DWEB. 140 DWEB. 145 DWEB. 145 DWEB. 145 DWEB. 145	11,000	DWEA.100 DWEA.155 DWEA.120 DWEA.125 DWEA.120 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.105 DLEQ.120 DLEQ.120 DLEQ.125 DLEQ.130 DWEA.130 DWEA.135	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$11,000 \$105,000 \$156,000 \$78,000 \$9,000 \$40,000 \$110,000 \$15,000 \$14,000 \$11,000

## OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 6, 2007

Marjorie M. Olds 1004 Rogue Valley Manor Medford, OR 97501

Re: Oil & Gas Lease

Estate of Francis E. Olds

W/2 of Section 31

Township 14 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4,

SW/4NE/4 and NW/4SE/4 of Section 6

**Township 15 South, Range 38 East** 

Lea County, New Mexico

Dear Ms. Olds:

According to our title research, the Trust owns an undivided 1.00025 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$100.00 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

Sharengo.	U.S. Postal So CERTIFIED Comestic Mail On	MAN E	ECEIPT ce Coverage Pro	vided)
0 7 0 5	Service Services			Green Green The control of the contr
1881 1000	Restricted Delivery Fee (Endorsement Required)	240	Postma Here	rk
Pool oseo	Street, Apt. No.; or PO Box No. City, State, ZIP+4  PS Form 3800, January 2001	4.88 Lie M. (	BldS See Reverse to	I hatructions

### OIL & GAS LEASE

THIS AGREEMENT made this 6th day of April 2007, between Marjorie M. Olds, individually and as Executrix of the Estate of Francis E. Olds, deceased, as Lessor (whether one or more), whose address is 1004 Rogue Valley Manor, Medford, OR 97501, and Shaw Interests, Inc. whose address is P.O. Box 9612, Midland, Texas 79708, Lessee,

### WITNESSETH:

Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

<u>Township 15 South, Range 38 East</u> Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

- 2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.
- The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, three-sixteenths (3/16) of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of threesixteenths (3/16) of the gas used, provided that on gas sold on or off the premises, the royalties shall be three-sixteenths (3/16) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.
- 4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.
- 5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool-or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.
- 6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.
- 7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.
- 8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.
- 9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder, and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land,
and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward
satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the
entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from
any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the
whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding
upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed	the	day	and	year	first	above	written
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Marjorie M. Olds, individually and as Executrix of the Estate of Francis E. Olds, deceased

## **ACKNOWLEDGMENT**

			,			,
STATE OF OREGON	§ 8					
COUNTY OF	\$ \$					
This instrument was acl	knowledged before me on the	day of		, 2007	, by Marjorie M. (	Olds, individually
and as Executrix of the Estate of Fi	rancis E. Olds, deceased.					
	· v					
			Notary Public, State of	Oregon		
•			My Commission Expir	es:		,

## OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 18, 2007

Loleita Fay Patterson C/o Marco and Ruby Fox 1402 West Clayton Ave. Lovington, NM 88250

Re: Pyramid #1

W/2 of Section 31, Township 14 South, Range 38 East Lea County, New Mexico

Dear Mr. & Mrs. Fox:

We are unable to locate a current address for Loleita Fay Pattereson. In conjunction with our proposal of April 6, 2007 to lease Loleita's undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

Surface Hole Location: 2210' FSL & 430' FWL
Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

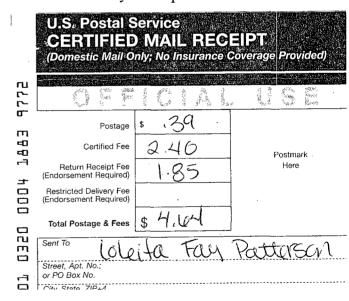
• \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw





COMPANY ENTI			*				f	DATE PRE		8, 2007	
REGION	WELL NAME	WELL NO	PROSE	PECT OR FIELD	NAME	PROPER	TY NUMBER		DRILLING	AFE NO.	
Permian	Pyramid	1 1	8	Star-Dento	n '	]					
LOCATION	SHL 2210' FSL & 430' F\	NL		COL	YTNL	- S	TATE		TYPE	WELL	
BHL 330' F	SL & 430' FWL					}		OIL	X	EXPL	X
Sec 31, T14	IS, R38E			Le	ea	New	Mexico	GAS		PROD	,
ORIGINAL ESTIN	AATE X		EST. ST/	ART DATE	EST. CC	MP. DATE	FORM	ATION		EST. TD	
REVISED ESTIN	ATE	_	·						9	B00	TVD
SUPPLEMENTA	L ESTIMATE	_	•	•					110	600'	MD

#### PROJECT DESCRIPTION:

Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs	•	712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
TANGIBLES			
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

### Comments on Well Costs:

### WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

I elect to purchase my own	well control	insurance policy.
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Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

### Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

		#VALUE
:	CIMAREX ENERGY CO. APPROVAL	
PREPARED BY	DRILLING AND COMPLETION MANAGER	REGIONAL MANAGER
Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	Roger Alexander, Regional Manager Permian Basin
	JOINT INTEREST APPROVAL	
COMPANY	BY	DATE

^{1.} All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.



## PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

INTANGIBLES '					DRY HOLE	C	AFTER CASING	ł
ROADS & LOCATION PREPARATION / RESTORATION	N	· <del>-</del>		Codes DIDC.100	\$100,000	Codes DICC.100	POINT \$8,000	WELL COST \$108,00
DAMAGES	N			DIDC.100	\$4,000	DICC.100		\$5,00
MUD/FLUIDS DISPOSAL CHARGES				DIDC.255	\$20,000	DICC.235	\$20,000	\$40,00
	CP DAYS @	17430	PER DAY	DIDC.115	\$801,780	DICC.120	\$87,150	\$888,93
MISC PREPARATION COST (mouse hole, rat hole, pa	ds, pile clusters	, misc.)		DIDC.120	\$8,000	7///		\$8,00
BITS				DIDC.125	\$100,000	DICC,125	\$1,000	\$101,00
FUEL \$2.20 PER GALLO	)N			DIDC.135	\$111,000	DICC.130	\$11,000	\$122,00
WATER / COMPLETION FLUIDS				DIDC.140	\$32,200 \$64,400	DICC.135	\$25,000	\$57,20 \$64,40
MUD & ADDITIVES SURFACE RENTALS				DIDC.145 DIDC.150	\$69,000	DICC.140	\$45,000	\$114.00
DOWNHOLE RENTALS				DIDC.155	\$144,000	DICC.145	\$10,000	\$154,00
FORMATION EVALUATION (DST, Coring including eva	aluation, G&G S	SERVICES)		DIDC.160		1111	MILLE	
MUD LOGGING 37 DAYS @ 5	900 PER DAY			DIDC.170	\$47,000	7777		\$47,00
OPEN HOLE LOGGING				DIDC.180	\$65,000	7777	7//////	\$65,00
CEMENTING & FLOAT EQUIPMENT				DIDC.185	\$50,000	DICC.155	\$40,000	\$90,00
TUBULAR INSPECTIONS CASING CREWS				DIDC.190	\$5,000 \$12,000	DICC.160 DICC.165	\$2,500 \$15,000	\$7,50 \$27,00
EXTRA LABOR, WELDING, ETC.				DIDC.200	\$27,600	DICC.170	\$5,000	\$32,60
LAND TRANSPORTATION (Trucking)				DIDC.205	\$32,200	DICC.175	. \$7,000	\$39,20
SUPERVISION				DIDC.210	\$51,000	DICC.180	\$18,000	\$69,00
TRAILER HOUSE/CAMP/CATERING				DIDC.280	\$17,000	DICC.255	\$2,500	\$19,50
OTHER MISC EXPENSES				DIDC.220	\$5,000	DICC.190	\$5,000	\$10,00
OVERHEAD				DIDC.225	\$14,000	DICC.195	\$4,200	\$18,20
REMEDIAL CEMENTING MOB/DEMOB				DIDC.231 DIDC.240	\$150,000	DICC.215	mm	\$150,00
DIRECTIONAL DRILLING SERVICES	22 DAYS @	9500	PER DAY	DIDC.240	\$209,000	444	44444	\$150,00
DOCK, DISPATCHER, CRANE	ZZ DATO W	9000	LINUMI	DIDC.245	φ203,000	DICC.230	,,,,,,,	\$209,00
MARINE & AIR TRANSPORTATION				DIDC.275		DICC.250		
SOLIDS CONTROL				DIDC.260	\$166,000	1111	1111111	\$166,00
WELL CONTROL EQUIP (Snubbing services)				DIDC.265	\$28,000	DICC,240	\$16,800	\$44,80
FISHING & SIDETRACK OPERATIONS				DIDC.270		DICC.245		
COMPLETION RIG 14 DAYS @	4400	PER DAY		1111	111111	DICC.115	\$61,600	\$61,60
COIL TUBING DAYS @	144 OLIOVEN	PER DAY		444	<i>HHH</i> .	DICC.260	#05.000	
COMPLETION LOGGING, PERFORATING, WL UNITS STIMULATION	WL SURVEYS	· ·		1111	HHH	DICC.200	\$35,000 \$220,000	\$35,00 \$220,00
LEGAL/REGULATORY/CURATIVE				DIDC.300	\$10,000	DICC.280	\$220,000	\$10,00
	R FOOT			DIDC.285	\$3,000	1111	111111	\$3,00
CONTINGENCY 5% OF DRILLIN		S		DIDC.435	\$117,000	DICC.220	\$32,000	\$149,00
CONSTRUCTION FOR WELL EQUIPMENT				////		DWEA.110	\$1,000	\$1,00
CONSTRUCTION FOR LEASE EQUIPMENT		**	-	7777	777777.	DLEQ.110	\$39,000	\$39,00
CONSTRUCTION FOR SALES P/L				7777.	777777	DICC.265		
Manager 1								
TOTAL INTANCIBLE COST	energia de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition de la composition della  or the designation		2000 A	\$0,463,180		\$712.750	\$3,175,03	
TOTALINTANGIBLE COST					\$2,463,180		\$7,12,750	\$3,175,930
TOTALINTANGIBLE COST.  TANGIBLE - WELL EQUIPMENT					\$2,463,180	i parti anti a	\$7,12,750	\$3,175,93
	SIZE	FEET	\$/FOOT		\$2,463,180		\$7.12,750	<b>\$3</b> ,175,93
TANGIBLE - WELL EQUIPMENT CASING DRIVE PIPE				DWEB.150	\$2;463;180 4,000		\$712,750	\$3,175,93 \$4,00
TANGIBLE - WELL EQUIPMENT CASING DRIVE PIPE CONDUCTOR PIPE	SIZE	FEET	\$/FOOT	DWEB.150			第232750	
TANGIBLE - WELL EQUIPMENT CASING DRIVE PIPE CONDUCTOR PIPE WATER STRING	SIZE 20"	FEET 40	\$/FOOT 100.00	DWEB.150 DWEB.130 DWEB.135	4,000		新記載6.57.1.2.7.50	\$4,00
TANGIBLE - WELL EQUIPMENT CASING: DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING	SIZE 20"	FEET 40 	\$/FOOT 100.00	DWEB.150 DWEB.130 DWEB.135 DWEB.140	4,000		<b>第四部第57.12.75</b> 6	\$4,00 \$11,00
TANGIBLE - WELL EQUIPMENT CASING: DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING	SIZE 20" 13-3/8" 8-5/8"	FEET 40	\$/FOOT 100.00	DWEB.150 DWEB.130 DWEB.135 DWEB.140	4,000		\$7.12.750	\$4,00 \$11,00
TANGIBLE - WELL EQUIPMENT  CASING:  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER	SIZE 20"	FEET 40 	\$/FOOT 100.00	DWEB.150 DWEB.130 DWEB.135 DWEB.140 DWEB.145	4,000		\$7.12.750	\$4,00 \$11,00
TANGIBLE - WELL EQUIPMENT CASING: DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING	SIZE 20" 13-3/8" 8-5/8"	FEET 40 	\$/FOOT 100.00	DWEB.150 DWEB.130 DWEB.135 DWEB.140	4,000	DWEA 100	156,000	\$4,00 \$11,00 \$105,00
TANGIBLE - WELL EQUIPMENT CASING DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER	SIZE 20" 13-3/8" 8-5/8" 7"	FEET 40 250 4,500	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.130 DWEB.135 DWEB.140 DWEB.145	4,000			\$4,00 \$11,00 \$105,00
TANGIBLE - WELL EQUIPMENT CASING DRIVE PIPE CONDUCTOR PIPE WATER STRING SURFACE CASING INTERMEDIATE CASING DRILLING LINER DRILLING LINER PRODUCTION CASING OR LINER	SIZE 20" 13-3/8" 8-5/8" 7"	FEET 40 250 4,500	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.130 DWEB.135 DWEB.140 DWEB.145	4,000	DWEA 100		
TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2"	FEET 40 250 4,500	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.130 DWEB.135 DWEB.140 DWEB.145 DWEB.145	4,000 11,000 105,000	DWEA 100 DWEA 100 DWEA 105 DWEA 115	156,000 78,000 \$9,000	\$4,00 \$11,00 \$105,00 \$156,00 \$78,00 \$9,00
TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2"	FEET 40 250 4,500	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.130 DWEB.135 DWEB.145 DWEB.145 DWEB.145	4,000 11,000 105,000	DWEA 100 DWEA 100 DWEA 105 DWEA 115 DWEA 120	156,000	\$4,00 \$11,00 \$105,00 \$156,00 \$78,00 \$9,00
TANGIBLE - WELL EQUIPMENT  CASING:  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2"	FEET 40 250 4,500	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.130 DWEB.135 DWEB.140 DWEB.145 DWEB.145	4,000 11,000 105,000	DWEA 100 DWEA 105 DWEA 105 DWEA 120 DWEA 125	156,000 78,000 \$9,000 \$28,000	\$4,00 \$11,00 \$105,00 \$156,00 \$78,00 \$9,00 \$40,00
TANGIBLE - WELL EQUIPMENT  CASING:  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2"	FEET 40 250 4,500	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.130 DWEB.135 DWEB.145 DWEB.145 DWEB.145	4,000 11,000 105,000	DWEA 100 DWEA 100 DWEA 105 DWEA 125 DWEA 125 DWEA 130	156,000 78,000 \$9,000 \$28,000	\$4,00 \$11,00 \$105,00 \$156,00 \$78,00 \$9,00 \$40,00
TANGIBLE - WELL EQUIPMENT  CASING:  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2"	FEET 40 250 4,500	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.130 DWEB.135 DWEB.145 DWEB.145 DWEB.145	4,000 11,000 105,000	DWEA.100 DWEA.100 DWEA.105 DWEA.115 DWEA.125 DWEA.120 DWEA.130 DLEQ.100	156,000 78,000 \$9,000 \$28,000 \$110,000 \$78,000	\$4,00 \$11,00 \$105,00 \$156,00 \$78,00 \$9,00 \$40,00 \$110,00 \$78,00
TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2"	FEET 40 250 4,500	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.130 DWEB.135 DWEB.145 DWEB.145 DWEB.145	4,000 11,000 105,000	DWEA 100 DWEA 100 DWEA 105 DWEA 125 DWEA 125 DWEA 130	156,000 78,000 \$9,000 \$28,000	\$4,00 \$11,00 \$105,00 \$156,00 \$78,00 \$9,00 \$40,00
TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2"	FEET 40 250 4,500	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.130 DWEB.135 DWEB.145 DWEB.145 DWEB.145	4,000 11,000 105,000	DWEA.100 DWEA.100 DWEA.105 DWEA.115 DWEA.125 DWEA.120 DWEA.130 DLEQ.100	156,000 78,000 \$9,000 \$28,000 \$110,000 \$78,000	\$4,00 \$11,00 \$105,00 \$156,00 \$78,00 \$9,00 \$40,00 \$110,00 \$78,00
TANGIBLE - WELL EQUIPMENT  CASING:  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS	SIZE 20" 13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	FEET 40 250 4,500	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.130 DWEB.135 DWEB.145 DWEB.145 DWEB.145	4,000 11,000 105,000	DWEA.100 DWEA.100 DWEA.105 DWEA.125 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.115 DLEQ.120	156,000 78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000	\$4,00 \$111,00 \$105,00 \$156,00 \$78,00 \$9,00 \$40,00 \$110,00 \$78,00 \$15,00
TANGIBLE - WELL EQUIPMENT  CASING:  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Eq	SIZE 20"  13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	FEET 40	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.130 DWEB.135 DWEB.145 DWEB.145 DWEB.145	4,000 11,000 105,000	DWEA. 100 DWEA. 100 DWEA. 105 DWEA. 125 DWEA. 125 DWEA. 120 DLEQ. 100 DLEQ. 105 DLEQ. 105 DLEQ. 120 DLEQ. 120	\$156,000 \$78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$4,00 \$111,00 \$105,00 \$156,00 \$78,00 \$9,00 \$40,00 \$110,00 \$78,00 \$15,00 \$44,00 \$21,00 \$18,00
TANGIBLE - WELL EQUIPMENT  CASING:  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Eq	SIZE 20"  13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	FEET 40 250 4,500	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.130 DWEB.135 DWEB.145 DWEB.145 DWEB.145	4,000 11,000 105,000	DWEA. 100 DWEA. 100 DWEA. 105 DWEA. 125 DWEA. 125 DWEA. 120 DUEQ. 100 DLEQ. 105 DLEQ. 120 DLEQ. 120 DLEQ. 120 DLEQ. 120	156,000 78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000	\$4,00 \$11,00 \$105,00 \$156,00 \$78,00 \$9,00 \$40,00 \$15,00 \$15,00 \$44,00 \$21,00 \$18,00
TANGIBLE - WELL EQUIPMENT  CASING:  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Eq  FLOW LINES (Line Pipe from wellhead to central facility  OFFSHORE PRODUCTION STRUCTURE FOR FACILI	SIZE 20"  13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	FEET 40	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.130 DWEB.135 DWEB.145 DWEB.145 DWEB.145	4,000 11,000 105,000	DWEA. 100 DWEA. 100 DWEA. 105 DWEA. 125 DWEA. 125 DWEA. 130 DLEQ. 100 DLEQ. 105 DLEQ. 125 DLEQ. 120 DLEQ. 120 DLEQ. 120 DLEQ. 120 DLEQ. 120 DLEQ. 130 DWEA. 135	\$156,000 \$78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$4,00 \$11,00 \$105,00 \$156,00 \$78,00 \$9,00 \$40,00 \$15,00 \$15,00 \$44,00 \$21,00 \$18,00
TANGIBLE - WELL EQUIPMENT  CASING:  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Eq	SIZE 20"  13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	FEET 40	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.130 DWEB.135 DWEB.145 DWEB.145 DWEB.145	4,000 11,000 105,000	DWEA. 100 DWEA. 100 DWEA. 105 DWEA. 125 DWEA. 125 DWEA. 120 DUEQ. 100 DLEQ. 105 DLEQ. 120 DLEQ. 120 DLEQ. 120 DLEQ. 120	\$156,000 \$78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$4,00 \$11,00 \$105,00 \$156,00 \$78,00 \$9,00 \$40,00 \$15,00 \$15,00 \$44,00 \$21,00 \$18,00
TANGIBLE - WELL EQUIPMENT  CASING:  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Eq  FLOW LINES (Line Pipe from wellhead to central facility  OFFSHORE PRODUCTION STRUCTURE FOR FACILI  PIPELINES TO SALES	SIZE 20"  13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	FEET 40	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.130 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.115 DWEB.115	11,000 105,000 12,000	DWEA 100 DWEA 100 DWEA 105 DWEA 125 DWEA 120 DLEQ.105 DLEQ.105 DLEQ.120 DLEQ.120 DLEQ.130 DWEA 135 DWEA 140	156,000 78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000 \$1,000	\$11,00 \$105,00 \$105,00 \$156,00 \$78,00 \$40,00 \$110,00 \$78,00 \$15,00 \$44,00 \$21,00 \$18,00
TANGIBLE - WELL EQUIPMENT  CASING:  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Eq  FLOW LINES (Line Pipe from wellhead to central facility  OFFSHORE PRODUCTION STRUCTURE FOR FACILI	SIZE 20"  13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	FEET 40	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.130 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.115 DWEB.115	11,000 105,000 12,000	DWEA 100 DWEA 100 DWEA 105 DWEA 125 DWEA 120 DLEQ.105 DLEQ.105 DLEQ.120 DLEQ.120 DLEQ.130 DWEA 135 DWEA 140	\$156,000 \$78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$11,00 \$105,00 \$105,00 \$156,00 \$78,00 \$9,00 \$40,00 \$110,00 \$78,00 \$15,00 \$21,00 \$18,00 \$11,00
TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  INTERMEDIATE CASING  DRILLING LINER  PRODUCTION CASING OR LINER  PRODUCTION TIE-BACK  TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Eq  FLOW LINES (Line Pipe from wellhead to central facility  OFFSHORE PRODUCTION STRUCTURE FOR FACILI  PIPELINES TO SALES	SIZE 20"  13-3/8" 8-5/8" 7" 5 1/2" 2 7/8"	FEET 40	\$/FOOT 100.00 42.00 23.40	DWEB.150 DWEB.130 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.115 DWEB.115	11,000	DWEA 100 DWEA 100 DWEA 105 DWEA 125 DWEA 120 DLEQ.105 DLEQ.105 DLEQ.120 DLEQ.120 DLEQ.130 DWEA 135 DWEA 140	156,000 78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000 \$1,000	\$11,00 \$105,00 \$105,00 \$156,00 \$78,00 \$40,00 \$110,00 \$78,00 \$15,00 \$44,00 \$21,00 \$18,00

### DIL & GAS PROPERTIES

P.D. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 6, 2007

Loleita Fay Patterson C/o Marco and Ruby Fox 1402 West Clayton Ave. Lovington, NM 88250

Re:

Oil & Gas Lease

Marco B. and Ruby O. Fox Trust dated 2-12-90

W/2 of Section 31

Township 14 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4,

SW/4NE/4 and NW/4SE/4 of Section 6

Township 15 South, Range 38 East

Lea County, New Mexico

Dear Ms. Patterson:

According to our title research, you own an undivided 2.50062 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$250.06 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do

not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

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000	Restricted Delivery Fee (Endorsement Required)		
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0360	Street, Apt. No.:	r Patters	w)
r٦	or PO Box No.		
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r-	RS Form 3800. January 2001		
ê	200	See He	verse for instructions.

## **OIL & GAS LEASE**

THIS AGREEMENT made this 6th day of April, 2007, between Loleita Fay Patterson, herein dealing in her sole and separate property, as Lessor (whether one or more), C/o Marco and Ruby Fox, whose address is 1402 West Clayton Ave., Lovington, NM 88250, and Shaw Interests, Inc. whose address is P.O. Box 9612, Midland, Texas 79708, Lessee,

### WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

- 2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.
- 3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, three-sixteenths (3/16) of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of three-sixteenths (3/16) of the gas used, provided that on gas sold on or off the premises, the royalties shall be three-sixteenths (3/16) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the ime of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written not
- 4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.
- 5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.
- 6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.
- 7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.
- 8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his setate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.
- 9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.
11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lesse shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first abov	e written.				•
Loleita Fay Patterson					
		•			
	A	CKNOWLEDGME	ENT		
STATE OF NEW MEXICO	§				
COUNTY OF	§ §				
This instrument was acknowle	edged before me on the	day of		, 2007, by Loleita Fay Pa	tterson.

•				
			•	
			*	
	Notary Public	c, State of New N	Mexico	 
	My Commiss	ion Expires:		

SHAW INTERESTS, INC DIL & GAS PROPERTIES

310 W. WALL ST., SUITE 305 MIDLAND, TEXAS 79701

TOPP EBBT HOOD OPED TOOL.

Elaine and James Wolf 403 Arbana Avenue

4.88

## OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 11, 2007

Elaine and James Wolf 403 Arbana Avenue Ann Arbor, MI 48103

Re: Oil & Gas Lease

W/2 of Section 31

Township 14 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4,

SW/4NE/4 and NW/4SE/4 of Section 6 Township 15 South, Range 38 East

Lea County, New Mexico

Dear Elaine and James:

According to our title research you own an undivided .9093726 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this lease are a \$100.00 flat fee bonus consideration, three (3) year paid-up primary term and one-fifth (1/5) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$100.00 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

### **DIL & GAS PROPERTIES**

.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

Elaine and James Wolf 403 Arbana Avenue Ann Arbor, MI 48103

Re: Pyramid #1

W/2 of Section 31, Township 14 South, Range 38 East Lea County, New Mexico

Dear Elaine & James:

In conjunction with our proposal of April 11, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

Surface Hole Location: 2210' FSL & 430' FWL
Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

• \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw

The land	U.S. Postal : CERTIFIEI (Domestic Mail O		DEIPT Coverage Provided)
12.			
	Postage  Certified Fee  Return Receipt Fee ndorsement Required) estricted Delivery Fee ndorsement Required)	\$ ,39 2.40 1.85	Postmark Here
Street or F	otal Postage & Fees State, Apt. No.; O Box No. State, ZIP+4 orm 3800, January 2001,	12,64 15 & Jame	See Reverse for Instructions



COMPANY ENT								DATE PR	EPARED March 8, 2	2007
REGION	WELL NAME	WELL NO	PROSPECT OR FIELD NAME		PROPERTY NUMBER			DRILLING AFE	E NO.	
Permian	Pyramid	1	S	tar-Dento	n .					
LOCATION	SHL 2210' FSL & 430' FV	VL .		CO	JNTY	S	TATE		TYPE WEL	L
BHL 330' F	SL & 430' FWL							OIL	X E	KPL X
Sec 31, T1	4S, R38E			Le Le	ea	New	Mexico	GAS	PF	ROD
ORIGINAL ESTI	MATE X		EST, STA	ART DATE	EST. CC	MP. DATÉ	FORMA	TION	ES	T. TD
REVISED ESTIN	MATE				İ				9800	TVD
SUPPLEMENTA	L ESTIMATE		٠.						11600	' MD

#### PROJECT DESCRIPTION:

Drill and complete a horizontal wolfcamp well.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
<u>TANGIBLES</u>			
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

### Comments on Well Costs:

### WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

 l elec	t to	purcl	nase	my	own	well	control	insurance	policy	١.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

### Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

		*VALUE!
1	CIMAREX ENERGY CO. APPROVAL	
PREPARED BY	DRILLING AND COMPLETION MANAGER	REGIONAL MANAGER
	Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	Roger Alexander, Regional Manager Permian Basin
	JOINT INTEREST APPROVAL	
COMPANY	ВҮ	DATE

^{1.} All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.



## PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

MATAGELES	:				1	DDV HOLE	1	AFTER CASING	COMPLETED
SOADE S LOCATION PREPARATION RESTORATION    DOBLO 10	INTANGIBLES				Codes	DRY HOLE	Codes		WELL COST
MADPLIUSD BIRPORAL CHARGES									\$108,000
DAY PARTE   00 OF LIAMS   5.ACE DAYS (8) 1740 PER DAY   100-115   5801,000   107-150   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000   150,000					DIDC.105	\$4,000	DICC.105	\$1,000	\$5,00
SIGN PREPRIATION COST (mouse hole, rith rite, pase, pile custers, mar.)	MUD/FLUIDS DISPOSAL CHARGES				DIDC.255			<u> </u>	\$40,00
DOC 105				PER DAY		<del> </del>	DICC.120	\$87,150	\$888,93
MUDIA ADDITIVES   1900.05   111,000   000.15   111,000   000.05   111,000   112,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000   110,000		ile clusters	, misc.)				DICC 125	\$1,000	\$8,00 \$101,00
DIDC-161   ST-2,000   DIDC-161   ST-2,000   DIDC-161   ST-2,000   DIDC-161   ST-2,000   DIDC-161   ST-2,000   DIDC-161   ST-2,000   ST-2,000   DIDC-161						· · · · · · · · · · · · · · · · · · ·			\$122,000
BIDC 145   564,400   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561,500   561				<del></del>				<del> </del>	\$57,20
DOMESTIC REPORTALS   STANDARD						\$64,400	1111	111111	\$64,40
PERMATINE WALLANT TOM (DST, Comp including will suit to the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the property of the	SURFACE RENTALS				DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000
MODICOGNING   STANS   \$1000 PER DAY   DOC.100   \$47,000   \$30,000   DOC.100   \$40,000   \$30,000   DOC.100   \$30,000   DOC.100   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,000   \$40,00							DICC.145	\$10,000	\$154,000
December   December   December   December   December   Section			ERVICES)				1111	44444	647.00
CAMENTING A FLOAT ECUIPMENT		PER DAY	.,		<del> </del>		444	HHHH	\$47,000 \$65,000
TIBBLAR RISPECTIONS  DOC.590 \$35.000 DCC.166 \$32.000 \$2  EXTRA LABOR, WELDING, ETC. DOC.200 \$27.600 DCC.167 \$50.000 \$2  EXTRA LABOR, WELDING, ETC. DOC.200 \$27.600 DCC.175 \$50.000 \$2  EXTRA LABOR, WELDING, ETC. DOC.200 \$21.7600 DCC.175 \$50.000 \$3  SUPERIVATION (Trucking) DOC.201 \$13.000 DCC.105 \$10.000 DCC.105 \$10.000 \$3  SUPERIVATION DOC.201 \$11.000 DCC.105 \$10.000 DCC.105 \$10.000 \$2  SUPERIVATION DOC.201 \$10.000 DCC.205 \$10.000 DCC.205 \$2.000 \$1  OTHER MISC EXPENSES DOC.202 \$14.000 DCC.205 \$1.000 DCC.205 \$1  OTHER MISC EXPENSES DOC.202 \$14.000 DCC.205 \$1.000 DCC.205 \$1.000 DCC.205 \$1  OTHER MISC EXPENSES DOC.202 \$14.000 DCC.205 \$1.000 DCC.205 \$1.000 DCC.205 \$1  OTHER MISC EXPENSES DOC.202 \$14.000 DCC.205 \$1.000 DCC.205 \$			*		<del></del>	<u> </u>	DICC.155	\$40.000	\$90,000
EATRALABOR_WELDING_ETC.							-		\$7,50
LAND TRANSPORTATION (Trocking)	CASING CREWS				DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000
SUPERINSON   DIDC.210   \$18,000   B61   TRABLES HOUSE/CAMPICATERINS   DIDC.220   \$3,000   DIDC.220   DI	EXTRA LABOR, WELDING, ETC.				DIDC.200	<del> </del>			\$32,600
TRALER HOUSE/CAMPICATEINS  DIDC.280  ST.000  DIDC.180  DIDC.280  D					1				\$39,200
OTHER MISC EXPENSES  ODIC 230  SERVICIDA (1985)  REMEDIAL CEMENTHYS  ODIC 235  SERVICIDAL CEME		-			<del>†</del>				\$69,000
OVERHEAD  REMEDIAL CEMENTINO  DIDC.226  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.237  DIDC.2					<del></del>	<del></del>			\$19,500 \$10,000
REMEDIAL CEMENTING  MORDEPHING  DIRECTIONAL ORBILLING SERVICES  22 DAYS © 9500 PER DAY  DIRECTIONAL ORBILLING SERVICES  22 DAYS © 9500 PER DAY  DIRECTIONAL ORBILLING SERVICES  DIRECTIONAL ORBILLING SERVICES  DIRECTIONAL ORBILLING SERVICES  DIRECTIONAL ORBILLING SERVICES  DIRECTIONAL ORBILLING SERVICES  DIRECTIONAL ORBILLING SERVICES  DIRECTIONAL ORBILLING SERVICES  DIRECTIONAL ORBILLING SERVICES  DIRECTIONAL ORBILLING SERVICES  DIRECTIONAL ORBILLING SERVICES  DIRECTIONAL ORBILLING SERVICES  DIRECTIONAL ORBILLING SERVICES  DIRECTIONAL ORBILLING SERVICES  DIRECTIONAL ORBINAL ORBITAL OR									\$18,200
DIRECTIONAL DRILLING SERVICES  22 DAYS @ 9900 PER DAY DIDC.256  DIDC.250  DIDC.250  DIDC.250  DIDC.250  DIDC.250  DIDC.250  DIDC.250  DIDC.250  DIDC.250  DIDC.250  S168.000   S168.000   S168.000  S168.0000  S168.0000  S168.0000  S168.0000  S168.0000  S168.0000  S168								, ,,,,,,,	
DOCK DISPATCHER (CRAME   DOC 289   DICC 290   DICC 29	MOB/DEMOB				DIDC.240	<del>                                     </del>	7777	777777	\$150,000
MARNINE & AIR TRANSPORTATION   DICC.276   DICC.276   S168.000   DICC.276   DICC.277		DAYS @	9500	PER DAY		\$209,000	7///	7///////	\$209,000
SOLIDS CONTROL.    DIDC.260   \$16,000   \$16,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000   \$4,000									
WELL CONTROL EQUIP (Probably services)   DIDC.285   \$28,000   DIDC.240   \$16,800   \$64   FERHING & SIDIETRACK OPERATIONS   DIDC.277   DIDC.285   \$81,600   \$60   COMPLETION RIG						\$166,000	DICC.250	m	\$166,000
EISHING A SIDETRACK OPERATIONS						<del> </del>	DICC 240	\$16.800	\$44,800
CONTRIBUTION LOGGING, PERFORATING, WIL UNITS, WIL SURVEYS   DIDC.200   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35,000   \$35						123,000		410,000	411,000
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS STIMULATION DIGC.200 S35,000 S220 LEGAL/REGULATORY/CURATIVE DIGC.200 LEGAL/REGULATORY/CURATIVE DIGC.200 S40,000 S10,000 DIGC.200 S20,000	COMPLETION RIG 14 DAYS @ 4	4400	PER DAY		1111	111111	DICC.115	\$61,600	\$61,600
STIMULATION LEGAL/REGULATORY/CURATIVE LEGAL/REGULATORY/CURATIVE LEGAL/REGULATORY/CURATIVE WELL CONTROL INSURANCE \$0.35 PER FOOT DIDC.285 \$3.000 S10,0000 DICC.220 \$32,0000 \$13 CONTINGENCY \$5% OF DRILLING INTANGIBLES DIDC.435 \$117,000 DICC.220 \$32,0000 \$149 CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR SALES PIL  TOTALINTANGIBLE-GOSTI  TANGIBLE - WELL EQUIPMENT CASING SIZE FEET \$1,000 DIVER PIPE  20' 40 100,000 DIVER PIPE  20' 40 00,000 DIVER PIPE 00,000 DIVER PIPE 00,000 DIVER PIPE 10,000 DIVER PIPE 11,000 DIVER PI	COIL TUBING DAYS @		PER DAY				DICC.260		
LEGAL/REGULATORY/CURATIVE		SURVEYS	3		7777				\$35,000
WELL CONTROL INSURANCE \$0.35 PER FOOT DIDC.285 \$3.000 \$3.000 \$3.000 \$3.000 \$3.000 \$3.000 \$3.000 \$3.000 \$3.000 \$3.000 \$3.000 \$3.000 \$3.000 \$3.000 \$3.000 \$3.000 \$3.000 \$3.000 \$3.000 \$3.000 \$3.000 \$3.000 \$3.000 \$3.000 \$3.000 \$3.000 \$3.000 \$3.000 \$3.000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.00000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.0000 \$3.00000 \$3.00000 \$3.00000					////	///////		\$220,000	\$220,000
CONTRIGENCY		OOT				<del></del>	DICC.280	mmin	\$10,000 \$3,000
STRUCTION FOR WELL EQUIPMENT			S				DICC 220	\$32,000	\$149,000
CONSTRUCTION FOR SALES P/L  TOTAL SINTANGIBLE COST  TANGIBLE - WELL EQUIPMENT  CASING  SIZE FEET \$/FOOT  DRIVE PIPE  20" 40 100.00 0WEB 150 4,000  S40  CONDUCTOR PIPE  WATER STRING  SURFACE CASING  13-3/8" 250 42.00 0WEB 145  SURFACE CASING  13-3/8" 250 42.00 0WEB 140 11,000  S11  INTERMEDIATE CASING B-5/8" 4,500 23.40 0WEB 140 11,000  DRILLING LINER  7" DWEL 145  DRILLING LINER  7" DRILLING LINER  5 1/2" 9,800 15,90  PRODUCTION TIE-BACK  1UBING  \$2 7/8" 12,000 6,50  DWEL 145  DWEL 145  DWEL 15  DWEL 15  DWEL 15  S9,000 \$778  WELLHEAD, TREE, CHOKES  UNER 100  DWEL 100  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  S11,000  S156  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  S11,000  S150  S11  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL 105  DWEL		17.1101022			1111	THIN			\$1,000
TOTALEINTANGIBLEICOSTA  TANGIBLE - WELL EQUIPMENT  CASING   SIZE   FEET   \$/FOOT    CASING   DWB   100 00   DWB   150    CONDUCTOR PIPE   20"   40   100 00   DWB   150    WATER STRING   DWB   130    WATER STRING   DWB   140    DWB   140   DWB   140	CONSTRUCTION FOR LEASE EQUIPMENT		•,		1111	11111	DLEQ.110	\$39,000	\$39,000
TANGIBLE - WELL EQUIPMENT  CASING   SIZE   FEET   \$/FOOT    DRIVE PIPE   20"   40   100.00   DWEB.150   4,000   \$4  CONDUCTOR PIPE   DWEB.135    SURFACE CASING   13-3/8"   250   42.00   DWEB.135    SURFACE CASING   8-5/8"   4,500   23.40   DWEB.145   105,000   \$11  INTERMEDIATE CASING   7"   DWEB.145    DRILLING LINER   7"   DWEB.145    DWEB.100   DWEB.100   T85,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$15	CÒNSTRUCTION FOR SALES P/L				7777		DICC.265		
TANGIBLE - WELL EQUIPMENT  CASING   SIZE   FEET   \$/FOOT    DRIVE PIPE   20"   40   100.00   DWEB.150   4,000   \$4  CONDUCTOR PIPE   DWEB.135    SURFACE CASING   13-3/8"   250   42.00   DWEB.135    SURFACE CASING   8-5/8"   4,500   23.40   DWEB.145   105,000   \$11  INTERMEDIATE CASING   7"   DWEB.145    DRILLING LINER   7"   DWEB.145    DWEB.100   DWEB.100   T85,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$15		i de la companya de la companya de la companya de la companya de la companya de la companya de la companya de	ndineratoriani	i erromane en en en en en en en en en en en en e	etavita englista		navioanian-tain	astro-man	
CASING   SIZE   FEET   \$/FOOT	HUI ALIMIANGIBLE COSTA			A STORY OF THE STORY		\$2,463;180	HICKORY PROTECTS	新典的學術系第 <b>本</b> (1∠; (50	\$3,175,930
CASING   SIZE   FEET   \$/FOOT	TANGIRI E - WELL FOLIPMENT								
DWEB.130   DWEB.130   DWEB.135			FEET	\$/FOOT					
WATER STRING	DRIVE PIPE	20"		100.00	DWEB.150	4,000	1111		\$4,000
SURFACE CASING 13-3/8" 250 42.00 DWEB.140 11,000 \$111 INTERMEDIATE CASING 8-5/8" 4,500 23.40 DWEB.145 105,000 \$105 DRILLING LINER 7" DWEB.145 DRILLING LINER 0 DWEB.145 DRILLING LINER 0 DWEB.145 DRILLING LINER 0 DWEB.145 DRILLING LINER 0 DWEB.145 DRILLING LINER 0 DWEB.145 DRILLING LINER 0 DWEB.145 DRILLING LINER 0 DWEB.100 T56,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156,000 \$156	CONDUCTOR PIPE				DWEB.130		7777		
NTERMEDIATE CASING   8-5/8"   4,500   23.40   DWEB.145   105,000   \$105					-		7777.	<i>111111</i>	
DRILLING LINER   7"							444	HHHH	\$11,000
DRILLING LINER PRODUCTION CASING OR LINER  5 1/2" 9,800 15.90  15.90  DWEA.100  DWEA.100  TOBING  2 7/8" 12,000 6.50  DWEA.105  TR.000  \$78,000 \$78  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  DWEB.115  LINER HANGER, ISOLATION PACKER  DWEB.100  DWEA.125  PACKER, NIPPLES  DWEB.100  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  N/C LEASE EQUIPMENT  N/C LEASE EQUIPMENT  N/C LEASE EQUIPMENT  N/C LEASE EQUIPMENT  N/C LEASE EQUIPMENT  N/C LEASE EQUIPMENT  SATING STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES  PIPELINES TO SALES  DIDC.295  60,000  DICC.275  (60,000)  \$556,000  S\$5660  P8A COSTS  DIDC.295  60,000  DICC.275  (60,000)			4,500	23.40			444	44444	\$105,000
PRODUCTION CASING OR LINER 5 1/2" 9,800 15.90   DWEA.100 156,000 \$156 PRODUCTION TIE-BACK   DWEA.100   DWEA.105   78,000 \$78   DWEA.105   T8,000   S78   DWEA.105   DWEA.115   S9,000 \$90   S90   DWEA.115   S9,000 \$40   DWEA.125   DWEA.125   DWEA.125   DWEA.125   DWEA.125   DWEA.125   DWEA.120   S110,000 \$110   DWEA.125   DWEA.130 \$110,000 \$110   DWEA.130 \$110,000 \$110   DWEA.130 \$15,000 \$78   DWEA.130 \$15,000 \$10   DWEA.130 \$10   DWEA.130 \$10   DWEA.130 \$10   DWEA.130 \$10   DWEA.130 \$10   DWEA.130 \$10   DWEA.130 \$10   DWEA.130 \$10   DWEA.130 \$10   DWEA.130 \$10		· · ·	, ,				1111	44444	
PRODUCTION TIE-BACK TUBING 2 7/8" 12,000 6.50 DWEA.100 DWEA.105 78,000 \$78 N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES DWEB.115 12,000 DWEA.120 \$28,000 \$40 LINER HANGER, ISOLATION PACKER DWEB.100 DWEA.125 DWEB.100 DWEA.125 DWEB.100 DWEA.125 DWEB.100 DWEA.125 DWEB.100 DWEA.130 \$110,000 \$110 PACKER, NIPPLES DWEB.100 DLEQ.100 \$78,000 \$78 LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT N/C LEASE EQUIPMENT DLEQ.115 \$44,000 \$44 TANKS, STANKS STEPS, STAIRS BATTERY'(Heater Treater, Separator, Gas Treating Equipment) DLEQ.125 \$18,000 \$15 FLOW LINES (Line Pipe from wellhead to central facility) DFFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES  DIDC.295 60,000 DICC.275 (60,000)  P&A COSTS DIDC.295 60,000 DICC.275 (60,000)		5 1/2"	9,800	15.90	1111	[[[]]]	DWEA.100	156,000	\$156,000
N/C WELL EQUIPMENT       DWEA.115       \$9,000       \$9         WELLHEAD, TREE, CHOKES       DWEB.115       12,000 DWEA.120       \$28,000       \$40         LINER HANGER, ISOLATION PACKER       DWEB.100       DWEA.125       WEA.130       \$110,000       \$110         PACKER, NIPPLES       DUEQ.100       \$78,000       \$78       \$10       \$10       \$78,000       \$78         PUMPING UNIT, ENGINE       DLEQ.100       \$78,000       \$78,000       \$78       \$15       \$15,000       \$15         LIFT EQUIPMENT (BHP, Rods, Anchors)       DLEQ.105       \$15,000       \$15       \$15,000       \$15         N/C LEASE EQUIPMENT       DLEQ.105       \$44,000       \$44         TANKS, TANKS STEPS, STAIRS       DLEQ.115       \$44,000       \$21         BATTERY (Heater Treater, Separator, Gas Treating Equipment)       DLEQ.120       \$21,000       \$18         FLOW LINES (Line Pipe from wellhead to central facility)       DLEQ.130       \$1,000       \$1         OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES       DWEA.140       DWEA.140       \$556,000       \$690         P&A COSTS       DIDC.295       60,000       DICC.275       (60,000)       \$600					7777	MMZ			
WELLHEAD, TREE, CHOKES         DWEB.115         12,000         DWEA.120         \$28,000         \$40           LINER HANGER, ISOLATION PACKER         DWEB.100         DWEA.125         DWEA.125         DWEA.130         \$110,000         \$110           PACKER, NIPPLES         DWEA.130         \$110,000         \$78,000         \$78         \$10         \$78,000         \$78           PUMPING UNIT, ENGINE         DLEQ.105         \$15,000         \$15         \$15,000         \$15           TANGIBLE - LEASE EQUIPMENT         DLEQ.105         \$14,000         \$44           TANKS, TANKS STEPS, STAIRS         DLEQ.115         \$44,000         \$44           BATTERY (Heater Treater, Separator, Gas Treating Equipment)         DLEQ.125         \$18,000         \$18           FLOW LINES (Line Pipe from wellhead to central facility)         DLEQ.130         \$1,000         \$1           OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES         DWEA.135         DWEA.140         DWEA.140           TIOTAL TANGIBLES         DWEA.140         \$556,000         \$660           P&A COSTS         DIDC.295         60,000         DICC.275         (60,000)	TUBING	2 7/8"	12,000	6.50	7777				\$78,000
DWEB.100   DWEB.100   DWEB.100   DWEB.100   PACKER   DWEB.100   ST10,000   ST110,000   ST110,000   ST110,000   ST8,000   ST8					7777	777777			\$9,000
PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY' (Heater Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES  PIPELINES TO SALES  DIDC.295  FOR ACOSTS  DIDC.295  G0,000  DICC.275  (60,000)						12,000		\$28,000	\$40,000
PUMPING UNIT, ENGINE	The state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the state of the s				TOWER. 100	THE STATES		\$110,000	\$110,000
LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY' (Heater Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES  PIPELINES TO SALES  TOTAL TANGIBLES  DIDC.295  60,000  DICC.275  (60,000)				·	1111	111111			\$78,000
N/C LEASE EQUIPMENT       DLEQ.115       \$44,000       \$44         TANKS, TANKS STEPS, STAIRS       DLEQ.120       \$21,000       \$21         BATTERY'(Heater Treater, Separator, Gas Treating Equipment)       DLEQ.125       \$18,000       \$18         FLOW LINES (Line Pipe from wellhead to central facility)       DLEQ.130       \$1,000       \$1         OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES       DWEA.135       DWEA.140       S558,000       \$558,000       \$690         PIPELINES TO SALES       DIDC.295       60,000       DICC.275       (60,000)       \$60,000       DICC.275       (60,000)       \$60,000       DICC.275       (60,000)       \$60,000       DICC.275       \$60,000       \$60,000       DICC.275       \$60,000       \$60,000       \$60,000       \$60,000       \$60,000       \$60,000       \$60,000       \$60,000       \$60,000       \$60,000       \$60,000       \$60,000       \$60,000       \$60,000       \$60,000       \$60,000       \$60,000       \$60,000       \$60,000       \$60,000       \$60,000       \$60,000       \$60,000       \$60,000       \$60,000       \$60,000       \$60,000       \$60,000       \$60,000       \$60,000       \$60,000       \$60,000       \$60,000       \$60,000       \$60,000       \$60,000       \$60,000       \$60,000       <					7777	77777			\$15,000
TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES  PIPELINES TO SALES  TOTAL TANGIBLES  DIDC.295  60,000  DICC.275  (60,000)			-						
### BATTERY (Heater Treater, Separator, Gas Treating Equipment)  #### FLOW LINES (Line Pipe from wellhead to central facility)  ### OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES  ### PIPELINES TO SALES  ### TOTAL TANGIBLES  ### DIDC.295  ### BO.000 DICC.275  ### (60,000)  ### S18,000 \$18  ### S18,000 \$18  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000 \$1  ### S18,000	· · · · · · · · · · · · · · · · · · ·				1111	4411			\$44,000
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OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES         DWEA.135           PIPELINES TO SALES         DWEA.140           TOTAL TANGIBLES         \$132,000           P&A COSTS         DIDC.295         60,000         DICC.275         (60,000)		ong.	-,		444	111111			\$1,000
PIPELINES TO SALES					1111	(11111)			
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	TOTAL COST	a way bar	AVENCE AND		(120 M × 4	\$2,656 480	**************************************	\$1.210.750	\$3.865.030

### OIL & GAS LEASE

THIS AGREEMENT made this 11th day of April 2007, between Elaine Wolf and husband, James Wolf, as Lessor (whether one or more), whose address is 403 Arbana Avenue, Ann Arbor, MI 48103, and Shaw Interests, Inc. whose address is 310 W. Wall St., Ste. 305, Midland, Texas 79701, Lessee,

#### WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

### Township 14 South, Range 38 East

W/2 of Section 31

### Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

- 2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.
- 3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, one-fifth (1/5) of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of one-fifth (1/5) of the gas used, provided that on gas sold on or off the premises, the royalties shall be one-fifth (1/5) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such
- 4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.
- 5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.
- 6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.
- 7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.
- 8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.
- 9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.
11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first abo			
nine Wolf			James Wolf
	,		
		CKNOME	D.C.M.E.N.T.
	. A	CKNOWLE	DGMENT
TATE OF MICHIGAN	§		
	\$ \$ \$		
OUNTY OF	8		
This instrument was acknow	wledged before me on the	day of _	. 2007, by Elaine Wolf.
		•	
			Notary Public, State of Michigan
•			My Commission Expires:
		,	
	•		
,	<b>A</b>	CKNOWLE	DGMENT
TATE OF MICHIGAN	§		
OUNTY OF	<b>&amp; &amp; &amp; &amp; &amp; &amp; &amp; &amp; &amp; &amp;</b>		
This instrument was acknown	wledged before me on the	day of _	, 2007, by James Wolf
			·
			Notary Public, State of Michigan
			My Commission Expires:

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0320

Total Postage & Fees \$ 0.50

0004

Restricted Delivery Fee (Endorsement Required) Return Receipt Fee (Endorsement Required)

Certified Fee

1.85

Postmark Here

Postage \$ 2,3

Marguerite C. Buckley 9446 Litzsingle Road St. Louis, MO

**DIL & GAS PROPERTIES** 

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

Hollis G. Gerrish

C/o Marguerite C. Buckley

9446 Litzsingle Road

THIS ADDRESS IS NO LONGER VA St. Louis, MO 63144 PRIOR OGL CORRESPONDENCE

CLADECNERABLE

Re:

Pyramid #1

W/2 of Section 31, Township 14 South, Range 38 East

Lea County, New Mexico

Dear Ms. Buckley:

In conjunction with our proposal of April 6, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

Surface Hole Location: 2210' FSL & 430' FWL Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

\$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw



#### **AUTHORIZATION FOR EXPENDITURE**

COMPANY ENT								DATE P	REPARED March	8, 2007	
REGION Permian	WELL NAME  Pyramid	WELL NO	PROSPECT OR FIELD NAME  Star-Denton		PROPERTY NUMBER			DRILLING	AFE NO.		
7.4			COUNTY		STATE			TYPE WELL			
	SL & 430' FWL	4 A L.			UNIT	°	IAIE	0	V		v
								OIL	^	_EXPL	
Sec 31, T14	1S, R38E			Le	ea .	New	Mexico	GAS		PROD	
ORIGINAL ESTIMATE X			EST. STA	EST. START DATE EST.		COMP. DATE FORMA		NOITA		EST. TD	
REVISED ESTIM	IATE	_							9	800	TVD
SUPPLEMENTA	L ESTIMATE .		.,						110	600'	MD

#### PROJECT DESCRIPTION:

Drill and complete a horizontal wolfcamp well.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
TANGIBLES Well Equipment	132,000	474,000	606,000
Lease Equipment	-	84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

#### Comments on Well Costs:

### WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

I elect to purchase my own well control insurance polic
---------------------------------------------------------

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

## Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

		#VALUE
•	CIMAREX ENERGY CO. APPROVAL	
PREPARED BY	DRILLING AND COMPLETION MANAGER	REGIONAL MANAGER
Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	Roger Alexander, Regional Manager Permian Basin
	JOINT INTEREST APPROVAL	
COMPANY	ВУ	DATE
		·

^{1.} All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.



# PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

					DRY HOLE		AFTER CASING	COMPLETED
INTANGIBLES				Codes	COST	Codes	POINT	WELL COST
ROADS & LOCATION PREPARATION / RESTORATION				DIDC.100	\$100,000	DICC.100		\$108,000
DAMAGES				DIDC.105		DICC.105	\$1,000	\$5,000
MUD/FLUIDS DISPOSAL CHARGES				DIDC.255	\$20,000	DICC.235	\$20,000	\$40,000
	DAYS @		PER DAY	DIDC.115		DICC.120	\$87,150	\$888,930
MISC PREPARATION COST (mouse hole, rat hole, pads,	pile clusters	, misc.)		DIDC.120		7///	1111111	\$8,000
FUEL \$2.20 PER GALLON				DIDC.125	\$100,000 \$111,000	DICC.125	\$1,000 \$11,000	\$101,000 \$122,000
FUEL \$2.20 PER GALLON WATER / COMPLETION FLUIDS				DIDC.135	\$32,200	DICC.135	<del></del>	\$57,200
MUD & ADDITIVES				DIDC.145	\$64,400	7777	1111111	\$64,400
SURFACE RENTALS				DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000
DOWNHOLE RENTALS			····	DIDC.155	\$144,000	DICC.145	\$10,000	\$154,000
FORMATION EVALUATION (DST, Coring including evalua	tion, G&G S	SERVICES)		DIDC.160		1111	111111	
MUD LOGGING 37 DAYS @ \$900				DIDC.170	\$47,000	1111	Mille	\$47,000
OPEN HOLE LOGGING		٠,		DIDC.180	\$65,000	1111	111111	,\$65,000
CEMENTING & FLOAT EQUIPMENT				DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000
TUBULAR INSPECTIONS			,	DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500
CASING CREWS				DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000
EXTRA LABOR, WELDING, ETC.		**		DIDC.200	\$27,600	DICC.170	\$5,000	\$32,600
LAND TRANSPORTATION (Trucking)				DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200
SUPERVISION TRAILER HOUSE/CAMB/CATERING				DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000
TRAILER HOUSE/CAMP/CATERING OTHER MISC EXPENSES				DIDC.280	\$17,000 \$5,000	DICC.255	\$2,500	\$19,500
OVERHEAD				DIDC.220 DIDC.225	\$5,000	DICC.190	\$5,000 \$4,200	\$10,000 \$18,200
REMEDIAL CEMENTING				DIDC.223	\$14,000	DICC.215	ψ4,200	φ10,200
MOB/DEMOB				DIDC.240	\$150,000	1111	111111	. \$150,000
	DAYS @	9500	PER DAY	DIDC.245	\$209,000	1111	777777	\$209,000
DOCK, DISPATCHER, CRANE				DIDC.250	4===,===	DICC.230		7-3-11-3-3
MARINE & AIR TRANSPORTATION				DIDC.275		DICC.250		
SOLIDS CONTROL				DIDC.260	\$166,000			\$166,000
WELL CONTROL EQUIP (Snubbing services)				DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS				DIDC.270		DICC.245		
	4400	PER DAY		444	777777	DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @	2445455	PER DAY		HH	<i>111111</i> :	DICC.260	445	
COMPLETION LOGGING, PERFORATING, WL UNITS, WL	SURVEYS			1111	44444	DICC.200	\$35,000	\$35,000
STIMULATION LEGAL/REGULATORY/CURATIVE				DIDC 300	\$10,000	DICC.210	\$220,000	\$220,000 \$10,000
WELL CONTROL INSURANCE \$0.35 PER F	OOT			DIDC.300 DIDC.285	\$3,000	DICC.280	mm	\$3,000
CONTINGENCY 5% OF DRILLING IN		9	<del></del>	DIDC.285	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT	TANGIBLL			1111	Tiller	DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT				1111	44444	DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L				1111	4444	DICC.265		14-54-
						`		
ITOTAL INTANGIBLE COST	<b>和那姓氏</b>		维制的现代的	的問題對於	\$2,463,180	PATER N	\$712,750	\$3,175,930
TANGIBLE - WELL EQUIPMENT								
CASING	SIZE	FEET	\$/FOOT					
DRIVE PIPE	20"	40	100.00	DWEB.150	4,000	1111	44444	\$4,000
CONDUCTOR PIPE				DWEB.130		444	HHHH	
WATER STRING SURFACE CASING	43.2/01	350	42.00	DWEB.135	11 000	1111	4444	\$14,000
INTERMEDIATE CASING	13-3/8" 8-5/8"	250 4,500	23.40	DWEB.140 DWEB.145	11,000 105,000	1111	44444	\$11,000 \$105,000
DRILLING: LINER	7"	4,000	23,40	DWEB.145	103,000	1111	4444	ψ103,000
	· · ·			DWEB.145	· · ·	1111	4444	
							156,000	\$156,000
DRILLING LINER	5 1/2"	9.800	15.90	1111	111111	DWEA.100		
DRILLING LINER PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90	111	HHH:	DWEA.100	130,000	
DRILLING LINER	5 1/2" 2 7/8"	9,800	15.90 6.50			DWEA.100 DWEA.100 DWEA.105	78,000	\$78,000
DRILLING-LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK						DWEA.100		
DRILLING-LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING				DWEB.115	12,000	DWEA.100 DWEA.105	78,000	\$9,000
DRILLING-LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT					12,000	DWEA.100 DWEA.105 DWEA.115	78,000 \$9,000	\$9,000
DRILLING-LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES				DWEB.115	12,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120	78,000 \$9,000	\$9,000 \$40,000
DRILLING-LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER				DWEB.115	12,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100	78,000 \$9,000 \$28,000 \$110,000 \$78,000	\$9,000 \$40,000 \$110,000 \$78,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors)				DWEB.115	12,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130	78,000 \$9,000 \$28,000 \$110,000	\$9,000 \$40,000 \$110,000 \$78,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT				DWEB.115	12,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000	\$9,000 \$40,000 \$110,000 \$78,000 \$15,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT				DWEB.115	12,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000	\$9,000 \$40,000 \$110,000 \$78,000 \$15,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS	2 7/8"			DWEB.115	12,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.115 DLEQ.120	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000	\$9,000 \$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipment	2 7/8"			DWEB.115	12,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.115 DLEQ.120 DLEQ.126	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$9,000 \$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipment) FLOW LINES (Line Pipe from wellhead to central facility)	2 7/8"	12,000		DWEB.115	12,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.120 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.105 DLEQ.120 DLEQ.120 DLEQ.130	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000	\$9,000 \$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	2 7/8"	12,000		DWEB.115	12,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.120 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.120 DLEQ.120 DLEQ.130 DLEQ.130 DWEA.135	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$9,000 \$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	2 7/8"	12,000		DWEB.115	12,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.120 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.105 DLEQ.120 DLEQ.120 DLEQ.130	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$9,000 \$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipment LINES) FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES	2 7/8"	12,000		DWEB.116 DWEB.100		DWEA.100 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.105 DLEQ.120 DLEQ.120 DLEQ.120 DLEQ.130 DWEA.135 DWEA.140	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$9,000 \$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	2 7/8"	12,000	6.50	DWEB.116 DWEB.100		DWEA.100 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.105 DLEQ.120 DLEQ.120 DLEQ.120 DLEQ.130 DWEA.135 DWEA.140	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$9,000 \$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipment LINES) FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES	2 7/8"	12,000	6.50	DWEB.116 DWEB.100	\$132/000	DWEA.100 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.105 DLEQ.120 DLEQ.120 DLEQ.120 DLEQ.130 DWEA.135 DWEA.140	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$78,000 \$9,000 \$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES	2 7/8"  nent)	12,000	6.50	DWEB 100	\$132/000	DWEA.100 DWEA.115 DWEA.120 DWEA.120 DWEA.120 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.105 DLEQ.120 DLEQ.120 DLEQ.130 DWEA.135 DWEA.140	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000 \$1,000	\$9,000 \$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000

#### **DIL & GAS PROPERTIES**

P.D. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 6, 2007

Hollis G. Gerrish C/o Marguerite C. Buckley 9446 Litzsingle Road St. Louis, MO 63144

Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4,
SW/4NE/4 and NW/4SE/4 of Section 6
Township 15 South, Range 38 East
Lea County, New Mexico

Dear Mr. Gerrish:

According to our title research, you own an undivided 6.0015 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$600.15 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

# OIL & GAS LEASE

THIS AGREEMENT made this 6th day of April, 2007, between Hollis G. Gerrish, herein dealing in his sole and separate property, as Lessor (whether one or more), c/o Marguerite C. Buckley, whose address is 9446 Litzsingle Road, St. Louis, MO 63144, and Shaw Interests, Inc. whose address is 310 W. Wall St., Suite 305, Midland, Texas 79701, Lessee,

#### WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

- 2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.
- 3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, three-sixteenths (3/16) of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of three-sixteenths (3/16) of the gas used, provided that on gas sold on or off the premises, the royalties shall be three-sixteenths (3/16) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Le
- 4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.
- 5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.
- 6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.
- 7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.
- 8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his sestate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.
- 9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

- 10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.
- 11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above	written.				
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lis G. Gerrish					
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	ACK	NOWLEDGME	CNT		
	•		•		
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ATE OF MISSOURI  DUNTY OF  This instrument was acknowled		day of		, 2007, by Hollis G. Gen	ish.

My Commission Expires:

#### DIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

Maurice and Bernard Krasner
C/o Marguerite C. Buckley
9446 Litzsingle Road — CLADEC UCRABCE
St. Louis, MO 63144

Re: Pyramid #1

W/2 of Section 31, Township 14 South, Range 38 East

Lea County, New Mexico

Dear Ms. Buckley:

In conjunction with our proposal of April 6, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

Surface Hole Location: 2210' FSL & 430' FWL
Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

• \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw



COMPANY ENT								DATE PR			
Cimarex Energy Co.								March 8, 2007			
REGION	WELL NAME WELL NO		PROSE	ECT OR FIELD	NAME	PROPERTY NUMBER		DRILLING AFE NO.			
							1				
Permian	Pyramid	1	Star-Denton								
LOCATION	SHL 2210' FSL & 430' F	WL		COL	JNTY	s	TATE		TYPE WELL		
BHL 330' F	SL & 430' FWL					,		OIL	X EXPL	Х	
Sec 31, T14	4S, R38E			Le	a	New	Mexico	GAS	PROD		
ORIGINAL ESTI	MATE: X		EST. STA	ART DATE	EST. CC	MP. DATE	FORM	ATION	EST. T	D	
REVISED ESTIN	MATE.								9800	TVD	
SUPPLEMENTA	L ESTIMATE		٠.				ļ		11600'	MD	

#### PROJECT DESCRIPTION:

Drill and complete a horizontal wolfcamp well.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
TANGIBLES			
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	<u>\$2,655,180</u>	\$1,210,750	\$3,865,930

### Comments on Well Costs:

### WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

I elect to purchase my own well control insurance policy
----------------------------------------------------------

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

### Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

		#VALUE!
	CIMADEV ENERGY CO. APPROVAL	
	CIMAREX ENERGY CO. APPROVAL	
PREPARED BY	DRILLING AND COMPLETION MANAGER	REGIONAL MANAGER
Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	Roger Alexander, Regional Manager Permian Basin
	JOINT INTEREST APPROVAL	
COMPANY	BY BY	DATE
COMPANY	В	DATE .
!		

^{1.} All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.



## PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

					DRY HOLE		AFTER CASING	COMPLETED
INTANGIBLES				Codes	COST	Codes	POINT	WELL COST
ROADS & LOCATION PREPARATION / RESTORATION	· · · · ·			DIDC.100		DICC.100		\$108,000
DAMAGES				DIDC.105		DICC.105		\$5,000
MUD/FLUIDS DISPOSAL CHARGES		1710	2 DED DAV	DIDC:255		DICC.235		\$40,000
DAY RATE 46 DH DAYS 5 ACP E			PER DAY	DIDC.115		DICC.120	\$87,150	\$888,930
MISC PREPARATION COST (mouse hole, rat hole, pads, parts)	oile clusters	, misc.)		DIDC.120 DIDC.125		DICC.125	\$1,000	\$8,000 \$101,000
FUEL \$2.20 PER GALLON				DIDC.125		DICC.125	\$1,000	\$101,000
WATER / COMPLETION FLUIDS				DIDC.140	<del></del>	DICC.135	\$25,000	\$57,200
MUD & ADDITIVES				DIDC.145		1111	Time	\$64,400
SURFACE RENTALS				DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000
DOWNHOLE RENTALS				DIDC.155	\$144,000	DICC.145	\$10,000	\$154,000
FORMATION EVALUATION (DST, Coring including evalual	tion, G&G S	ERVICES)		DIDC.160		1111	111111	
MUD LOGGING 37 DAYS @ \$900				DIDC.170	\$47,000	1111		\$47,000
OPEN HOLE LOGGING		,,		DIDC.180	\$65,000	1111		\$65,000
CEMENTING & FLOAT EQUIPMENT				DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000
TUBULAR INSPECTIONS				DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500
CASING CREWS		,		DIDC.195	\$12,000	DICC,165	\$15,000	\$27,000
EXTRA LABOR, WELDING, ETC.				DIDC.200	\$27,600	DICC,170	\$5,000	\$32,600
LAND TRANSPORTATION (Trucking)				DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200
SUPERVISION				DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000
TRAILER HOUSE/CAMP/CATERING				DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500
OTHER MISC EXPENSES				DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000
OVERHEAD REMEDIAL CEMENTING				DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200
			<del></del>	DIDC.231	\$150,000	DICC.215	******	6450,000
MOB/DEMOB  DIRECTIONAL DRILLING SERVICES 22	DAVC @	0500	DED DAY	DIDC.240	\$150,000	444	HHHH	\$150,000 \$209,000
DOCK, DISPATCHER, CRANE	DAYS @	9500	PER DAY	DIDC.245 DIDC.250	\$209,000	DICC.230	7777777	\$209,000
MARINE & AIR TRANSPORTATION				DIDC.275		DICC.250		
SOLIDS CONTROL				DIDC.260	\$166,000	DICC.250	THE STATES	\$166,000
WELL CONTROL EQUIP (Snubbing services)			,	DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS	-,			DIDC.270	Ψ20,000	DICC.245	\$10,000	\$44,000
	4400	PER DAY		1111	111111	DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @		PER DAY		1111	111111	DICC.260	4011000	40.,000
COMPLETION LOGGING, PERFORATING, WL UNITS, WL	SURVEYS			1111	44444	DICC.200	\$35,000	\$35,000
STIMULATION				1111	11111	DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE				DIDC.300	\$10,000	DICC.280		\$10,000
WELL CONTROL INSURANCE \$0.35 PER F	ООТ			DIDC.285	\$3,000	1111	111111	\$3,000
CONTINGENCY 5% OF DRILLING IN		S		DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT				1111	111111	DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT		٠,			//////	DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L						DICC.265		
			in aris. Areas Aliches Venda e area	37040A002A333A		Maria Karaman da Maria da Maria		
TOTALINTANGIBLE COST					\$2,463,180		<b>通常表现第712,750</b>	\$3,175,930
TANGINE WELL COMPANY				<del>                                     </del>				
TANGIBLE - WELL EQUIPMENT CASING	6175	FEET	\$/FOOT	<del>                                     </del>				
DRIVE PIPE	SIZE 20"	FEET 40	100.00	DWEB.150	4,000	777	THE THE	\$4,000
CONDUCTOR PIPE	20 .		100.00	DWEB.130	4,000	444	44444	\$4,000
WATER STRING			·	DWEB. 135		444	44444	
SURFACE CASING	13-3/8"	250	42.00	DWEB. 140	11,000	777	HHHH	\$11,000
INTERMEDIATE CASING	8-5/8"	4.500	23.40	DWEB. 145	105,000	444	44444	\$105,000
DRILLING LINER	7"	1,000		DWEB.145		1111	77777	+ 122/222
DRILLING:LINER	<del></del>			DWEB.145		444	<i>111111</i>	
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90	1111	111111	DWEA.100	156,000	\$156,000
PRODUCTION TIE-BACK				1111	11111	DWEA.100		
TUBING !	2 7/8"	12,000	6.50	1111	77777	DWEA.105	78,000	\$78,000
N/C WELL EQUIPMENT				1111	111111	DWEA.115	\$9,000	\$9,000
WELLHEAD, TREE, CHOKES				DWEB.115	12,000	DWEA.120	\$28,000	\$40,000
LINER HANGER, ISOLATION PACKER				DWEB.100		DWEA.125		
PACKER, NIPPLES				7777.		DWEA.130	\$110,000	\$110,000
PUMPING UNIT, ENGINE				7777	777777	DLEQ.100	\$78,000	\$78,000
LIFT EQUIPMENT (BHP, Rods, Anchors)				7777		DLEQ.105	\$15,000	\$15,000
TANGIBLE - LEASE EQUIPMENT						!		
N/C LEASE EQUIPMENT				1111	11111	DLEQ.115	\$44,000	\$44,000
TANKS, TANKS STEPS, STAIRS				447	HHH	DLEQ.120	\$21,000	\$21,000
BATTERY (Heater Treater, Separator, Gas Treating Equipm	ient)	٠,		444	44444	DLEQ.125	\$18,000 \$1,000	\$18,000 \$1,000
FLOW LINES (Line Pipe from wellhead to central facility)				1111	HHH	DLEQ.130	\$1,000	\$1,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	<u> </u>	, ·		HH	HHH	DWEA.135		
PIPELINES TO SALES				1777	77777	DWEA.140		
L TOTAL TANGIBLES	i e en en en en	esev la Comunic		########	•427/000	Carles (Error	\$558,000	**************************************
	ar inger (EMA)	TO PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PARTY OF THE PA	to the section of	107.007965.35	2440043 132;UUU	AND THE PERSON NAMED IN	######################################	
P&A COSTS		·		DIDC.295	60 000	DICC.275	(60,000)	
				5,50,290	50,000	5.00.273	(50,000)	
IJOTAL COST	a de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania del compania del compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania de la compania del compania de la compania de la compania del compania de la compania de la compania de la compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania del compania	1000 Ext. 102	eta jaranan	500000	\$2,656.486		\$1,210.750	\$3 865 030
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## **DIL & GAS PROPERTIES**

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 6, 2007

Maurice and Bernard Krasner C/o Marguerite C. Buckley 9446 Litzsingle Road St. Louis, MO 63144

Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4,
SW/4NE/4 and NW/4SE/4 of Section 6
Township 15 South, Range 38 East
Lea County, New Mexico

Dear Maurice and Bernard:

According to our title research, you own an undivided 2.0005 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$200.05 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

## OIL & GAS LEASE

THIS AGREEMENT made this 6th day of April, 2007, between Maurice and/or Bernard Krasner, as Lessor (whether one or more), c/o Marguerite C. Buckley, whose address is 9446 Litzsingle Road, St. Louis, MO 63144, and Shaw Interests, Inc. whose address is P.O. Box 9612, Midland, Texas 79708, Lessee,

#### WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

- 2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.
- 3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, three-sixteenths (3/16) of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of three-sixteenths (3/16) of the gas used, provided that on gas sold on or off the premises, the royalties shall be three-sixteenths (3/16) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written no
- 4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.
- 5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.
- 6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.
- 7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.
- 8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.
- 9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to and in the event Lessee does so it shall be satisfying same. Without impairment of entire and undivided fee simple estate (vany part as to which this lease covers less whole and undivided fee simple estate the upon the party or parties executing the same	be subrogated to so f Lessee's rights ur whether Lessor's in s than such full int nerein. Should any	uch lien with the right to en nder the warranty, if this le tterest is herein specified on terest, shall be paid only in	nforce same and to apply ro ase covers a less interest in not) then the royalties, shu the proportion which the in	oyalties and shut-in rout the oil and gas in all at-in royalty, and other terest therein, if any, of	valties payable hereur or any part of said la payments, if any, ac- overed by this lease,	nder toward and than the cruing from bears to the
11. Lessee, its or his successors, heirs a assigns by delivering or mailing a releas shall be relieved from all obligations, ex reduced in the proportion that the acreage	se thereof to the Le pressed or implied	essor, or by placing a relead 1, of this agreement as to ac	se thereof of record in the creage so surrendered, and t	county in which said la	and is situated; therea	ipon Lessee
Executed the day and year first above	e written.					
				·.		
Maurice Krasner			Ī	Bernard Krasner		
		ACKNOWLI	EDGMENT			
STATE OF MISSOURI	§					
COUNTY OF	\$ \$ \$					
This instrument was acknowle	ledged before me o	on the day of		, 2007, by N	1aurice Krasner.	
			,			
				•	•	
			· · · · · · · · · · · · · · · · · · ·			
			Notary Public, State of My Commission Expir			
		ACKNOWLI	EDGMENT			
STATE OF MISSOURI	§ §					
COUNTY OF	<b>§</b>					
This instrument was acknowled	ledged before me o	on the day of		, 2005, by E	ernard Krasner.	
						,
					•	

Notary Public, State of Missouri

My Commission Expires:

## **DIL & GAS PROPERTIES**

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

Ralph H. Coburn
C/o Marguerite C. Buckley
9446 Litzsingle Road __ CLNDECIVERIASCY
St. Louis, MO 63144

Re: Pyramid #1

W/2 of Section 31, Township 14 South, Range 38 East

Lea County, New Mexico

Dear Ms. Buckley:

In conjunction with our proposal of April 6, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

Surface Hole Location: 2210' FSL & 430' FWL
Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

• \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw



COMPANY ENT	• • •			DATE PREPARED  March 8, 2007							
REGION	WELL NAME	WELL NO	PROSPECT OR FIELD NAME			PROPER	TY NUMBER		DRILLING AFE NO.		
Permian	Pyramid	1	S	tar-Dento	n						
LOCATION SHL 2210' FSL & 430' FWL				COUNTY		STATE			TYPE WELL		
BHL 330' F	SL & 430' FWL					1		OIL	Х	EXPL	X
Sec 31, T1	4S, R38E		••	Le	ea	New	Mexico	GAS		PROD	
ORIGINAL ESTIMATE X		EST. START DATE		EST. CC	EST. COMP. DATE		ATION		EST. TD		
REVISED ESTIMATE					•			98	300	TVD	
SUPPLEMENTAL ESTIMATE		٠.							6 <b>00'</b>	MD	

#### PROJECT DESCRIPTION:

Drill and complete a horizontal wolfcamp well.

	DRY HOLE	AFTER	COMPLETED
<u>INTANGIBLES</u>	COST	CASING POINT	WELL COST
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
TANGIBLES			
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

#### **Comments on Well Costs:**

### WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

 l elect	to p	urchase	my	own	well	control	insurance	policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

### Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

		#VALUE
	CIMAREX ENERGY CO. APPROVAL	
PREPARED BY	DRILLING AND COMPLETION MANAGER	REGIONAL MANAGER
Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	Roger Alexander, Regional Manager Permian Basin
	JOINT INTEREST APPROVAL	
COMPANY	BY	DATE

^{1.} All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.



## PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

· · · · · · · · · · · · · · · · · · ·					DRY HOLE	I	AFTER CASING	COMPLETED
INTANGIBLES				Codes	COST	Codes	POINT	WELL COST
ROADS & LOCATION PREPARATION / RESTORATION		<u> </u>		DIDC.100	1	DICC.100		\$108,000
DAMAGES				DIDC.105	\$4,000	DICC.105	\$1,000	\$5,000
MUD/FLUIDS DISPOSAL CHARGES				DIDC.255	\$20,000	DICC.235	\$20,000	\$40,000
DAY RATE 46 DH DAYS 5 ACP	DAYS @	1743	0 PER DAY	DIDC.115	<del> </del>	DICC,120	\$87,150	\$888,930
MISC PREPARATION COST (mouse hole, rat hole, pads,	pile clusters	s, misc.)		DIDC.120	-	7777	VIIII.	\$8,000
BITS				DIDC,125		DICC.125		\$101,000
FUEL \$2.20 PER GALLON				DIDC.135		DICC.130		\$122,000
WATER / COMPLETION FLUIDS				DIDC.140	<del> </del>	DICC.135	\$25,000	\$57,200 \$64,400
MUD & ADDITIVES SURFACE RENTALS				DIDC.145 DIDC.150	<del></del>	DICC.140	\$45,000	\$114,000
DOWNHOLE RENTALS			· · · · · · · · · · · · · · · · · · ·	DIDC: 155		DICC.140	\$10,000	\$154,000
FORMATION EVALUATION (DST, Coring including evalua	tion, G&G	SERVICES)		DIDC.160		1111	minn	<b>\$101</b>  300
MUD LOGGING 37 DAYS @ \$900				DIDC.170		1111	111111	\$47,000
OPEN HOLE LOGGING		٠,		DIDC.180		1111	111111	\$65,000
CEMENTING & FLOAT EQUIPMENT		••		DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000
TUBULAR INSPECTIONS				DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500
CASING CREWS				DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000
EXTRA LABOR, WELDING, ETC.				DIDC.200		DICC.170	\$5,000	\$32,600
LAND TRANSPORTATION (Trucking)				DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200
SUPERVISION				DIDC.210		DICC.180	\$18,000	\$69,000
TRAILER HOUSE/CAMP/CATERING				DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500
OTHER MISC EXPENSES				DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000
OVERHEAD REMEDIAL CEMENTING				DIDC.225 DIDC.231	\$14,000	DICC.195	\$4,200	\$18,200
MOB/DEMOB				DIDC.240	\$150,000	VICE.215	mm	\$150,000
	2 DAYS @	950	PER DAY	DIDC.245	\$209,000	1111	HHH	\$209,000
DOCK, DISPATCHER, CRANE	5.110	, , ,	J. LINDAN	DIDC.250	Ψ203,000	DICC.230		4200,000
MARINE & AIR TRANSPORTATION				DIDC.275		DICC.250		
SOLIDS CONTROL				DIDC.260	\$166,000	1111	111111	\$166,000
WELL CONTROL EQUIP (Snubbing services)				DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS				DIDC.270		DICC.245		
COMPLETION RIG 14 DAYS @	4400	PER DAY		$\mu$	111111	DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @	7777	71111.	DICC.260					
COMPLETION LOGGING, PERFORATING, WL UNITS, WI	1111	4444	DICC.200	\$35,000	\$35,000			
STIMULATION				7777	777777	DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE				DIDC.300	\$10,000	DICC.280	*******	\$10,000
WELL CONTROL INSURANCE \$0.35 PER F CONTINGENCY 5% OF DRILLING IN				DIDC.285	\$3,000 \$117,000	DICC.220	\$32,000	\$3,000 \$149,000
CONSTRUCTION FOR WELL EQUIPMENT	TANGIBLE			DIDC.435	**************************************	DWEA.110		\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT				1111	11111	DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L				1111	111111	DICC,265	400,000	, , , , , , , , , , , , , , , , , , , ,
		• •						
TOTAL INTANGIBLE (COST	ka kana			100	\$2,463,180		\$712,750	\$3,175,930
TANGIBLE - WELL EQUIPMENT								
CASING	SIZE	FEET	\$/FOOT					
DRIVE PIPE	20"	40	100.00	DWEB. 150	4,000	TTT	777777	\$4,000
CONDUCTOR PIPE				DWEB.130		1111	111111	
WATER STRING				DWEB.135		1111		
SURFACE CASING	13-3/8"	250	42.00	DWEB.140	11,000	7777		\$11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145	105,000	7777	777777	\$105,000
DRILLING:LINER	7"		ļ	DWEB.145		7777.	777777	<u> </u>
DRILLING:LINER				DWEB.145		7777	777777	
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90	7777	77777	DWEA.100	156,000	\$156,000
PRODUCTION TIE-BACK	0.7/01	10.000		1111	HHH	DWEA.100	70.000	#70.000
TUBING  N/C WELL EQUIPMENT	2 7/8"	12,000	6.50	444	HHH	DWEA.105	78,000 \$9,000	\$78,000 \$9,000
WELLHEAD, TREE, CHOKES				DWEB.115	12,000	DWEA.115 DWEA.120	\$28,000	\$40,000
LINER HANGER, ISOLATION PACKER				DWEB.100	12,000	DWEA.125	\$28,000	φ40,000
PACKER, NIPPLES			<del></del>	1111	THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE S	DWEA.130	\$110,000	\$110,000
PUMPING UNIT, ENGINE				1111	44444	DLEQ.100	\$78,000	\$78,000
LIFT EQUIPMENT (BHP, Rods, Anchors)				1111	4444	DLEQ.105	\$15,000	\$15,000
TANGIBLE - LEASE EQUIPMENT								
N/C LEASE EQUIPMENT				1111	777777	DLEQ.115	\$44,000	\$44,000
FOR SHOP TO BE SECURE FOR STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE STATE OF THE SECURE				7777		DLEQ.120	\$21,000	\$21,000
TANKS, TANKS STEPS, STAIRS				Y X X X 1	11/1///	DLEQ.125	\$18,000	\$18,000
TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipm	nent)			7777	*******		ψ10,000	
TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipn FLOW LINES (Line Pipe from weilhead to central facility)		`,		777	77777	DLEQ.130	\$1,000	\$1,000
TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipn FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES		*1				DWEA.135		\$1,000
TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipn FLOW LINES (Line Pipe from weilhead to central facility)		•,						\$1,000
TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES	6					DWEA.135 DWEA.140	\$1,000	
TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipn FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	6				\$132,000	DWEA.135 DWEA.140	\$1,000	
TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES	6			DIDC.295		DWEA.135 DWEA.140	\$1,000	
TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES TOTAL TANGIBLES	S			DIDC.295	60,000	DWEA.140 DWEA.275	\$1,000 \$558,000 (60,000)	\$690,000
TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipn FLOW LINES (Line Pipe from wellhead to central facility) DFFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES TOTAL TRANGIBLES	S			DIDC.295	60,000	DWEA.140 DWEA.275	\$1,000 \$558,000 (60,000)	\$690,000

### DIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 6, 2007

Ralph H. Coburn C/o Marguerite C. Buckley 9446 Litzsingle Road St. Louis, MO 63144

Re: Oil & Gas Lease

W/2 of Section 31

Township 14 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4,

SW/4NE/4 and NW/4SE/4 of Section 6

**Township 15 South, Range 38 East** 

Lea County, New Mexico

Dear Ms. Buckley:

According to our title research, Ralph Coburn owns an undivided 2.0005 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$200.05 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

#### OIL & GAS LEASE

THIS AGREEMENT made this 6th day of April, 2007, between Ralph H. Coburn, herein dealing in his sole and separate property, as Lessor (whether one or more), C/o Marguerite C. Buckley, whose address is 9446 Litzsingle Road, St. Louis, MO 63144, and Shaw Interests, Inc. whose address is P.O. Box 9612, Midland, Texas 79708, Lessee,

#### WITNESSETH:

Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico. to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

- 2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.
- The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, three-sixteenths (3/16) of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of threesixteenths (3/16) of the gas used, provided that on gas sold on or off the premises, the royalties shall be three-sixteenths (3/16) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.
- This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.
- 5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.
- 6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.
- 7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.
- 8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.
- 9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

- 10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.
- 11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year f	first above written.	
Ralph H. Coburn		
•		
	ACK	KNOWLEDGMENT
STATE OF	§ 8	
COUNTY OF	§ § §	
This instrument was	acknowledged before me on the	day of, 2007, by Ralph H. Coburn.
		•
	•	
		Notary Public, State of
		My Commission Expires:

# DIL & GAS PROPERTIES

P.D. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

Eugene F. Arnold
C/o Marguerite C. Buckley
9446 Litzsingle Road — LENDELINGRASEE
St. Louis, MO 63144

Re: Pyramid #1

W/2 of Section 31, Township 14 South, Range 38 East

Lea County, New Mexico

Dear Ms. Buckley:

In conjunction with our proposal of April 6, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

Surface Hole Location: 2210' FSL & 430' FWL
Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

• \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw



COMPANY ENT			i						REPARED March 8	3, 2007	
REGION WELL NAME WELL NO		WELL NO	PROSPECT OR FIELD NAME			PROPER	TY NUMBER	DRILLING AFE NO.			
Permian	Pyramid	1 1	Star	r-Dentor	)						
LOCATION SHL 2210' FSL & 430' FWL			4.	COL	INTY	S	TATE		TYPE WELL		
BHL 330' F	SL & 430' FWL							OIL	Х	EXPL	Х
Sec 31, T1	4S, R38E			Le	a	New	Mexico	GAS		PROD	
ORIGINAL ESTIMATE X			EST. START DATE		EST. COMP. DATE		FORM	FORMATION		EST. TD	
REVISED ESTIN	IATE	_					ĺ		98	00	TVD
SUPPLEMENTA	L ESTIMATE	_	••						116	00'	MD

#### PROJECT DESCRIPTION:

Drill and complete a horizontal wolfcamp well.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
Intangible Drilling Costs Intangible Completion Costs	\$2,463,180	712,750	\$2,463,180
TOTAL INTANGIBLE COSTS	2,463,180	712,750	. 712,750 3,175,930
<u>TANGIBLES</u>			
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

### Comments on Well Costs:

### WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

 Н	elect	: to	purch	nase	my	own	well	con	trol	ins	urance	е ро	ilicy.
											7.		

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

### Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

	CIMAREX ENERGY CO. APPROVAL	•
PREPARED BY	DRILLING AND COMPLETION MANAGER	REGIONAL MANAGER
Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	Roger Alexander, Regional Manager Permian Basin
:	JOINT INTEREST APPROVAL	
COMPANY	BY	DATE

^{1.} All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.



# PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

INTAMOSILES					<del></del>	DOVICE	Τ	ACTED CACUL	COMPLETE
SAMADE & LOCATION PREPARATION (A) - FETCHATION	INTANGIBLES				Codes	DRY HOLE	Codes		
DAMAGES MAD PROPOSO CAL CHARGES  DAY PATE 46 DI DAYS 3 ACP DAYS (8) 1740 FER DAY 2001 1960 700 DEC 20 501 00 100 00 100 00 100 00 100 00 100 00								<del></del>	\$108,00
DAY NATE		-							\$5,00
MIDIC PREPARATION COST Insects Note, retikes, packs pile dumbers, rates.]   MIDIC 105   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,00	MUD/FLUIDS DISPOSAL CHARGES				DIDC.255	\$20,000	DICC.235	\$20,000	\$40,00
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BIRD A ADDITIVES			-						<del></del>
SURFINED   COMPANDE RENTALS   DOIL 155   \$40.000   DOIL 155   \$41.000   S11.000   DOINGWORD RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURFINED RENTALS   SURF						<del></del>	1111	11111	<del></del>
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MID LOGGING	DOWNHOLE RENTALS		***************************************		DIDC.155	\$144,000	DICC.145	\$10,000	\$154,00
DIRECTION   DIRECTION   DIRECTION   DIRECTION   SEC. DECEMBRINGS   DIRECTION   DIRECTION   SEC. DECEMBRINGS   DIRECTION   DI		tion, G&G S	SERVICES)		DIDC.160		7777		
CEMPATING & FLOAT EQUIPMENT   DIDC. 185   \$40,000   DIDC. 185   \$40,000   S.7.5   DIDC. 185   DIDC. 185   S.7.5   DIDC. 185   DIDC. 185   S.7.5   DIDC. 185   S.7.5   DIDC. 185   DIDC.		PER DAY	<del></del> ,		<del></del>		7777	44444	\$47,00
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CASHING OREN'S  ENTRIA LABORY, WELDING, ETC.  DIDC. 200  \$32,000  \$32,000  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  \$32,000  \$32,000  Bill. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  \$32,000  Bill. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700  DIDC. 700						<del></del>			
LAND TRANSPORTATION (Troubley)			·					<del> </del>	\$27,00
SUPERVISION   DOC.219   \$3.0,00   DOC.255   \$2.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19.00   \$19	EXTRA LABOR, WELDING, ETC.				DIDC.200	\$27,600	DICC.170		\$32,60
TRABLER HOUSE/GAMP/CATERINS  DIDC.289 \$17,000   IDCC.285 \$22,000 \$119.00   ONLOWER SERVICES \$22,000 \$119.00   ONLOWER SERVICES \$20.00   ONLOWE					DIDC.205	\$32,200	DICC.175	\$7,000	\$39,20
DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC   DOMESTIC						<del> </del>		<del> </del>	\$69,00
OVERHEAD					1				\$19,50
REMEDIAL CEMENTING					+	<del> </del>	<del> </del>	<del></del>	
MORDEDEMON   DIRECTIONAL BRILLING SERVICES   22 DAYS @ 9500 PER DAY   DIC 245   \$150,000   DIC 245   \$20,000   DIC 245   DIC					<del> </del>	φ14,000		\$4,200	\$18,20
DIRECTIONAL DRILLING SERVICES   22 DAYS @ 9500 PER DAY   DIDC.228   \$209,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,000   \$200,00			-			\$150,000	1777	111111	\$150,00
MARINE & AIR TRANSPORTATION  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  DOC 275  D		DAYS @	9500	PER DAY	+		<i>[[]</i>	<i>///////</i>	\$209,00
SOLDIS CONTROL  WELL CONTROL EGUIP (Shubbing services)  PISHING & SIDETRACK OPERATIONS  DIDC.285  FISHING & SIDETRACK OPERATIONS  DIDC.270  DIDC.270  DIDC.275  DIDC.275  DIDC.275  DIDC.275  DIDC.275  DIDC.275  DIDC.275  DIDC.275  DIDC.275  DIDC.275  DIDC.275  DIDC.275  DIDC.275  S18,000  S10,000  S10,000  DIDC.275  DIDC.275  DIDC.275  S10,000  S20,000	DOCK, DISPATCHER, CRANE				+		DICC.230		
WELL CONTROL EQUIP (Enabling services)					DIDC.275		DICC.250		
RISHING & SIDETRACK OPERATIONS					<del>†</del>		7777	7777777	\$166,00
COMPLETION RIG					<del></del>	\$28,000	_	\$16,800	\$44,80
CONTENDING DAYS ® PER DAY  COMPLETION LOGGING, PERFORATING, WIL UNITS, WIL SURVEYS  STIMULATION  DIDC.280  S10,000  DIDC.280  S10,000  DIDC.280  S10,000  DIDC.280  S10,000  DIDC.280  S10,000  DIDC.280  S10,000  DIDC.280  S10,000  DIDC.280  S10,000		4400	DED DAY		DIDC.270	77777		\$61.600	\$61.60
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS   DIDC.200   \$35,000   \$35,000   \$35,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000   \$220,000		1111	44444		\$01,600	\$61,000			
LIEGAL/REGULATORY/CURATIVE		1111	11111		\$35,000	\$35,000			
WELL CONTROL INSURANCE \$ 0.35 PER FOOT DIDC.285 \$ 3,000					1111	HHH			\$220,000
CONTINGENCY 5% OF DRILLING INTANGIBLES  DIDC 438 \$117,000  DVEA.110 \$1,000  S1,000  DVEA.110 \$1,000  S39,000 \$149,000  DVEA.110 \$1,000  S39,000  S40,000  S41,000  S4	LEGAL/REGULATORY/CURATIVE	DIDC.300	\$10,000	DICC.280		\$10,000			
CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR ILEASE EQUIPMENT CONSTRUCTION FOR SALES PIL  DICCASE  S2463/160 S2712/50 S33,000 S39,000 S31,050 S2663/160 S2712/50 S33,175,93 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50 S712/50				7777.	777777	\$3,000			
CONSTRUCTION FOR LEASE EQUIPMENT  CONSTRUCTION FOR SALES PIL  **TOTAL***INTANGIBLE** COSTS***  **TOTAL***INTANGIBLE** COSTS***  **TANGIBLE - WELL EQUIPMENT  CASING  SIZE  FEET  SIFOOT  DIENE**  DIENE**  DIENE**  DIENE**  DIENE**  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  DIVER 135  D		ITANGIBLE	S		DIDC.435	\$117,000			\$149,000
TANGIBLE - WELL EQUIPMENT					1111	4444			
TOTALLINTANGIBLE COST  TANGIBLE - WELL EQUIPMENT  CASING  SIZE  FEET  SIFOOT  DRIVE PIPE  20"  40  100.00  DWEB.150  DWEB.130  DWEB.130  DWEB.130  SURFACE CASING  13-3/8"  250  42.00  DWEB.135  SURFACE CASING  13-3/8"  250  42.00  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.145  DWEB.		<del></del>	**.		444	HHH		\$39,000	\$39,000
TANGIBLE - WELL EQUIPMENT  CASING  DRIVE PIPE  20" 40 100.00 DWEB.150 4,000  SAUCTOR PIPE  DWEB.135  SURFACE CASING  13-3/8" 250 42.00 DWEB.135  SURFACE CASING  13-3/8" 4,500 23.40 DWEB.140 11,000  S110,000	onte into the interest of the				1	, , , , , , , , , , , , , , , , , , ,			-
CASING   SIZE   FEET   \$IFOOT	TOTAL INTANGIBLE COST				(4)	\$2,463,180	Babel River	\$712,750	\$3,175,930
CASING   SIZE   FEET   \$IFOOT	.:								
DRIVE PIPE 20" 40 100.00 DWEB.150 4,000 \$4,000 CONDUCTOR PIPE DWEB.135 DWEB.135 DWEB.135 DWEB.135 DWEB.135 DWEB.135 DWEB.135 DWEB.135 DWEB.135 DWEB.135 DWEB.135 DWEB.135 DWEB.135 DWEB.135 DWEB.135 DWEB.135 DWEB.135 DWEB.135 DWEB.135 DWEB.135 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB			· · · · · · · · · · · · · · · · · · ·						
DWEB.130   DWEB.130   DWEB.135		_			DIMED 450	4.000	~~	· · · · · · · · · · · · · · · · · · ·	£4.000
WATER STRING   DWEB.135   DWEB.135   SURFACE CASING   13-3/8"   250   42.00   OWEB.140   11,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000   \$110,000		20"	40	100.00	<del> </del>	4,000	1111	44444	\$4,000
SURFACE CASING 13-3/8" 250 42.00 DWEB.140 11,000 \$11,000 \$110,000 \$110,000 \$110,000 \$110,000 \$110,000 \$110,000 \$110,000 \$110,000 \$110,000 \$110,000 \$110,000 \$110,000 \$110,000 \$110,000 \$110,000 \$110,000 \$110,000 \$110,000 \$110,000 \$110,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000					<del> </del>		HH	4444	
NTERMEDIATE CASING		13-3/8"	250	42.00	t -	11,000	1111	111111	\$11,000
DRILLING LINER   DWEB.145   DWEB.145   DWEB.145   DWEB.100   156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156,000   \$156	INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145	105,000	1111	777777	\$105,000
PRODUCTION CASING OR LINER 5 1/2" 9,800 15.90   DWEA 100 155,000 \$156,000   PRODUCTION TIE-BACK   DWEA 100   DWEA 100   DWEA 100   TUBING 2 7/8" 12,000 6.50   DWEA 105 78,000 \$78,000   N/C WELL EQUIPMENT   DWEA 105 78,000 \$9,000   WELLHEAD, TREE, CHOKES   DWEB 115 12,000 DWEA 120 \$28,000 \$40,000   LINER HANGER, ISOLATION PACKER   DWEB 100   DWEA 120   PACKER, NIPPLES   DWEA 130 \$110,000 \$110,000   PUMPING UNIT, ENSINE   DLEQ.100 \$78,000 \$78,000   LIFT EQUIPMENT (BHP, Rods, Anchors)   DLEQ.100 \$78,000 \$78,000   TANGIBLE - LEASE EQUIPMENT   DLEQ.105 \$15,000 \$15,000   SATTERY/(Heater Treater, Separator, Gas Treating Equipment)   DLEQ.125 \$18,000 \$110,000   SATURD SATTERY/(Heater Treater, Separator, Gas Treating Equipment)   DLEQ.125 \$18,000 \$110,000   SATURD SATURD SALES   DWEA.135   DEC.125 \$18,000 \$110,000   SATURD SATURD SALES   DWEA.135   DWEA.135   DWEA.140   SATURD SATURD SATURD SALES   DWEA.140   SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATURD SATUR	DRILLING LINER	7"			DWEB.145				
PRODUCTION TIE-BACK TUBING 2 7/8" 12,000 6.50 DWEA.105 DWEA.105 PRODUCTION TIE-BACK TUBING 2 7/8" 12,000 6.50 DWEA.105 DWEA.105 DWEA.105 PRODUCTION TREE, CHOKES DWEB.115 12,000 DWEA.120 \$28,000 \$40,00 \$40,00 DWEB.115 12,000 DWEA.120 DWEA.120 DWEA.120 DWEA.120 DWEA.120 DWEA.120 DWEA.120 DWEA.120 DWEA.120 DWEA.120 DWEA.130 \$110,000 \$110,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$	DRILLING LINER	ļ			DWEB.145		7777	7777777	
TUBING 2 7/8" 12,000 6.50 DWEA.105 78,000 \$78,000 \$9,000 WELL EQUIPMENT DWEA.115 \$9,000 \$9,000 \$9,000 WELLEAD, TREE, CHOKES DWEB.115 12,000 DWEA.120 \$28,000 \$40,000 ELINER HANGER, ISOLATION PACKER DWEB.100 DWEA.120 \$28,000 \$40,000 DWEA.125 DWEA.125 DWEA.125 DWEA.125 DWEA.125 DWEA.120 \$110,000 \$110,000 \$110,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,000 \$78,00		5 1/2"	9,800	15.90	1111	777777		156,000	\$156,000
N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  DWEB.115  12,000  DWEA.120  \$28,000  \$40,000  \$40,000  \$40,000  \$40,000  \$40,000  \$40,000  \$40,000  \$40,000  \$40,000  \$40,000  \$40,000  \$40,000  \$40,000  \$40,000  \$40,000  \$40,000  \$40,000  \$40,000  \$40,000  \$40,000  \$40,000  \$40,000  \$40,000  \$40,000  \$40,000  \$40,000  \$41,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,000  \$4110,		2.7/0"	40.000	0.50	1777	HHH		70.000	
WELLHEAD, TREE, CHOKES         DWEB.115         12,000         DWEA.120         \$28,000         \$40,00           LINER HANGER, ISOLATION PACKER         DWEB.100         DWEA.125         DWEA.125         DWEA.130         \$110,000         \$110,000         \$110,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$15,000         \$15,000         \$15,000         \$15,000         \$15,000         \$15,000         \$15,000         \$15,000         \$15,000         \$15,000         \$15,000         \$15,000         \$15,000         \$15,000         \$15,000         \$15,000         \$10,000         \$10,000         \$10,000         \$10,000         \$10,000         \$10,000         \$10,000         \$10,000         \$10,000         \$10,000         \$10,000         \$10,000         \$10,000         \$10,000         \$10,000         \$10,000         \$10,000         \$10,000         \$10,000         \$10,000         \$10,000         \$10,000         \$10,000         \$10,000         \$10,000         \$10,000         \$10,000         \$10,000         \$10,000         \$10,000         \$10,000         \$10,000         \$10,000         \$10,000         \$10,000         \$10,000         \$10,000         \$10,000         \$10,000 </td <td></td> <td>2 //8"</td> <td>12,000</td> <td>6.50</td> <td>7777</td> <td>44444</td> <td></td> <td></td> <td></td>		2 //8"	12,000	6.50	7777	44444			
DWEB.100   DWEB.125			•		DWEB.115	12.000			
PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES  PIPELINES TO SALES  DIDC.295  60,000  DICC.275  (60,000)  \$78,000 \$78,000 \$15,000 \$15,000 \$15,000 \$44,000 \$44,000 \$44,000 \$44,000 \$44,000 \$44,000 \$44,000 \$44,000 \$44,000 \$44,000 \$44,000 \$44,000 \$41,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$11,000 \$1	· · · · · · · · · · · · · · · · · · ·	****			<del> </del>	,-,-,-		7,20,000	
LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES  PIPELINES TO SALES  DWEA.140  TOTAL TRANGIBLES:  DIDC.295  60,000  DICC.275  (60,000)	PACKER, NIPPLES				1111		DWEA.130	\$110,000	\$110,000
TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  DLEQ.115 \$44,000 \$44,000 \$21,000 \$21,000 \$21,000 \$21,000 \$21,000 \$21,000 \$21,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,	PUMPING UNIT, ENGINE				777		DLEQ.100	\$78,000	\$78,000
N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES  PIPELINES TO SALES  DWEA.140  TOTAL TANGIBLES:  DIDC.295  60,000  DICC.275  (60,000)					7777		DLEQ.105	\$15,000	\$15,000
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# **DIL & GAS PROPERTIES**

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 6, 2007

Eugene F. Arnold C/o Marguerite C. Buckley 9446 Litzsingle Road St. Louis, MO 63144

Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4,
SW/4NE/4 and NW/4SE/4 of Section 6
Township 15 South, Range 38 East
Lea County, New Mexico

Dear Ms. Buckley:

According to our title research, Eugene Arnold owns an undivided 2.0005 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$200.05 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

**SHAW INTERESTS** 

Tim Lilley

## **OIL & GAS LEASE**

THIS AGREEMENT made this 6th day of April, 2007, between Eugene F. Arnold, herein dealing in his sole and separate property, as Lessor (whether one or more), C/0 Marguerite C. Buckley, whose address is 9446 Litzsingle Road, St. Louis, MO 63144, and Shaw Interests, Inc. whose address is P.O. Box 9612, Midland, Texas 79708, Lessee,

#### WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

#### Township 14 South, Range 38 East

W/2 of Section 31

#### Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

- 2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.
- 3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, three-sixteenths (3/16) of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of three-sixteenths (3/16) of the gas used, provided that on gas sold on or off the premises, the royalties shall be three-sixteenths (3/16) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalty small provential to the party or parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive
- 4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.
- 5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.
- 6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.
- 7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.
- 8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.
- 9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.
11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lesser shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be relieved in the proportion that the acreage covered hereby is reduced by said release or releases.

shall be relieved from all obligati reduced in the proportion that the	ons, expressed or implied, of acreage covered hereby is re	f this agreement as to a educed by said release	acreage so surrendered, a or releases.	and thereafter the	shut-in royalty p	ayable hereunder sha
Executed the day and year fit	rst above written.		. •			e e
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Eugene F. Arnold				:		
		ACKNOWL	EDGMENT			
STATE OF	§		· .			
COUNTY OF	§ § §					
This instrument was a	cknowledged before me on the	he day o	of	, 2	007, by Eugene I	F. Arnold.
				•	· ·	
				1		

Notary Public, State of

My Commission Expires:

### OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

R. E. Carter
C/o Marguerite C. Buckley
9446 Litzsingle Road _ LLDECIVERA BCE
St. Louis, MO 63144

Re: Pyramid #1

W/2 of Section 31, Township 14 South, Range 38 East Lea County, New Mexico

Dear Ms. Buckley:

In conjunction with our proposal of April 6, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

Surface Hole Location: 2210' FSL & 430' FWL
Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

• \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw



COMPANY ENTITY Cimarex Ener	rgy Co.						DATE PR	REPARED March 8, 200	7
REGION	WELL NAME	WELL NO	PROSPECT OR FIELD	NAME	PROPER	TY NUMBER		DRILLING AFE NO	
Permian	Pyramid	1 1	Star-Dento	n			İ		
LOCATION SI	IL 2210' FSL & 430' I	FWL	CC	UNTY	S	TATE		TYPE WELL	
BHL 330' FSL	. & 430' FWL						OIL	X EXPL	Х
Sec 31, T14S	, R38E		L	ea	New	Mexico	GAS	PROD	
ORIGINAL ESTIMAT	TE X		EST. START DATE	EST. CO	MP. DATE	FORM	IATION	EST. TI	)
REVISED ESTIMAT	E .							9800	TVD
SUPPLEMENTAL E	STIMATE		*•					11600'	MD

#### PROJECT DESCRIPTION:

Drill and complete a horizontal wolfcamp well.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
TANGIBLES	•	•	
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

### **Comments on Well Costs:**

# WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

### Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

		#VALUE!
	CIMAREX ENERGY CO. APPROVAL	
PREPARED BY	DRILLING AND COMPLETION MANAGER	REGIONAL MANAGER
Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	Roger Alexander, Regional Manager Permian Basin
	JOINT INTEREST APPROVAL	
COMPANY	ву	DATE

^{1.} All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.



# PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

ROADES AL LOCATION PREPARATION RESTORATION  DOC.198  \$1,000  DOC.209  \$3,000					T	DRY HOLE	<u> </u>	AFTER CASING	
EAMORIS					+	1	<del></del>	T	WELL COST
MADULLIDO GIBRONA CIAMARIS AND PARTY  40 CHANYS  5 ACP DAYS  5 ACP	- Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Control Cont		<del></del>		<del></del>	<del> </del>			
EACH PATE   6, Dr. JAVS   S.ACP DAYS   1749 PER DAY   100-115   8801,700   300-125   881005					<del> </del>	<del> </del>		· · · · · · · · · · · · · · · · · · ·	\$40,000
MISC PERPEARTION COST (rouse tow, rat low, path pile dualine, misc.)   900-195   \$8,800   100-155   \$1,000   \$10-155   \$1,000   \$10-155   \$1,000   \$10-155   \$1,000   \$10-155   \$1,000   \$10-155   \$1,000   \$10-155   \$1,000   \$10-155   \$1,000   \$10-155   \$1,000   \$10-155   \$1,000   \$10-155   \$1,000   \$10-155   \$1,000   \$10-155   \$1,000   \$10-155   \$1,000   \$10-155   \$1,000   \$10-155   \$1,000   \$10-155   \$1,000   \$10-155   \$1,000   \$10-155   \$1,000   \$10-155   \$1,000   \$10-155   \$1,000   \$10-155   \$1,000   \$10-155   \$1,000   \$10-155   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,000   \$1,0		വഴട ത	17430	DER DAY	+	<del>                                     </del>	<del> </del>		\$888,93
BITS				, CINDAI	+	<del></del>	1111	1111111	\$8,00
MATER COMPLETION FILIDS		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,			<del></del>	DICC.125	\$1,000	\$101,00
MEDIC SEDUTIVES			,				DICC.130	\$11,000	\$122,00
SURPACE REVIALS	WATER / COMPLETION FLUIDS				DIDC.140	\$32,200	DICC.135	\$25,000	\$57,20
DOMPHOLE FIRSTALS   DIDIC LIST   \$114.00   DICC. 150   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000   \$150.000	MUD & ADDITIVES				DIDC.145	\$64,400	1111	111111	\$64,40
FORMATION EVALUATION (ST.) Control method in control (1997)   Sept.	SURFACE RENTALS				DIDC.150	\$69,000	DICC.140	\$45,000	\$114,00
MAD   COGSINS   37 DAYS	DOWNHOLE RENTALS				DIDC.155	\$144,000	DICC.145	\$10,000	\$154,00
DEC.   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160   160	FORMATION EVALUATION (DST, Coring including evalua	tion, G&G S	ERVICES)		DIDC.160				
CEMENTING A FLOAT EQUIPMENT	MUD LOGGING 37 DAYS @ \$900	PER DAY			DIDC.170	\$47,000	7777	7777777	\$47,00
TIBBLEAR RISPECTIONS  DIC. 196 \$31,000 DOC. 196 \$1,500 \$27,6 ERITAL ABOR, WELDING, ETC.  DIC. 209 \$27,600 DOC. 196 \$1,500 \$27,6 ERITAL ABOR, WELDING, ETC.  DIC. 209 \$32,7600 DOC. 197 \$1,500 \$27,6 SUPERATION (Trucking)  DIC. 209 \$32,7600 DOC. 197 \$1,700 \$30,0 SUPERATION (Trucking)  DIC. 210 \$35,000 DOC. 197 \$1,900 \$30,0 SUPERATION (Trucking)  DIC. 210 \$35,000 DOC. 197 \$1,900 \$30,0 DOC. 210 \$35,000 DOC. 197 \$1,900 \$30,0 DOC. 210 \$35,000 DOC. 197 \$1,900 \$30,0 DOC. 210 \$35,000 DOC. 197 \$1,900 \$30,0 DOC. 210 \$35,000 DOC. 197 \$1,900 \$30,0 DOC. 210 \$35,000 DOC. 197 \$1,900 \$30,0 DOC. 210 \$35,000 DOC. 197 \$1,900 \$30,0 DOC. 210 \$30,000 DOC. 197 \$1,900 \$30,0 DOC. 210 \$30,000 DOC. 197 \$1,900 \$30,0 DOC. 210 \$30,000 DOC. 197 \$1,900 \$30,00 DOC. 210 \$1,900 DOC. 197 \$1,900 DOC. 197 \$1,900 DOC. 197 \$1,900 DOC. 197 \$1,900 DOC. 197 \$1,900 DOC. 197 \$1,900 DOC. 197 \$1,900 DOC. 197 \$1,900 DOC. 197 \$1,900 DOC. 197 \$1,900 DOC. 197 \$1,900 DOC. 197 \$1,900 DOC. 197 \$1,900 DOC. 197 \$1,900 DOC. 197 \$1,900 DOC. 197 \$1,900 DOC. 197 \$1,900 DOC. 197 \$1,900 DOC. 197 \$1,900 DOC. 197 \$1,900 DOC. 197 \$1,900 DOC. 197 \$1,900 DOC. 197 \$1,900 DOC. 197 \$1,900 DOC. 197 \$1,900 DOC. 197 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900 DOC. 207 \$1,900					<del>†                                      </del>	1	7777	777777	\$65,00
CASHIG CREVIS   DIDC. 88   \$17,000   DIDC. 108   \$15,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,000   \$27,0					+	<del>}</del>			\$90,00
EXTRALABOR, WELLONG, ETC.  LADO TRANSPORTATION (Trucking)  DIC.209  SEPTENSION  DIC.201  SEPTENSION  DIC.201  SEPTENSION  DIC.201  SEPTENSION  DIC.201  SEPTENSION  DIC.201  SEPTENSION  DIC.202  SEPTENSION  DIC.202  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION  DIC.203  SEPTENSION									\$7,50
LAND TRANSFORTATION (Troking)					+		_		. \$27,000
SUPERVISION					<del></del>		<b>-</b>		\$32,60
TRALES HOUSE/CAMPICALTERNO  ODC.296 \$37,000 ODC.295 \$3,000 \$10,000 ODC.195 \$4,000			· · · · · · · · · · · · · · · · · · ·		+				
DIDEATE NESS CEPTENESS   DIDEATE   \$5,000   DOC.195   \$4,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$	· · · · · · · · · · · · · · · · · · ·				+	<del> </del>			
OVERHEAD   ODC.225   \$14,000   DCC.205   \$4,200   \$15,000					+				
REAMEDIAL CEMENTHING    DIDCAME   DIDCAME   DIDCAME   DIDCAME   ST50,000   S150,000   S1						<del> </del>			
MORDEDMOB					+	\$14,000		⊅4,∠∪∪	φ10,200
DIRECTIONAL CPILLUNG SERVICES   22 DAYS @ 9500 PER DAY   DIDC245   \$209.000   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.00   \$209.0					+	\$150,000	VICO.213	mm	\$150,000
DOCI, DISPATCHER, CRAME		DAVS @	9500	DER DAY	<del></del>		1111	HHHH	
MARINE & AIR TRANSPORTATION		2,110 @	3300	, , LN D/N !	<del> </del>	Ψ2.03,000	DICC 530		Ψ205,000
SOLIDS CONTROL    DIDC 205   \$168,000   CA24   \$16,000   \$44,6   \$528,000   CA24   \$16,000   \$44,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$64,6   \$									
MCLL CONTROL EQUIP (Simbling services)						\$166,000	1111	111111	\$166,000
FISHING AS SIDETRACK OPERATIONS  COMPLETION RIG  14 DAYS @ 4400 PER DAY  COMPLETION RIG  15 DAYS @ PER DAY  COMPLETION RIG  16 DAYS @ PER DAY  COMPLETION RIG  DICC.250  DICC.250  DICC.250  DICC.250  DICC.250  DICC.250  DICC.250  S135,000  S35,000					1		DICC.240	\$16,800	\$44,800
CONTUSTING DAYS ● PER DAY  COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS  STMULATION  STMULATION  DIGC.200  S10,000  S20,000  S20					+			, ,	
COMPLETION LOGGING, PERFORATING, WIL UNITS, WIL SURVEYS STIMULATION DIDC.300 \$35,000 \$35,000 \$220,000 \$220,000 \$220,000 \$220,000 \$220,000 \$220,000 \$220,000 \$220,000 \$220,000 \$220,000 \$220,000 \$200,000 WELL CONTROL INSURANCE SO JOEC.285 \$3,000 CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR SALES FIL  TOTALISM TANGER ECOSTS  32,463.80 33,175.31  TANGIBLE - WELL EQUIPMENT CASING SIZE FEET \$FOOT CONDUCTOR PIPE 20° 40 100.00 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.150 DWEB.15	COMPLETION RIG 14 DAYS @	4400	PER DAY		1111	111111	DICC.115	\$61,600	\$61,600
STIMULATION   DIDC.300   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,0000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000   \$10,000	COIL TUBING DAYS @		PER DAY		1111	111111	DICC.260		
LEGAL/REGULATORY/CURATIVE	COMPLETION LOGGING, PERFORATING, WL UNITS, WL	SURVEYS	1			7/////	DICC.200	\$35,000	\$35,000
WELL CONTROL INSURANCE \$0.35 PER FOOT DIDC.285 \$3,000 S1,000 DIDC.220 \$32,000 \$410,000 DIDC.220 \$32,000 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$410 DIDC.220 \$	STIMULATION						DICC.210	\$220,000	\$220,000
CONSTRUCTION FOR WELL EQUIPMENT  CONSTRUCTION FOR LEASE EQUIPMENT  CONSTRUCTION FOR LEASE EQUIPMENT  CONSTRUCTION FOR LEASE EQUIPMENT  CONSTRUCTION FOR LEASE EQUIPMENT  CONSTRUCTION FOR SALES P/L  ROTALSINITANGIBLE GUIPMENT  CASING  S12E FEET \$FFOOT  CONDUCTOR PIPE  20" 40 100.00 OWEB 130  OWEB 130  OWEB 130  SURFACE CASING  S13.38" 250 42.00 OWEB 130  OWEB 130  SURFACE CASING  S11.348" 250 42.00 OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 130  OWEB 1	LEGAL/REGULATORY/CURATIVE				DIDC.300	\$10,000	DICC.280		\$10,000
CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR SALES PL  FOTALINITANGIBLE COSTS  TANGIBLE - WELL EQUIPMENT CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS COSTS CONDEND COSTS COSTS CONDEND COSTS CONDEND COSTS CONDEND COSTS CO	WELL CONTROL INSURANCE \$0.35 PER F	ООТ			DIDC.285	\$3,000	7777.		\$3,000
CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR SALES PIL    DICC.265     CC.265     DICC.265     DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.275   DICC.	CONTINGENCY 5% OF DRILLING IN	TANGIBLE	S		DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265     DICC.265   DICC.265     DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.265   DICC.26	CONSTRUCTION FOR WELL EQUIPMENT		.,		UU		DWEA.110	\$1,000	\$1,000
TOTALEINITANGIBLE/COST  TANGIBLE - WELL EQUIPMENT  CASING  SIZE FEET S/FOOT  DRIVE PIPE 20" 40 100.00 DWEB.130 DWEB.130 DWEB.130 WATER STRING 13-3/8" 250 42.00 DWEB.130 DWEB.135 SURFACE CASING 13-3/8" 250 42.00 DWEB.145 DWEB.145 DRILLING LINER 7" DWEB.145 DRILLING LINER 7" DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.150 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160 DWEB.160			**		7777	77777	DLEQ.110	\$39,000	\$39,000
TANGIBLE - WELL EQUIPMENT  CASING  SIZE FEET \$/FOOT  DRIVE PIPE  20" 40 100.00 0WEB.150 4,000 \$4.00  SAUTH PIPE  20" 40 100.00 0WEB.150 4,000 \$4.00  CONDUCTOR PIPE  30" 40 100.00 0WEB.150 4,000 \$4.00  DWEB.130 0WEB.130 \$1.00  SURFACE CASING 13-3/8" 250 42.00 DWEB.140 11,000 \$11.00  SURFACE CASING 8-5/8" 4,500 23.40 DWEB.140 11,000 \$11.00  SURFACE CASING 9-5/8" 4,500 23.40 DWEB.140 105,000 \$105,000  SURELINE TO DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWE	CONSTRUCTION FOR SALES P/L				7777.	77777	DICC.265		
TANGIBLE - WELL EQUIPMENT  CASING  SIZE FEET \$/FOOT  DRIVE PIPE  20" 40 100.00 0WEB.150 4,000 \$4.00  SAUTH PIPE  20" 40 100.00 0WEB.150 4,000 \$4.00  CONDUCTOR PIPE  30" 40 100.00 0WEB.150 4,000 \$4.00  DWEB.130 0WEB.130 \$1.00  SURFACE CASING 13-3/8" 250 42.00 DWEB.140 11,000 \$11.00  SURFACE CASING 8-5/8" 4,500 23.40 DWEB.140 11,000 \$11.00  SURFACE CASING 9-5/8" 4,500 23.40 DWEB.140 105,000 \$105,000  SURELINE TO DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWE		ninakostkowszenia		ter territoria contrata	MINGENSON AND	Andrew Marie and Inspected states your view	iningsoff figures	anakasar ang karata kanasar ang ka	The State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the State of the S
CASING	IIOI ALINI ANGIBLE COSI		1,300,200,005		1914	\$2,463,180		\$7,12,750	\$3,175,930
CASING	TANCIDLE MELL FOURMENT				<del> </del>				
DRIVE PIPE   20"   40   100.00   DWEB.150   4.000   \$4.00   CONDUCTOR PIPE   DWEB.135   DWEB.135   DWEB.135   SURFACE CASING   13-3/8"   250   42.00   DWEB.140   11.000   \$11.00   \$11.00   \$11.00   \$11.00   \$11.00   \$11.00   \$11.00   \$11.00   \$11.00   \$11.00   \$11.00   \$11.00   \$11.00   \$11.00   \$11.00   \$11.00   \$11.00   \$11.00   \$11.00   \$11.00   \$11.00   \$11.00   \$11.00   \$11.00   \$11.00   \$11.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$10.00   \$		0175	CCCT	L C/FOOT	<del> </del>				
DWEB.130				<del></del>	DWER 160	4.000	7777	mm	000 12
WATER STRING   DWEB.138   SURFACE CASING   13-3/8"   250   42.00   DWEB.140   11,000   \$11,0   \$11,0   \$11,0   \$11,0   \$11,0   \$11,0   \$11,0   \$11,0   \$11,0   \$11,0   \$11,0   \$11,0   \$11,0   \$11,0   \$11,0   \$11,0   \$11,0   \$11,0   \$11,0   \$11,0   \$11,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0   \$10,0		20	40	100.00	<del> </del>		444	HHHH	Ψ4,000
SURFACE CASING 13-3/8" 250 42.00 DWEB.140 11,000 \$110,00 \$110,00 \$10,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,00 \$105,0							1111	HHHH	
NTERMEDIATE CASING		13-3/8"	250	42.00			444	<i>HHHH</i>	\$11,000
DRILLING LINER 7" DWEB.145 DRILLING LINER 5 1/2" 9,800 15.90 DWEB.145 PRODUCTION CASING OR LINER 5 1/2" 9,800 15.90 DWEB.145 TUBING 27/8" 12,000 6.50 DWEB.100 156,000 \$156,000 \$166,00 TUBING DWEB.105 78,000 \$78,00 UWEB.105 78,000 \$9,0 UWEB.105 TRES. CHOKES DWEB.115 12,000 DWEB.115 \$9,000 \$9,0 UWEB.115 12,000 DWEB.115 \$1,000 DWEB.115 \$1,000 DWEB.125 DWEB.115 DWEB.110 DWEB.130 \$1110,000 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00 \$1110,00				<del> </del>			1111	HHHH	\$105,000
DRILLING LINER PRODUCTION CASING OR LINER  5 1/2" 9,800 15,90 PRODUCTION TIE-BACK DWEA.100 PRODUCTION TIE-BACK DWEA.100 PRODUCTION TIE-BACK DWEA.100 PRODUCTION TIE-BACK DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DUEQ.105 S15,000 S15,000 S15,000 S16,000 DICC.275 DWEA.105 DWEA.105 DWEA.105 DUEQ.105 S15,000 S16,000 S17,000 DICC.275 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWEA.105 DWE			.,		<del>                                     </del>		777	111111	
PRODUCTION TIE-BACK TUBING 2 7/8" 12,000 6.50 DWEA.105 DWEA.105 78,000 \$78,00 \$78,00 WELL EQUIPMENT DWEA.115 \$9,000 \$9,0 WELLEAD, TREE, CHOKES DWEB.115 12,000 DWEA.120 \$28,000 \$40,0 LINER HANGER, ISOLATION PACKER DWEB.100 DWEA.125 DWEA.125 DWEA.125 DWEA.130 \$110,000 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$110,00 \$11	DRILLING LINER				<del></del>		1111	111111	
TUBING 2 7/8" 12,000 6.50 DWEA.105 78,000 \$78,00 \$78,00 \$78,00 \$9,0 \$9,0 \$9,0 \$9,0 \$9,0 \$9,0 \$9,0 \$	PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90	1111	111111	DWEA.100	156,000	\$156,000
N/C WELL EQUIPMENT       DWEA.115       \$9,000       \$9,0         WELLHEAD, TREE, CHOKES       DWEB.115       12,000       DWEA.120       \$28,000       \$40,0         LINER HANGER, ISOLATION PACKER       DWEB.100       DWEA.125       DWEA.125       DWEA.125       DWEA.125       DWEA.125       DWEA.126       \$110,000       \$110,000       \$110,000       \$110,000       \$110,000       \$110,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000       \$78,000 <td>PRODUCTION TIE-BACK</td> <td></td> <td></td> <td></td> <td>1111</td> <td>MITT</td> <td>DWEA.100</td> <td></td> <td></td>	PRODUCTION TIE-BACK				1111	MITT	DWEA.100		
WELLHEAD, TREE, CHOKES       DWEB.115       12,000       DWEA.120       \$28,000       \$40,0         LINER HANGER, ISOLATION PACKER       DWEB.100       DWEA.125       DWEA.125       DWEA.130       \$110,000       \$110,00       \$110,00       \$110,00       \$110,00       \$110,00       \$110,00       \$110,00       \$110,00       \$110,00       \$110,00       \$110,00       \$110,00       \$110,00       \$110,00       \$110,00       \$110,00       \$110,00       \$110,00       \$110,00       \$110,00       \$110,00       \$110,00       \$110,00       \$15,00       \$15,00       \$15,00       \$15,00       \$15,00       \$15,00       \$15,00       \$15,00       \$15,00       \$15,00       \$15,00       \$15,00       \$15,00       \$15,00       \$15,00       \$15,00       \$15,00       \$10,00       \$10,00       \$10,00       \$10,00       \$10,00       \$10,00       \$10,00       \$10,00       \$10,00       \$10,00       \$10,00       \$10,00       \$10,00       \$10,00       \$10,00       \$10,00       \$10,00       \$10,00       \$10,00       \$10,00       \$10,00       \$10,00       \$10,00       \$10,00       \$10,00       \$10,00       \$10,00       \$10,00       \$10,00       \$10,00       \$10,00       \$10,00       \$10,00       \$10,00       \$10,00       \$10,0	TUBING	2 7/8"	12,000	6.50			DWEA.105	78,000	\$78,000
LINER HANGER, ISOLATION PACKER	N/C WELL EQUIPMENT				1111	//////	DWEA.115	\$9,000	\$9,000
PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES  PIPELINES TO SALES  DIDC 295  60,000  S110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000  \$110,000	WELLHEAD, TREE, CHOKES			,	DWEB.115	12,000	DWEA.120	\$28,000	\$40,000
PUMPING:UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES  PIPELINES TO SALES  TOTAL TRANGIBLES  DIDC. 295  60,000  DICC. 275  (60,000)  \$78,00  \$78,00  \$78,00  \$15,00  \$15,00  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44,0  \$44	LINER HANGER, ISOLATION PACKER				DWEB.100		DWEA.125		
LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES  PIPELINES TO SALES  TOTAL TRANGIBLES  DIDC. 295  60,000  DICC. 275  (60,000)  \$15,00  \$44,00  \$44,00  \$44,00  \$44,00  \$21,000  \$21,000  \$18,00  \$18,00  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1	PACKER, NIPPLES				7777	777777	DWEA.130	\$110,000	\$110,000
TANGIBLE - LEASE EQUIPMENT           N/C LEASE EQUIPMENT         DLEQ.115         \$44,000         \$44,0           TANKS, TANKS STEPS, STAIRS         DLEQ.120         \$21,000         \$21,0           BATTERY (Heater Treater, Separator, Gas Treating Equipment)         DLEQ.125         \$18,000         \$18,0           FLOW LINES (Line Pipe from wellhead to central facility)         DLEQ.130         \$1,000         \$1,00           OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES         DWEA.135         DWEA.140         DWEA.140           PIPELINES TO SALES         \$132,000         \$558,000         \$690,00           TOTALTANGIBLES         DIDC.295         60,000         DICC.275         (60,000)	· · · · · · · · · · · · · · · · · · ·				1111	77777			\$78,000
N/C LEASE EQUIPMENT       DLEQ.115       \$44,000       \$44,0         TANKS, TANKS STEPS, STAIRS       DLEQ.120       \$21,000       \$21,0         BATTERY (Heater Treater, Separator, Gas Treating Equipment)       DLEQ.125       \$18,000       \$18,0         FLOW LINES (Line Pipe from wellhead to central facility)       DLEQ.130       \$1,000       \$1,0         OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES       DWEA.135       DWEA.140       DWEA.140         PIPELINES TO SALES       \$132,000       \$558,000       \$690,0         P&A COSTS       DIDC.295       60,000       DICC.275       (60,000)					7777.	777777	DLEQ.105	\$15,000	\$15,000
TANKS, TANKS STEPS, STAIRS       DLEQ.120       \$21,000       \$21,0         BATTERY (Heater Treater, Separator, Gas Treating Equipment)       DLEQ.125       \$18,000       \$18,0         FLOW LINES (Line Pipe from wellhead to central facility)       DLEQ.130       \$1,000       \$1,0         OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES       DWEA.135       DWEA.140         PIPELINES TO SALES       DWEA.140       \$558,000       \$690,0         FOTALTANGIBLES       DIDC.295       60,000       DICC.275       (60,000)									
BATTERY (Healer Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES  PIPELINES TO SALES  TOTAL TANGIBLES  DIDC.295  60,000  DICC.275  (60,000)					1111	HHH			\$44,000
## FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES  PIPELINES TO SALES  ### TOTAL PANGIBLES  DIDC.295  60,000  DICC.275  (60,000)  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00  \$1,00		ont)			444	HHH			\$21,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES  PIPELINES TO SALES  DWEA.140  \$132,000  \$5558,000  \$690,00  P&A COSTS  DIDC.295  60,000  DICC.275  (60,000)		ienty	**		1111	144444			
PIPELINES TO SALES  TOTAL TANGIBLES  P&A COSTS  DIDC.295  60,000  DICC.275  (60,000)	<del></del>	•			1111	111111		\$1,000	\$1,000
TOTALTANGIBLES \$132,000 \$558,000 \$690,00 P&A COSTS DIDC.295 60,000 DICC.275 (60,000)	·-· ·				444	HHH			
P&A COSTS DIDC.295 60,000 DICC.275 (60,000)	FIFELINES 10 SALES				1111	<u>,,,,,,,</u>	DVVEA. 140		
P&A COSTS DIDC.295 60,000 DICC.275 (60,000)	TOTAL TANGIRIES	Arger Cha			CALCASTA CO	\$137.00n	in Malak	CEED OOD	**************************************
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		<del>.</del>			DIDO 005	60,000	DICC 275	(60,000)	
HOTAL COST A	P&A COSTS				I I II I R : JUE				
	P&A COSTS				DIDC.295		DIGG.273	(00,000)	

### OIL & GAS PROPERTIES

P.D. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 6, 2007

R. E. Carter C/o Marguerite C. Buckley 9446 Litzsingle Road St. Louis, MO 63144

Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4,
SW/4NE/4 and NW/4SE/4 of Section 6
Township 15 South, Range 38 East
Lea County, New Mexico

Dear Ms. Buckley:

According to our title research, R. E. Carter owns an undivided 2.0005 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$200.05 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

## OIL & GAS LEASE

THIS AGREEMENT made this 6th day of April, 2007, between R. E. Carter, herein dealing in his sole and separate property, as Lessor (whether one or more), C/o Marguerite C. Buckley, whose address is 9446 Litzsingle Road, St. Louis, MO 63144, and Shaw Interests, Inc. whose address is P.O. Box 9612, Midland, Texas 79708, Lessee,

#### WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

- 2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.
- 3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, three-sixteenths (3/16) of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of three-sixteenths (3/16) of the gas used, provided that on gas sold on or off the premises, the royalties shall be three-sixteenths (3/16) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written no
- 4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.
- 5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.
- 6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.
- 7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.
- 8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.
- 9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and in the event Lessee does so it shall be subrogated to such lien wit satisfying same. Without impairment of Lessee's rights under the wa entire and undivided fee simple estate (whether Lessor's interest is her any part as to which this lease covers less than such full interest, shall whole and undivided fee simple estate therein. Should any one or mo upon the party or parties executing the same.	th the right to enforce rranty, if this lease c rein specified or not) be paid only in the p	e same and to overs a less in then the roya roportion whi	apply royalties nterest in the oi alties, shut-in ro ich the interest t	s and shut-in royalti il and gas in all or a yalty, and other pay therein, if any, cove	es payable lany part of soments, if ar red by this l	nereunder to said land tha ny, accruing ease, bears t	ward n the from to the
11. Lessee, its or his successors, heirs and assigns, shall have the rig assigns by delivering or mailing a release thereof to the Lessor, or by shall be relieved from all obligations, expressed or implied, of this agreeduced in the proportion that the acreage covered hereby is reduced by	placing a release the reement as to acreage	ereof of recore so surrender	d in the county	in which said land	is situated;	thereupon L	essee
Executed the day and year first above written.							
		· .		,			
· ·			•				
D. F. Cartan							

#### ACKNOWLEDGMENT

	AC	IXIO WEEDGIVEN	1	
STATE OF COUNTY OF	§ § §			
This instrument was a	acknowledged before me on the	day of	, 2007, by R.	E. Carter.
	*			
		Notary Publ	ic, State of	

My Commission Expires:

#### **DIL & GAS PROPERTIES**

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

Helen Pape
C/o Marguerite C. Buckley
9446 Litzsingle Road
St. Louis, MO 63144

Re: Pyramid #1

W/2 of Section 31, Township 14 South, Range 38 East

Lea County, New Mexico

Dear Ms. Buckley:

In conjunction with our proposal of April 6, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

Surface Hole Location: 2210' FSL & 430' FWL
Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

• \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw



COMPANY ENTIT	• •	i						DATE PR	REPARED March 8	3, 2007	
REGION	WELL NAME	WELL NO	PROSE	ECT OR FIELD	NAME	PROPER	RTY NUMBER		DRILLING .	AFE NO.	
Permian	Pyramid	1 1 1	S	tar-Dentor	1						
LOCATION	SHL 2210' FSL & 430' F\	VL .		cor	JNTY	s	TATE		TYPE V	VELL	
BHL 330' F	SL & 430' FWL							OIL	Х	EXPL	Χ
Sec 31, T14	S, R38E			Le	a	New	Mexico	GAS		PROD	
ORIGINAL ESTIM	IATE X	_	EST. STA	ART DATE	EST. CC	MP, DATE	FORM	IATION		EST. TD	
REVISED ESTIMA	ATE .								98	00	TVD
SUPPLEMENTAL	. ESTIMATE		٠,				j		116	00'	MD

#### PROJECT DESCRIPTION:

Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
<u>TANGIBLES</u>			
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

### Comments on Well Costs:

### WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

I elect to	purchase	my own	well	control	insurance	policy.
	-	-				

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

### Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

		#VALUEI
	CIMAREX ENERGY CO. APPROVAL	
PREPARED BY	DRILLING AND COMPLETION MANAGER	REGIONAL MANAGER
Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	Roger Alexander, Regional Manager Permian Basin
	JOINT INTEREST APPROVAL	
COMPANY	BY	DATE
	l,	

^{1.} All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.



# PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

				T	DRY HOLE		AFTER CASING	COMPLETED
INTANGIBLES				Codes	COST	Codes	POINT	WELL COST
ROADS & LOCATION PREPARATION / RESTORATION				DIDC.100	\$100,000	DICC.100	T-1	\$108,000
DAMAGES				DIDC.105	\$4,000 \$20,000	DICC.105	\$1,000 \$20,000	\$5,000 \$40,000
MUD/FLUIDS DISPOSAL CHARGES  DAY RATE 46 DH DAYS 5 ACP I	DAYS @	17430	PER DAY	DIDC.255 DIDC.115	\$801,780	DICC.235 DICC.120	\$87,150	\$888,930
MISC PREPARATION COST (mouse hole, rat hole, pads, r			· LINDAI	DIDC.120	\$8,000	1111	Titter	\$8,000
BITS		, , , , , , , , , , , , , , , , , , , ,		DIDC.125	\$100,000	DICC.125	\$1,000	\$101,000
FUEL \$2.20 PER GALLON				DIDC.135	\$111,000	DICC.130	\$11,000	\$122,000
WATER / COMPLETION FLUIDS				DIDC.140	\$32,200	DICC,135	\$25,000	\$57,200
MUD & ADDITIVES				DIDC.145	\$64,400	7777		\$64,400
SURFACE RENTALS		•••		DIDC.150	\$69,000 \$144,000	DICC.140	\$45,000 \$10,000	\$114,000 \$154,000
DOWNHOLE RENTALS FORMATION EVALUATION (DST, Coring including evalua	tion G&G S	SERVICES)		DIDC.160	\$144,000	1111	111111	\$154,000
MUD LOGGING 37 DAYS @ \$900				DIDC.170	\$47,000	1111	777777	\$47,000
OPEN HOLE LOGGING		٠,		DIDC.180	\$65,000	1111	111111	\$65,000
CEMENTING & FLOAT EQUIPMENT				DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000
TUBULAR INSPECTIONS				DIDC.190	\$5,000	DICC,160	\$2,500	\$7,500
CASING CREWS				DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000 \$32,600
EXTRA LABOR, WELDING, ETC.  LAND TRANSPORTATION (Trucking)				DIDC.200	\$27,600 \$32,200	DICC.170 DICC.175	\$5,000 \$7,000	\$32,800
SUPERVISION				DIDC.203	\$51,000	DICC.173	\$18,000	\$69,000
TRAILER HOUSE/CAMP/CATERING				DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500
OTHER MISC EXPENSES				DIDC.220	\$5,000	DICC,190	\$5,000	\$10,000
OVERHEAD				DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200
REMEDIAL CEMENTING				DIDC.231		DICC.215		
MOB/DEMOB				DIDC.240	\$150,000	7777	<i>111111</i>	\$150,000
DIRECTIONAL DRILLING SERVICES 22 DOCK, DISPATCHER, CRANE	DAYS @	9500	PER DAY	DIDC.245 DIDC.250	\$209,000	DICC.230	7777777	\$209,000
MARINE & AIR TRANSPORTATION				DIDC.250		DICC.230		
SOLIDS CONTROL				DIDC.260	\$166,000	1111	1111111	\$166,000
WELL CONTROL EQUIP (Snubbing services)	•			DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS				DIDC.270		DICC.245		
COMPLETION RIG 14 DAYS @	4400	PER DAY		7777		DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @		PER DAY		444	711111	DICC.260		
COMPLETION LOGGING, PERFORATING, WL UNITS, WL	SURVEYS	<u> </u>		1111	77777	DICC.200	\$35,000	\$35,000
STIMULATION LEGAL/REGULATORY/CURATIVE				DIDC.300	\$10,000	DICC.210	\$220,000	\$220,000 \$10,000
WELL CONTROL INSURANCE \$0.35 PER F	TOOT	٠,		DIDC.385	\$3,000	1111	777777	\$3,000
CONTINGENCY 5% OF DRILLING IN		S		DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT				1111	111111	DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT						DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L				7777,		DICC.265		
TOTALINTANGIBLEICOSIT	a resumentario	i California Carlonnia de Antonio	Several and the Color	9-00-00-00-00-00-00-00-00-00-00-00-00-00		a realizado restava		
O  AE  N  ANGIBLE  COS				5,09400004	\$2,463;18U		\$34,954, <b>3</b> 0,	\$#### <b>\$</b> \$\$##\$\$
TANGIBLE - WELL EQUIPMENT				<u> </u>		,		
CASING	SIZE	FEET	\$/FOOT					
DRIVE PIPE	20"	40	100.00	DWEB.150	. 4,000	7777		\$4,000
CONDUCTOR PIPE				DWEB.130		7777		
WATER STRING				DWEB.135		7777.	7111111	
SURFACE CASING	13-3/8"	250	42.00	DWEB.140	11,000 105,000	444	HHHH	\$11,000 \$105,000
INTERMEDIATE CASING DRILLING LINER	8-5/8" 7"	4,500	23.40	DWEB.145 DWEB.145	105,000	444	HHHH	\$105,000
DRILLING LINER				DWEB.145		444	111111	· · · · · · · · · · · · · · · · · · ·
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90	1111	MILLE	DWEA.100	156,000	\$156,000
PRODUCTION TIE-BACK				1111	111111	DWEA.100		
PRODUCTION TIE-BACK			0.50			DWEA.105	78,000	\$78,000
TUBING TUBING	2 7/8"	12,000	6.50	7777	777777			
TUBING : N/C WELL EQUIPMENT	2 7/8"	12,000	6.50	777	7444	DWEA.115	\$9,000	\$9,000
TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES	2 7/8"	12,000	6.50	DWEB.115	12,000	DWEA.120	\$9,000 \$28,000	\$9,000 \$40,000
TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER	2 7/8"	12,000	6.50	DWEB.115 DWEB.100	12,000	DWEA.120 DWEA.125	\$28,000	\$40,000
TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES	2 7/8"	12,000	6.50		12,000	DWEA.120 DWEA.125 DWEA.130	\$28,000 \$110,000	\$40,000 \$110,000
TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE	2 7/8"	12,000	6.50		12,000	DWEA.120 DWEA.125	\$28,000	\$40,000 \$110,000 \$78,000
TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES	2 7/8"	12,000	6.50		12,000	DWEA.120 DWEA.125 DWEA.130 DLEQ.100	\$28,000 \$110,000 \$78,000	\$40,000 \$110,000 \$78,000
TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT	2 7/8"	12,000	6.50			DWEA.120 DWEA.125 DWEA.130 DLEQ.100	\$28,000 \$110,000 \$78,000	\$40,000 \$110,000 \$78,000 \$15,000
TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS		12,000	6.50		12,000	DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.115 DLEQ.120	\$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000	\$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000
TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipm			6.50		12,000	DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.115 DLEQ.120 DLEQ.125	\$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000
TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipm  FLOW LINES (Line Pipe from wellhead to central facility)	nent)		6.50		12,000	DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.115 DLEQ.120 DLEQ.125 DLEQ.130	\$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000	\$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000
TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipm  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	nent)		6.50			DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.115 DLEQ.120 DLEQ.125 DLEQ.130 DWEA.135	\$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000
TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipm	nent)		6.50		12,000	DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.115 DLEQ.120 DLEQ.125 DLEQ.130	\$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000
TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipm  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	nent)		6.50	DWEB.100		DWEA.120 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.105 DLEQ.120 DLEQ.120 DLEQ.120 DLEQ.130 DWEA.135 DWEA.140	\$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000
TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipm  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES  PIPELINES TO SALES	nent)			DWEB.100		DWEA.120 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.105 DLEQ.120 DLEQ.120 DLEQ.120 DLEQ.130 DWEA.135 DWEA.140	\$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000 \$1,000	\$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000
TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipm  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES  PIPELINES TO SALES	nent)			DWEB.100	\$132,000	DWEA.120 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.105 DLEQ.120 DLEQ.120 DLEQ.120 DLEQ.130 DWEA.135 DWEA.140	\$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000 \$1,000	\$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000
TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipm  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES  PIPELINES TO SALES  TOTAL TRANSIBLES	nent)			DWEB.100	\$132,000	DWEA.120 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.105 DLEQ.120 DLEQ.120 DLEQ.130 DWEA.135 DWEA.140 DICC.275	\$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000 \$1,000 \$60,000)	\$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000
TUBING  N/C WELL EQUIPMENT  WELLHEAD, TREE, CHOKES  LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipm  FLOW LINES (Line Pipe from wellhead to central facility)  DEFSHORE PRODUCTION STRUCTURE FOR FACILITIES  PIPELINES TO SALES  TOTAL TANGIBLES	nent)			DWEB.100	\$132,000	DWEA.120 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.105 DLEQ.120 DLEQ.120 DLEQ.130 DWEA.135 DWEA.140 DICC.275	\$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000 \$1,000	\$40,00 \$110,00 \$78,00 \$15,00 \$44,00 \$21,00 \$18,00 \$1,00

### DIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 6, 2007

Helen Pape C/o Marguerite C. Buckley 9446 Litzsingle Road St. Louis, MO 63144

Re: Oil & Gas Lease

W/2 of Section 31

Township 14 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4,

SW/4NE/4 and NW/4SE/4 of Section 6 Township 15 South, Range 38 East

Lea County, New Mexico

Dear Ms. Pape:

According to our title research, you own an undivided 5.00125 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$500.13 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

**SHAW INTERESTS** 

Tim Lilley

# OIL & GAS LEASE

THIS AGREEMENT made this 6th day of April, 2007, between Helen Pape, herein dealing in her sole and separate property, as Lessor (whether one or more), c/o Marguerite C. Buckley, whose address is 9446 Litzsingle Road, St. Louis, MO 63144, and Shaw Interests, Inc. whose address is P.O. Box 9612, Midland, Texas 79708, Lessee,

#### WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

- 2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.
- 3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, three-sixteenths (3/16) of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of three-sixteenths (3/16) of the gas used, provided that on gas sold on or off the premises, the royalties shall be three-sixteenths (3/16) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalty shire in made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has re
- 4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.
- 5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.
- 6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.
- 7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.
- 8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.
- 9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.						
11. Lessee, its or his successors, heirs and assign assigns by delivering or mailing a release thereof shall be relieved from all obligations, expressed o reduced in the proportion that the acreage covered	to the Lessor, or or implied, of this	by placing a release agreement as to acr	e thereof of rec eage so surren	cord in the county	in which said land is si	tuated; thereupon Lessee
Executed the day and year first above written	ı <b>.</b>					
						•
Helen Pape					•	

	ACI	KNOWLEDGMENT	
STATE OF MISSOURI	§ § §		
This instrument was ackno	wledged before me on the	day of	, 2007, by Helen Pape.
		Notary Public, State of	Missouri
•		My Commission Expire	:s:

## OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

C. H. Stevenson
C/o Marguerite C. Buckley
9446 Litzsingle Road — CLNDECTUREABLE
St. Louis, MO 63144

Re: Pyramid #1

W/2 of Section 31, Township 14 South, Range 38 East

Lea County, New Mexico

Dear Ms. Buckley:

In conjunction with our proposal of April 6, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

Surface Hole Location: 2210' FSL & 430' FWL
Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

• \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw



COMPANY ENTITY Cimarex Energ	y Co.		٠,					DATE PRE	PARED	3, 2007	
REGION	WELL NAME	WELL NO	PROSP	ECT OR FIELD	NAME	PROPER	TY NUMBER		DRILLING	AFE NO.	
Permian	Pyramid	1 1	Star-Denton						٠		
LOCATION SH	L 2210' FSL & 430' F\	VL .		cou	JNTY	s	TATE		TYPE \	VELL	
BHL 330' FSL	& 430' FWL			-				OIL	. X	EXPL	X
Sec 31, T14S,	R38E			_ L€	a	New	Mexico	GAS		PROD	
ORIGINAL ESTIMATE	×		EST. STA	ART DATE	EST. CC	MP. DATE	FORMA	TION		EST. TD	
REVISED ESTIMATE							}		98	00	TVD
SUPPLEMENTAL ES	TIMATE	_	••						116	00'	MD

### PROJECT DESCRIPTION:

Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
Intangible Drilling Costs	·· \$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
TANGIBLES			
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

### **Comments on Well Costs:**

## WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

I elect to	ourchase my own	well control	insurance polic	y.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

## Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

CIMAREX ENERGY CO. APPROVAL

PREPARED BY
Mark Audas, Sr. Drilling/Completion Engineer
Permian Basin

Doug Park, Mgr Drilling/Completion Operations
Offshore and Permian Regions

Politing And Completion Operations
Offshore and Permian Regions

Doug Park, Mgr Drilling/Completion Operations
Offshore and Permian Regions

DOUG Park, Mgr Drilling/Completion Operations
Offshore and Permian Regions

DOINT INTEREST APPROVAL

DATE

^{1.} All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.



# PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

		<del></del>		Ţ	DRY HOLE	r [.]	AFTER CASING	COMPLETED
INTANGIBLES				Codes	COST	Codes	POINT	WELL COST
ROADS & LOCATION PREPARATION / RESTORATION				DIDC.100	\$100,000	DICC.100	\$8,000	\$108,000
DAMAGES				DIDC.105	\$4,000	DICC.105	\$1,000	\$5,000
MUD/FLUIDS DISPOSAL CHARGES				DIDC.255	·	DICC.235		\$40,000
	DAYS @		PER DAY	DIDC.115		DICC.120	\$87,150	\$888,930
MISC PREPARATION COST (mouse hole, rat hole, pads, page 1972)	oile clusters	, misc.)		DIDC.120	<del> </del>	DICC.125	\$1,000	\$8,000 \$101,000
FUEL \$2.20 PER GALLON				DIDC.125 DIDC.135		DICC.123	<del>                                     </del>	\$122,000
WATER / COMPLETION FLUIDS	·	***************************************		DIDC.140		DICC.135		\$57,200
MUD & ADDITIVES		`,	<u> </u>	DIDC.145	+	1111	Timm	\$64,400
SURFACE RENTALS				DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000
DOWNHOLE RENTALS			,	DIDC.155	\$144,000	DICC.145	\$10,000	\$154,000
FORMATION EVALUATION (DST, Coring including evalua	tion, G&G S	SERVICES)		DIDC.160		1111		
MUD LOGGING 37 DAYS @ \$900	PER DAY			DIDC.170	\$47,000	7777		\$47,000
OPEN HOLE LOGGING		••		DIDC.180	\$65,000	7777	$\overline{IIIII}$	\$65,000
CEMENTING & FLOAT EQUIPMENT				DIDC.185	\$50,000	DICC.155	<del></del>	\$90,000
TUBULAR INSPECTIONS			<del> </del>	DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500
CASING CREWS				DIDC.195	\$12,000	DICC.165		\$27,000
EXTRA LABOR, WELDING, ETC.			<del></del>	DIDC.200	\$27,600	DICC.170		\$32,600
LAND TRANSPORTATION (Trucking)				DIDC.205	\$32,200 \$51,000	DICC.175 DICC.180	\$7,000 \$18,000	\$39,200 \$69,000
SUPERVISION TRAILER HOUSE/CAMP/CATERING				DIDC.280	\$17,000	DICC.180	\$2,500	\$19,500
OTHER MISC EXPENSES				DIDC.220	\$5,000	DICC.233	\$5,000	\$10,000
OVERHEAD				DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200
REMEDIAL CEMENTING				DIDC.231		DICC.215	<del> </del>	
MOB/DEMOB				DIDC.240	\$150,000	1111		\$150,000
DIRECTIONAL DRILLING SERVICES 22	DAYS @	9500	PER DAY	DIDC.245	\$209,000	1111		\$209,000
DOCK, DISPATCHER, CRANE				DIDC.250		DICC.230		
MARINE & AIR TRANSPORTATION				DIDC.275		DICC.250		
SOLIDS CONTROL				DIDC.260	\$166,000	7777	777777	\$166,000
WELL CONTROL EQUIP (Snubbing services)				DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS				DIDC.270		DICC.245		
	4400	PER DAY		444	77777	DICC.115	\$61,600	\$61,600
CONTINUE DAYS @	CLIDVEVE	PER DAY		1111	HHH	DICC.260 DICC.200	\$35,000	\$35,000
COMPLETION LOGGING, PERFORATING, WL UNITS, WI STIMULATION	SURVEYS			1111	44444	DICC.200	\$220,000	\$220,000
LÉGAL/REGULATORY/CURATIVE		,		DIDC.300	\$10,000	DICC.210	\$220,000	\$10,000
WELL CONTROL INSURANCE \$0.35 PER F	TOOT			DIDC.285	\$3,000	1777	111111	\$3,000
CONTINGENCY 5% OF DRILLING IN		:S		DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT				1111	111111	DWEA.110	·	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT		٠.	1	1111	4444	DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L				1111		DICC.265		
				<u> </u>				
TOTAL INTANGIBLE COST				100010	\$2,463,180		\$712,750	\$3,175,930
		<del> </del>						
TANGIBLE - WELL EQUIPMENT				<b></b>				
CASING DRIVE PIPE	SIZE 20"	FEET	\$/FOOT 100.00	DWED 450	4.000	~~~	mm.	\$4,000
CONDUCTOR PIPE	20	40	100.00	DWEB.150 DWEB.130	4,000	444	44444	\$4,000
WATER STRING			-	DWEB.135		446	44444	
SURFACE CASING	13-3/8"	250	42.00	DWEB.140	` 11,000	777	HHHH	\$11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145	105,000	1111	111111	\$105,000
DRILLING LINER	7"			DWEB.145		1111	111111	
DRILLING LINER				DWEB.145		7777		
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90	////		DWEA.100	156,000	\$156,000
PRODUCTION TIE-BACK				$\overline{UU}$	777777	DWEA.100		
TUBING	2 7/8"	12,000	6.50	7777,	777777	DWEA.105		\$78,000
N/C WELL EQUIPMENT				7777	777777	DWEA.115		\$9,000
WELLHEAD, TREE, CHOKES				DWEB.115	12,000	DWEA.120	\$28,000	\$40,000
LINER HANGER, ISOLATION PACKER				DWEB.100	*******	DWEA.125		¢440.000
PACKER, NIPPLES		<del> </del>		1111	AHA	DWEA.130	\$110,000 \$78,000	\$110,000 \$78,000
PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors)	<del> </del>			444	44444	DLEQ.100 DLEQ.105	\$15,000	\$15,000
TANGIBLE - LEASE EQUIPMENT		**			777777	DEL Q. 103	ψ15,000	\$15,000
N/C LEASE EQUIPMENT	<del></del>			1111	111111	DLEQ.115	\$44,000	\$44,000
TANKS, TANKS STEPS, STAIRS				1111	HHH	DLEQ.120	\$21,000	\$21,000
BATTERY' (Heater Treater, Separator, Gas Treating Equipm	nent)			1111	11111	DLEQ.125	\$18,000	\$18,000
FLOW LINES (Line Pipe from wellhead to central facility)		٠,		7777	777777	DLEQ.130	\$1,000	\$1,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	3			7777	111111	DWEA.135		
PIPELINES TO SALES				1111	111111	DWEA.140		
			.,,.,.,		Control Service and Control Control		Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Contract Con	Comments are a second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second second s
TOTALTANGIBLES				an full and the	<b>\$132,000</b>		\$558,000	\$690,000
								\$690,000
TOTAL TANGIBLES				DIDC.295		DICC.275	\$558,000 (60,000)	\$690,000
				DIDC.295	60,000	DICC.275		

### DIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 6, 2007

C. H. Stevenson C/o Marguerite C. Buckley 9446 Litzsingle Road St. Louis, MO 63144

Re: Oil & Gas Lease

W/2 of Section 31

Township 14 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4,

SW/4NE/4 and NW/4SE/4 of Section 6 Township 15 South, Range 38 East

Lea County, New Mexico

Dear Mr. Stevenson:

According to our title research, you own an undivided 3.00075 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$300.08 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

## OIL & GAS LEASE

THIS AGREEMENT made this 6th day of April, 2007, between C. H. Stevenson, herein dealing in his sole and separate property, as Lessor (whether one or more), c/o Marguerite C. Buckley, whose address is 9446 Litzsingle Road, St. Louis, MO 63144, and Shaw Interests, Inc. whose address is P.O. Box 9612, Midland, Texas 79708, Lessee,

### WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

- 2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.
- 3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, three-sixteenths (3/16) of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of three-sixteenths (3/16) of the gas used, provided that on gas sold on or off the premises, the royalties shall be three-sixteenths (3/16) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a parties or in paying and the party
- 4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.
- 5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.
- 6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.
- 7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.
- 8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.
- 9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land,
and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward
satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the
entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from
any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the
whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding
upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first about	ove written.					
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C. H. Stevenson	· · · · · · · · · · · · · · · · · · ·	•		į		
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	, .	ACKNOWLE	DGMENT			,
STATE OF MISSOURI	§					
COUNTY OF	§ § §					
This instrument was acknown	wledged before me on the	day of _			, 2007, by C. H. Stevenso	n. ·
	•		,			•
	•		•			
				. 4		
			Notary Public	, State of Missou	ri	

My Commission Expires:

## DIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

Jennie Spack
C/o Marguerite C. Buckley
9446 Litzsingle Road — LADELIUELARE E
St. Louis, MO 63144

Re: Pyramid #1

W/2 of Section 31, Township 14 South, Range 38 East

Lea County, New Mexico

Dear Ms. Buckley:

In conjunction with our proposal of April 6, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

Surface Hole Location: 2210' FSL & 430' FWL
Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

• \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw



COMPANY ENT								DATE PR	EPARED March 1	8, 2007	
REGION Permian	WELL NAME  Pyramid	WELL NO	PROSPECT OR FIELD NAME PROPERTY NUMBER  Star-Denton			DRILLING	AFE NO.				
	SHL 2210' FSL & 430' FV	1						_	7/051	· · ·	
		٧L		CO	JNTY	5	TATE		TYPE \	WELL	
BHL 330' F	SL & 430' FWL							OIL	X	EXPL	Х
Sec 31, T1	1S, R38E			Le	a	New	Mexico	GAS		PROD	
ORIGINAL ESTI	MATE X		EST. STA	RT DATE .	EST. CC	MP. DATE	FORMA	TION		EST. TD	
REVISED ESTIN	IATE						l		98	300	TVD
SUPPLEMENTA	L ESTIMATE	_	•••				l		116	600'	MD

### PROJECT DESCRIPTION:

Drill and complete a horizontal wolfcamp well.

INTANGIBLES	DRY HOLE ÇOST	AFTER CASING POINT	COMPLETED WELL COST
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
TANGIBLES			,
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

### Comments on Well Costs:

## WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

I elect to purchase my own well control insurance policy.		I elect to	purchase	my owi	n well contro	l insurance	policy.
-----------------------------------------------------------	--	------------	----------	--------	---------------	-------------	---------

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

## Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

,		#VALU
	CIMAREX ENERGY CO. APPROVAL	
PREPARED BY	DRILLING AND COMPLETION MANAGER	REGIONAL MANAGER
Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	Roger Alexander, Regional Manager Permian Basin
	JOINT INTEREST APPROVAL	
COMPANY	BY	DATE
; :		
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^{1.} All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.



## PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

MIAMORIBLES				***************************************	1	DRY HOLE	<u> </u>	AFTER CASING	COMPLETED
DAMAGES MOPPLAIDS SIGNOPAL-CHARGE  DAY PARTY 48 PLANDYS & ACPOAYS & 17430 PER DAY DOCUMENT SIGNOPH CONTROL AND AND ACT OF STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STATE AS ACT OLD STA	INTANGIBLES		<u> </u>		Codes		Codes		WELL COST
MORTHAGE DIPPORT, CHARGES   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.255   \$20,000   DOC.25					DIDC.100	\$100,000	DICC.100	\$8,000	\$108,000
DAY PATE					_				\$5,000
MISC PERPENATION COST (reuse from in trade, pade, pile clasters, miles.)				0.000.000					\$40,000
### BTS				U PER DAY			DICC.120	\$87,150	\$888,930 \$8,000
FILES   12.00 PRECALLON		one clusters	s, misc.)				DICC 125	\$1,000	\$101,00
WATER COPFIETON PLUIDS			••		<del></del>		<del> </del>		\$122,00
SUPPLIAGE RENTALS   0.00c. 150   58.60.00   10.0c. 150   54.00.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00   15   50.00									\$57,20
DOMPRIAD   CONTROL RENTALS   DOC. 165   \$14,000   DOC. 165   \$16,000   \$	MUD & ADDITIVES				DIDC.145	\$64,400	1111		\$64,40
FORMATION EVALUATION (DRT. Comp installed in probabilities of ASS SERVICES)							<del></del>		\$114,00
MID LOGGING							DICC.145	\$10,000	\$154,000
DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEPARTMENT   DEP					<del></del>	<del></del>	444	HHHH	\$47,00
CEMBETNICS AT FOURMENT		PERDAT					HH	HHH	\$65,00
CASING OREVIS   DIDC.156   \$12,000   DIDC.176   \$15,000   \$1							DICC.155	\$40,000	\$90,00
EATPEL ALBOR, WELDING, ETC.					<del></del>				\$7,50
Dec. 26   \$32,200   Dec. 27   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000   \$7,000					DIDC.195	\$12,000		\$15,000	\$27,000
SUPERVISION   DIDCARD   S51,000   DICC. 180   \$19,000   S71,000   DICC. 180   \$2,200   S71,000   DICC. 180   \$3,000   DICC. 180					<del></del>				\$32,600
TRAILER HOUSE/CAMPTICATERING					·				\$39,200
OTHER MISC EXPENSES					<del></del>				\$69,000 \$19,500
OVERHEAD   DEC.255   \$14,000   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC.255   DEC			**		<del></del>				\$19,500
REMEDIAL CEMENTRING    DOC 200   \$150,000   DOC 215									\$18,200
DRECTIONAL DRILLING SERVICES   22 DAYS								7.,230	7,10,200
DOCS, SIPATCHER, CRANE	MOB/DEMOB				DIDC.240	\$150,000	7777		\$150,000
MARINE & AIR TRANSPORTATION  DICC.275  SOLIDS CONTRO!  WELL CONTRO! EQUIP (Srubbling services)  FISHING & SIDETRACK OPERATIONS  ODIC.285  S20,000 DICC.246  S16,000  SFISHING & SIDETRACK OPERATIONS  ODIC.270  DICC.285  S20,000 DICC.246  S16,000  SFISHING & SIDETRACK OPERATIONS  ODIC.270  DICC.280  S51,000  SCOMPLETION (LOGGING, PERFORATING, WILLINTS, WIL SURVEYS)  STIMULATION  DICC.200  S10,000  STIMULATION  EGAL/REGULA TORY/CURATIVE  ODIC.300  S10,000  DICC.200  S220,000  S27,000  S27		DAYS @	9500	PER DAY		\$209,000		7777777	\$209,000
SOLIDS CONTROL									
WELL CONTROL EQUIP (Shubbing services)						\$166.000	DICC.250	· · · · · · · · · · · · · · · · · · ·	£466.000
FISHING A SIDETRACK OPERATIONS   DIDC 270   DIDC 270   DIDC 270   DIDC 270   DIDC 270   DIDC 270   DIDC 270   DIDC 270   DIDC 270   DIDC 270   DIDC 270   DIDC 270   DIDC 270   DIDC 270   DIDC 270   DIDC 270   DIDC 270   DIDC 270   DIDC 270   DIDC 270   DIDC 270   DIDC 270   DIDC 270   DIDC 270   DIDC 270   S35,000   S35,000   S35,000   S35,000   S35,000   S35,000   DIDC 270   DIDC 270   DIDC 270   DIDC 270   S32,000   S35,000   S35,000   DIDC 270   DIDC 270   DIDC 270   DIDC 270   S32,000   S35,000   S35,000   DIDC 270   DIDC 270   DIDC 270   DIDC 270   S32,000   S35,000   DIDC 270   DIDC 270   DIDC 270   DIDC 270   DIDC 270   S32,000   S35,000   DIDC 270   DID							DICC 340	\$16.800	\$166,000 \$44,800
COMPLETION RIG						\$20,000		\$10,000	\$44,800
COIL TUBING		4400	PER DAY		1777	111111		\$61,600	\$61,600
COMPUTION LOGGING, PERFORATING, WL UNITS, WL SURVEYS   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   STIMULATION   S					1111	4444		\$31,000	+01,000
LEGAL/REGULATOR/VICURATIVE		SURVEYS	··		7777	77777		\$35,000	\$35,000
WELL CONTROL INSURANCE	<del></del>				1111	111111	DICC.210	\$220,000	\$220,000
CONSTRUCTION FOR WELL EQUIPMENT					-		DICC.280		\$10,000
CONSTRUCTION FOR WELL EQUIPMENT CONSTRUCTION FOR LEASE EQUIPMENT CONSTRUCTION FOR SALES PIL  TOTAL INTRACED LEASE EQUIPMENT CONSTRUCTION FOR SALES PIL  TOTAL INTRACED LEASE EQUIPMENT  TANGIBLE - WELL EQUIPMENT CASING SIZE FEET SIFOOT DRIVE PIPE 20° 40 100.00 DWEB.150 DWEB.150 SURFACE CASING 13.38" 250 42.00 DWEB.150 SURFACE CASING 13.38" 250 42.00 DWEB.160 SURFACE CASING 13.38" 250 42.00 DWEB.160 SURFACE CASING 15.000 STRUCTION TO SURFACE TO SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE CASING SIX SURFACE SURFACE			,		<del></del>		7777,	1111111	\$3,000
CONSTRUCTION FOR LEASE EQUIPMENT  CONSTRUCTION FOR SALES PIL  TOTAL INTANGIBLE COST  TOTAL INTANGIBLE COST  TANGIBLE - WELL EQUIPMENT  CASING  SIZE  FEET  SFOOT  DIVE PIPE  20"  40  100.00  DWEB 130  DWEB 130  DWEB 130  WATER STRING  13-3/8"  250  42.00  DWEB 135  SURFACE CASING  13-3/8"  250  42.00  DWEB 145  DWEB 145  DRILLING LINER  7"  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB 145  DWEB		TANGIBLE	S		DIDC.435	\$117,000			\$149,000 \$1,000
TAMBIBLE - WELL EQUIPMENT	Annual Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the Control of the				444	4444			\$1,000 \$39,000
TOTALINTANGIPLE(COSIN) 32,145,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,180 (32,463,			*!		444	44444		Ψ39,000	Ψ33,000
TANGIBLE - WELL EQUIPMENT  CASING   SIZE   FEET   \$\( \)FOOT   DRIVE PIPE   20"   40   100.00   DWBB.150   4,000   DWBB.130   DWBB.130   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.135   DWBB.1									
SIZE   FEET   \$/FOOT   DRIVE PIPE   20"   40   100.00   DWEB.150   4,000   DWEB.150   4,000   DWEB.150   4,000   DWEB.150   4,000   DWEB.150   4,000   DWEB.150   DWEB.130   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   D	TOTAL INTANGIBLE COST					\$2,463,180		\$7,12,750	\$3,175,930
CASING   SIZE   FEET   \$/FOOT   DRIVE PIPE   20"   40   100.00   DWEB.150   4,000   DWEB.150   4,000   DWEB.150   4,000   DWEB.150   4,000   DWEB.150   4,000   DWEB.150   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.136   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWE	TANGIBLE - WELL FOLUPMENT				<del>                                     </del>				
DRIVE PIPE   20"   40   100.00   DWEB.150   4,000   DWEB.150   DWEB.150   DWEB.150   DWEB.150   DWEB.150   DWEB.150   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   DWEB.155   D		SIZE	FEET	\$/FOOT					
DWEB.130   DWEB.130   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.135   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.136   DWEB.145   DS.000   \$1   DRILLING LINER   7"   DWEB.145   DWEB.145   DWEB.145   DWEB.145   DWEB.145   DWEB.145   DWEB.145   DWEB.145   DWEB.145   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.100   DWEB.1					DWEB.150	4,000	1111	777777	\$4,000
SURFACE CASING 13-3/8" 250 42.00 DWEB.140 11,000 \$  INTERMEDIATE CASING 8-5/8" 4,500 23.40 DWEB.145 105,000 \$  DRILLING LINER 7" DWEB.145 DWEB.145 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146 DWEB.146							7777		
INTERMEDIATE CASING   8-5/8"   4,500   23.40   DWEB.145   105,000   \$1					DWEB.135		TZ	777777	
DRILLING LINER   7"   DWEB.145   DWEB.145				<del></del>			7777	777777	\$11,000
DRILLING LINER   DWEB.145   DWEB.145   DWEB.145   DWEB.100   156,000   \$1   PRODUCTION CASING OR LINER   \$1/2"   9,800   15.90   DWEB.100   DWEB.100   DWEB.100   TUBING   DWEB.105   78,000   \$1   TUBING   DWEB.115   12,000   DWEB.115   12,000   DWEB.115   12,000   DWEB.115   12,000   \$28,000   \$1   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.115   DWEB.1			4,500	23.40		105,000	1111	44444	\$105,000
PRODUCTION CASING OR LINER 5 1/2" 9,800 15.90   DWEA.100 156,000 \$1 PRODUCTION TIE-BACK		7"		-:			444	44444	
PRODUCTION TIE-BACK TUBING 12,000 6.50 DWEA.105 T8,000 \$ N/C WELL EQUIPMENT DWEA.115 12,000 DWEA.120 \$28,000 \$  WELLHEAD, TREE, CHOKES DWEB.115 12,000 DWEA.120 \$28,000 \$  LINER HANGER, ISOLATION PACKER DWEB.100 DWEA.125  PACKER, NIPPLES DWEA.130 S110,000 \$1  PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY'(Heater Treater, Separator, Gas Treating Equipment) FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES  DIDC.295 60,000 DICC.275 (60,000)		5 1/2"	9.800	15.90	DWEB. 145	111111	DWEA.100	156 000	\$156,000
TUBING 2 7/8" 12,000 6.50 DWEA.105 78,000 \$  N/C WELL EQUIPMENT DWEA.115 \$9,000 WEA.115 \$9,000 S  WELL HEAD, TREE, CHOKES DWEB.115 12,000 DWEA.120 \$28,000 \$  LINER HANGER, ISOLATION PACKER DWEB.100 DWEA.125 DWEA.125 DWEA.130 \$110,000 \$1  PUMPING UNIT, ENGINE DLEQ.100 \$78,000 \$  LIFT EQUIPMENT (BHP, Rods, Anchors) DLEQ.105 \$15,000 \$  TANGIBLE - LEASE EQUIPMENT DLEQ.105 \$15,000 \$  TANKS, TANKS STEPS, STAIRS DLEQ.105 \$21,000 \$  BATTERY (Heater Treater, Separator, Gas Treating Equipment) DLEQ.125 \$18,000 \$  FLOW LINES (Line Pipe from wellhead to central facility) DLEQ.130 \$1,000 DLEQ.135 DWEA.135 DWEA.135 DWEA.135 DWEA.135 DWEA.135 DWEA.135 DWEA.135 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.140 DWEA.1		5 1/2	3,000	10,00	1111	111111		,30,000	Ψ100,000
N/C WELL EQUIPMENT       DWEB.115       \$9,000         WELLHEAD, TREE, CHOKES       DWEB.115       12,000       DWEB.120       \$28,000       \$         LINER HANGER, ISOLATION PACKER       DWEB.100       DWEB.100       DWEB.125       DWEB.100       \$110,000       \$1         PACKER, NIPPLES       DWEA.130       \$110,000       \$1       \$10,000       \$1       \$10,000       \$1         PUMPING UNIT, ENGINE       DLEQ.100       \$78,000       \$       \$15,000       \$1       \$10,000       \$1         LIFT EQUIPMENT (BHP, Rods, Anchors)       DLEQ.105       \$15,000       \$       \$15,000       \$1         N/C LEASE EQUIPMENT       DLEQ.105       \$44,000       \$         N/C LEASE EQUIPMENT       DLEQ.115       \$44,000       \$         BATTERY (Heater Treater, Separator, Gas Treating Equipment)       DLEQ.120       \$21,000       \$         FLOW LINES (Line Pipe from wellhead to central facility)       DLEQ.125       \$18,000       \$         OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES       DWEA.135       DWEA.140       DLEQ.130       \$1,000         TOTALTANGIBLES       DWEA.140       \$132,000       \$556,000       \$6         P&A COSTS       DIDC.295       60,000       DICC.275       (60,000)		2 7/8"	12,000	6.50	1111	77777		78,000	\$78,000
LINER HANGER, ISOLATION PACKER  PACKER, NIPPLES  PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  N/C LEASE EQUIPMENT  N/C LEASE EQUIPMENT  DLEQ.115  \$44,000 \$  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES  PIPELINES TO SALES  DWEA.135  DWEA.140  \$132,000  \$5558,000  \$66  P&A COSTS  DIDC.295  60,000  DICC.275  (60,000)					1111	111111			\$9,000
PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipment) PLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES  TOTAL TANGIBLES DIDC.295 60,000 DICC.275 (60,000)						12,000		\$28,000	\$40,000
PUMPING UNIT, ENGINE  LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES  PIPELINES TO SALES  TOTAL TRANGIBLES  DIDC.295  60,000  \$78,000  \$1556,000  \$15,000  \$58,000  \$60,000  \$60,000  \$78,000  \$15,000  \$15,000  \$60,000  \$60,000  \$60,000  \$60,000  \$60,000  \$78,000  \$156,000					DWEB.100	~~~~			1
LIFT EQUIPMENT (BHP, Rods, Anchors)  TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  N/C LEASE EQUIPMENT  TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES  PIPELINES TO SALES  TOTAL TANGIBLES  DIDC.295  60,000  \$1558,000  \$60,000  \$60,000  \$156,000  \$156,000  \$156,000		· ·			447	4444			\$110,000
TANGIBLE - LEASE EQUIPMENT       DLEQ.115       \$44,000       \$         N/C LEASE EQUIPMENT       DLEQ.125       \$21,000       \$         TANKS, TANKS STEPS, STAIRS       DLEQ.120       \$21,000       \$         BATTERY (Heater Treater, Separator, Gas Treating Equipment)       DLEQ.125       \$18,000       \$         FLOW LINES (Line Pipe from wellhead to central facility)       DLEQ.130       \$1,000         OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES       DWEA.135       DWEA.140         PIPELINES TO SALES       DWEA.140       \$558,000       \$6         TOTAL TANGIBLES       DIDC.295       60,000       DICC.275       (60,000)					444	4444			\$78,000 \$15,000
N/C LEASE EQUIPMENT       DLEQ.115       \$44,000       \$					***	,,,,,,,	₩. 103	· \$15,000	φ15,000
TANKS, TANKS STEPS, STAIRS  BATTERY (Heater Treater, Separator, Gas Treating Equipment)  FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES  PIPELINES TO SALES  TOTAL TANGIBLES  DIDC.295  60,000  \$21,000  \$11,000  \$1,000  \$4558,000  \$660,000)					1111	11111	DLEQ.115	\$44,000	\$44,000
## FLOW LINES (Line Pipe from wellhead to central facility)  OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES  PIPELINES TO SALES  ### TOTAL TANGIBLES  DIDC.295  60,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$2,000  \$3,000  \$4,000  \$4,000  \$4,000  \$5,000  \$6,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000  \$1,000					7777	11111			\$21,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES  PIPELINES TO SALES  DWEA.140  TOTALTANGIBLES  DIDC.295  60,000  DICC.275  (60,000)		nent)			7777	777777			\$18,000
PIPELINES TO SALES DWEA.140  TOTAL:TANGIBLES 5132,000 556,000 56  P&A COSTS DIDC.295 60,000 DICC.275 (60,000)			*1		1111	777777		\$1,000	\$1,000
## TOTAL: TANGIBLES ## \$132,000 ## \$558,000 ## \$558,000 ## \$60,000    P&A COSTS   DIDC.295   60,000   DICC.275   (60,000)		3			1111	HHH			· · · · · · · · · · · · · · · · · · ·
P&A COSTS DIDC.295 60,000 DICC.275 (60,000)	PIPELINES TO SALES				1111	777777	DWEA.140		
P&A COSTS DIDC.295 60,000 DICC.275 (60,000)	TOTALTANGIBLES	il sievierie			a juliana	\$122,000	de Sala	\$559.000	sean non
	IN THE STREET STREET, STREET, STREET, STREET, STREET, STREET, STREET, STREET, STREET, STREET, STREET, STREET,			2016年2月1日	20.001.794.795		paragrapista (S	ST-1282-16AN #U30,UVU	
	P&A COSTS				DIDC.295	60,000	DICC.275	(60,000)	
TOTAL COST	1								
THE CONTROL OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF	TOTALCOST			353/48/25/17		\$2,655,180		\$1,210,750	\$3,865,930

### OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 6, 2007

Jennie Spack C/o Marguerite C. Buckley 9446 Litzsingle Road St. Louis, MO 63144

Re: Oil & Gas Lease

W/2 of Section 31
Township 14 South, Ra

Township 14 South, Range 38 East Lots 3, 4, S/2NW/4, N/2SW/4,

SW/4NE/4 and NW/4SE/4 of Section 6 Township 15 South, Range 38 East

Lea County, New Mexico

Dear Ms. Spack:

According to our title research, you own an undivided 2.0005 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$200.05 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

7- 2

Tim Lilley

## OIL & GAS LEASE

THIS AGREEMENT made this 6th day of April, 2007, between Jennie Spack, herein dealing in her sole and separate property, as Lessor (whether one or more), c/o Marguerite C. Buckley, whose address is 9446 Litzsingle Road, St. Louis, MO 63144, and Shaw Interests, Inc. whose address is P.O. Box 9612, Midland, Texas 79708, Lessee,

### WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

### Township 14 South, Range 38 East

W/2 of Section 31

### Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

- 2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.
- 3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, three-sixteenths (3/16) of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of three-sixteenths (3/16) of the gas used, provided that on gas sold on or off the premises, the royalties shall be three-sixteenths (3/16) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Le
- 4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.
- 5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.
- 6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.
- 7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.
- 8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.
- 9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

and in the event Lessee does so it sha satisfying same. Without impairment entire and undivided fee simple estate any part as to which this lease covers whole and undivided fee simple estate upon the party or parties executing the	all be subrogated to su t of Lessee's rights und e (whether Lessor's into less than such full into e therein. Should any	ch lien with the right to enforce same der the warranty, if this lease covers a erest is herein specified or not) then the erest, shall be paid only in the proporti	and to apply royalties and shut- aless interest in the oil and gas are royalties, shut-in royalty, and on which the interest therein, if a	in royalties payable here in all or any part of said other payments, if any, a any, covered by this lease	under toward land than the accruing from e, bears to the
11. Lessee, its or his successors, heir assigns by delivering or mailing a relshall be relieved from all obligations, reduced in the proportion that the acre	ease thereof to the Les expressed or implied,	ssor, or by placing a release thereof of of this agreement as to acreage so sur	f record in the county in which s	aid land is situated, there	eupon Lessee
Executed the day and year first at	ove written.			,	
			•		
Jennie Spack					
		ACKNOWLEDGME	INT		
STATE OF MISSOURI	§ .	•			
COUNTY OF	§ § §				
This instrument was acknown	owledged before me on	the day of	, 2007,	by Jennie Spack.	
•			•		

Notary Public, State of Missouri

My Commission Expires:

410. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land,

### OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

T. D. Fussell
C/o Marguerite C. Buckley
9446 Litzsingle Road — CARDECIUGABCT
St. Louis, MO 63144

Re: Pyramid #1

W/2 of Section 31, Township 14 South, Range 38 East

Lea County, New Mexico

Dear Ms. Buckley:

In conjunction with our proposal of April 6, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

Surface Hole Location: 2210' FSL & 430' FWL
Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

• \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw



COMPANY ENT			:				DATE PRE	PARED Narch 8,	, 2007	
REGION :	WELL NAME	WELL NO	PROSPECT OR FIELD NAME  Star-Denton		PROPERTY NUMBER			DRILLING A	AFE NO.	
	Pyramid		,					7000		
7	SHL 2210' FSL & 430' F	/VL	COL	YTAL	l s	TATE		TYPE W	ELL	
BHL 330' F	'SL & 430' FWL						OIL	Х	EXPL	. Х
Sec 31, T14	4S, R38E		Le	ea	New	Mexico	GAS		PROD	
ORIGINAL ESTI	MATE X		EST. START DATE	EST. CC	MP. DATE	FORM	TION		EST. TD	
REVISED ESTIN	MATE .	_				ŀ		980	00	TVD
SUPPLEMENTA	L ESTIMATE	_	**					1160	00'	MD

### PROJECT DESCRIPTION:

Drill and complete a horizontal wolfcamp well.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
Intangible Drilling Costs	\$2,463,180	·	\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
TANGIBLES			
Well Equipment	132,000	474,000	606,000
Lease Equipment	· · · · · · · · · · · · · · · · · · ·	84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

### Comments on Well Costs:

### WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

 1	elect	to	purc	hase	my	own	well	cont	rol	insurance	poli	су.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

### Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

		#VALUE
:	CIMAREX ENERGY CO. APPROVAL	
PREPARED BY	DRILLING AND COMPLETION MANAGER	REGIONAL MANAGER
Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	Roger Alexander, Regional Manager Permian Basin
	JOINT INTEREST APPROVAL	
COMPANY	BY	DATE

^{1.} All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.



# PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

DRY HOLE   Codes	COMPLETE
BOADS & LOCATION PREPARATION / RESTORATION   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec. 105   \$10,000   Dec.	WELL COST
DAMAGES  MUDER-LIDES DISPOSAL CHARGES  DAY NATE  46 DELPAYS 5 ACP DAYS (8)  T7430 PER DAY  1001.19 \$801,720 DOC.19 \$87,150  DAY NATE  46 DELPAYS 5 ACP DAYS (8)  T7430 PER DAY  1001.19 \$801,720 DOC.19 \$87,150  MRSC PREPARATION COST (mouse hole, red hole, pade duelers, mine.)  1001.19 \$100,000 DOC.19 \$1,000  DISS  DISS  DOC.19 \$100,000 DOC.19 \$1,000  DOC.19 \$100,000 DOC.19 \$1,000  DOC.19 \$100,000 DOC.19 \$1,000  DOC.19 \$100,000 DOC.19 \$1,000  DOC.19 \$100,000 DOC.19 \$1,000  DOC.19 \$100,000 DOC.19 \$1,000  WATER COMPLETION FLUDS  DOC.19 \$100,000 DOC.19 \$1,000  WATER COMPLETION FLUDS  DOC.19 \$100,000 DOC.19 \$1,000  WATER COMPLETION FLUDS  DOC.19 \$100,000 DOC.19 \$1,000  WATER COMPLETION FLUDS  DOC.19 \$100,000 DOC.19 \$1,000  WATER COMPLETION FLUDS  DOC.19 \$1,000  WATER COMPLETION FLUDS  DOC.19 \$1,000  WATER COMPLETION FLUDS  DOC.19 \$1,000  WATER COMPLETION FLUDS  DOC.19 \$1,000  WATER COMPLETION FLUDS  DOC.19 \$1,000  WATER COMPLETION FLUDS  DOC.19 \$1,000  WATER COMPLETION FLUDS  DOC.19 \$1,000  WATER COMPLETION FLUDS  DOC.19 \$1,000  WATER COMPLETION FLUDS  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1,000  DOC.19 \$1	\$108,00
MIDELIDES DISPOSAL CHARGES	\$5,00
MISC PREPARATION COST (mouse hole, net hole, paids, pile cludiers, minc.)	\$40,00
STTS	\$888,93
FUEL   \$2.20 PER GALLON	\$8,00
WATER COMPLETION FUIDS	\$101,00
SUPER ADDITIVES	\$122,00
SUPERACE RENTALS	\$57,20
DOWN-INCIDE RENTALS   DIDC.155   \$144,000   DIDC.155   \$150,000	\$64,40
FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)   DiDC.176	\$114,00 \$154,00
MULL LOGGING	\$134,00
DIDIC_10GING   DIDIC_10GING   S60,000   DIDIC_155   \$40,000   DIDIC_155   \$40,000   DIDIC_156   \$50,000   D	\$47,00
CEMENTHIG & FLOAT EQUIPMENT	\$65,00
CASING CREWS  EXTRA LABOR, WELDING, ETC.  LAND TRANSPORTATION (Trucking)  DIDC 200  S27,800  DICC, 170  S5,000  SUPERVISION  DIDC 200  S32,200  DICC, 175  S7,000  SUPERVISION  DIDC 200  S51,000  DICC 200  S51,000  DICC 200  S51,000  DICC 200  S51,000  DICC 200  S51,000  DICC 200  S50,000  DICC 200	\$90,00
EXTRA LABOR, WELDING, ETC.   DIDC.200   \$22,600   DICC.170   \$5,000   LAND TRANSPORTATION (Trucking)   DIDC.205   \$32,200   DICC.175   \$7,000   DIDC.205   \$32,200   DIDC.175   \$7,000   DIDC.205   \$18,000   DIDC.205   \$18,000   DIDC.205   \$25,000   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   DIDC.205   D	\$7,50
AND TRANSPORTATION (Trucking)	\$27,00
SUPERVISION	\$32,60
TRAILER HOUSE/CAMP/CATERING	\$39,20
DIDC.220	\$69,00
DIDC.225	\$19,50
DIDC. 231	\$10,00
NORDIPEMBO   DIDC.240   \$150,000	\$18,20
DIRECTIONAL DRILLING SERVICES   22 DAYS @ 9500 PER DAY   DIDC 245   \$209,000   DICC 250   S16,800   DICC 250   S16,800   DICC 250   S16,800   DICC 250   S16,800   DICC 250   S15,800   DICC 250   D	<b>#450.00</b>
DOCK, DISPATCHER, CRANE	\$150,00 \$209,00
MARINE & AIR TRANSPORTATION   DIDC.275   DIDC.250	\$209,00
SOLIDS CONTROL EQUIP (Snubbing services)	
WELL CONTROL EQUIP (Snubbing services)         DIDC.265         \$28,000         DICC.240         \$16,800           FISHING & SIDETRACK OPERATIONS         DIDC.270         DICC.245         DICC.220         DICC.210         DICC.210         DICC.210         DICC.210         DICC.210         S16,600         DICC.220         S35,000         DICC.220         \$35,000         DICC.220         \$35,000         DICC.220         \$32,000         DICC.220         \$32,000         DICC.220         \$32,000         DICC.280         \$30,000         DICC.280         \$30,000         DICC.280         \$32,000         DICC.280         \$32,000         DICC.280         \$32,000         DICC.280         \$32,000         DICC.280         \$32,000         DICC.285         \$117,000         DICC.280         \$32,000         DICC.280         \$32,000         DICC.280         \$32,000         DICC.280         \$32,000         DICC.281         \$32,000         DICC.280         \$32,000         DICC.281         \$32,000         DICC.280         \$32,000         DICC.281         \$32,000         DICC.280         \$32,000         DICC.281         \$32,000         DICC.281         \$32	\$166,00
COMPLETION RIG	\$44,80
COIL TUBING   DAYS @ PER DAY   DICC.260	
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS   DICC.200   \$35,000	\$61,60
STIMULATION   DICC.210   \$220,000	
LEGAL/REGULATORY/CURATIVE	\$35,00
WELL CONTROL INSURANCE         \$0.35 PER FOOT         DIDC 285         \$3,000           CONTINGENCY         5% OF DRILLING INTANGIBLES         DIDC 435         \$117,000         DICC 220         \$32,000           CONSTRUCTION FOR WELL EQUIPMENT         DWEA 110         \$1,000           CONSTRUCTION FOR LEASE EQUIPMENT         DLEQ.110         \$39,000           CONSTRUCTION FOR SALES P/L         DICC 265           TANGIBLE - WELL EQUIPMENT           CASING         SIZE         FEET         \$/FOOT           DRIVE PIPE         20"         40         100.00         DWEB.150         4,000           CONDUCTOR PIPE         DWEB.130         DWEB.133         DWEB.133         DWEB.133           SURFACE CASING         13-3/8"         250         42.00         DWEB.145         105,000           INTERMEDIATE CASING         8-5/8"         4,500         23.40         DWEB.145         105,000           DRILLING LINER         7"         DWEB.145         DWEB.145         DWEB.100         DWEB.100           DRILLING LINER         5 1/2"         9,800         15.90         DWEB.100         DWEA.100         76,000           DRILLING LINER         2 7/8"         12,000         6.50         DWEA.105         76,000	\$220,00
CONTINGENCY   5% OF DRILLING INTANGIBLES   DIDC. 435   \$1117,000   DICC. 220   \$32,000	\$10,00
CONSTRUCTION FOR WELL EQUIPMENT   DWEA.110   \$1,000	\$3,00
CONSTRUCTION FOR LEASE EQUIPMENT   DLEQ.110   \$39,000	\$149,00
CONSTRUCTION FOR SALES P/L   DICC 265	\$1,00 \$39,00
TANGIBLE - WELL EQUIPMENT	
TANGIBLE - WELL EQUIPMENT  CASING   SIZE   FEET   \$/FOOT    DRIVE PIPE   20"   40   100.00   DWEB.150   4,000    CONDUCTOR PIPE   0WEB.130    WATER STRING   DWEB.135    SURFACE CASING   13-3/8"   250   42.00   DWEB.140   11,000    INTERMEDIATE CASING   8-5/8"   4,500   23.40   DWEB.145   105,000    DRILLING LINER   7"   DWEB.145    DRILLING LINER   DWEB.145    DRILLING LINER   DWEB.145    DRILLING LINER   DWEB.145    DRILLING LINER   DWEB.145    DRILLING LINER   DWEB.145    DWEB.145   DWEB.145    DWEB.145   DWEB.145    DWEB.145   DWEB.145    DWEB.145   DWEB.145    DWEB.145   DWEB.145    DWEB.145   DWEB.145    TUBING   2 7/8"   12,000   6.50   DWEB.100    N/C WELL EQUIPMENT   DWEB.115   12,000   DWEB.115   \$9,000    WELLHEAD, TREE, CHOKES   DWEB.115   12,000   DWEB.125    DWEB.130   \$110,000    PACKER, NIPPLES   DWEB.130   \$110,000    PUMPING UNIT, ENGINE   DLEQ.100   \$78,000    DUEQ.100   \$78,000    DEQ.100   \$78,000    DED.100   \$78,000	
CASING         SIZE         FEET         \$/FOOT           DRIVE PIPE         20"         40         100.00         DWEB.150         4,000           CONDUCTOR PIPE         DWEB.130         DWEB.130         DWEB.135           WATER STRING         DWEB.135         DWEB.140         11,000           SURFACE CASING         13-3/8"         250         42.00         DWEB.140         11,000           INTERMEDIATE CASING         8-5/8"         4,500         23.40         DWEB.145         105,000           DRILLING LINER         7"         DWEB.145         DWEB.145         DWEB.145           PRODUCTION CASING OR LINER         5 1/2"         9,800         15.90         DWEA.100         156,000           PRODUCTION TIE-BACK         DWEA.100         156,000         DWEA.100         156,000           PRODUCTION TIE-BACK         DWEA.100         DWEA.105         78,000           N/C WELL EQUIPMENT         DWEA.105         78,000           WELLHEAD, TREE, CHOKES         DWEB.115         12,000         DWEA.125           LINER HANGER, ISOLATION PACKER         DWEB.100         DWEA.125         DWEA.125           PACKER, NIPPLES         DWEA.130         \$110,000           PUMPING UNIT, ENGINE	\$3,175,93
CASING         SIZE         FEET         \$/FOOT           DRIVE PIPE         20"         40         100.00         DWEB.150         4,000           CONDUCTOR PIPE         DWEB.130         DWEB.130         DWEB.135           WATER STRING         DWEB.135         DWEB.140         11,000           SURFACE CASING         13-3/8"         250         42.00         DWEB.140         11,000           INTERMEDIATE CASING         8-5/8"         4,500         23.40         DWEB.145         105,000           DRILLING LINER         7"         DWEB.145         DWEB.145         DWEB.145           PRODUCTION CASING OR LINER         5 1/2"         9,800         15.90         DWEA.100         156,000           PRODUCTION TIE-BACK         DWEA.100         156,000         DWEA.100         156,000           PRODUCTION TIE-BACK         DWEA.100         DWEA.105         78,000           N/C WELL EQUIPMENT         DWEA.105         78,000           WELLHEAD, TREE, CHOKES         DWEB.115         12,000         DWEA.125           LINER HANGER, ISOLATION PACKER         DWEB.100         DWEA.125         DWEA.125           PACKER, NIPPLES         DWEA.130         \$110,000           PUMPING UNIT, ENGINE	
DRIVE PIPE         20"         40         100.00         DWEB.150         4,000           CONDUCTOR PIPE         DWEB.130         DWEB.130           WATER STRING         DWEB.135         DWEB.135           SURFACE CASING         13-3/8"         250         42.00         DWEB.140         11,000           INTERMEDIATE CASING         8-5/8"         4,500         23.40         DWEB.145         105,000           DRILLING LINER         7"         DWEB.145         DWEB.145           PRODUCTION CASING OR LINER         5 1/2"         9,800         15.90         DWEA.100         156,000           PRODUCTION TIE-BACK         DWEA.100         12,000         6.50         DWEA.105         78,000           N/C WELL EQUIPMENT         DWEB.115         12,000         DWEA.105         78,000           WELLHEAD, TREE, CHOKES         DWEB.115         12,000         DWEA.120         \$28,000           LINER HANGER, ISOLATION PACKER         DWEB.100         DWEA.125         DWEA.125           PACKER, NIPPLES         DWEA.130         \$110,000           PUMPING UNIT, ENGINE         DLEQ.100         \$78,000	
CONDUCTOR PIPE         DWB.130           WATER STRING         DWB.135           SURFACE CASING         13-3/8"         250         42.00         DWB.140         11,000           INTERMEDIATE CASING         8-5/8"         4,500         23.40         DWB.145         105,000           DRILLING LINER         7"         DWB.145         DWB.145           PRODUCTION CASING OR LINER         5 1/2"         9,800         15.90         DWB.145           PRODUCTION TIE-BACK         DWB.100         156,000           TUBING         2 7/8"         12,000         6.50         DWB.105         78,000           N/C WELL EQUIPMENT         DWB.115         12,000         DWB.115         \$9,000           WELLHEAD, TREE, CHOKES         DWB.115         12,000         DWB.126           LINER HANGER, ISOLATION PACKER         DWB.100         DWB.126         DWB.126           PACKER, NIPPLES         DWB.100         DWB.130         \$110,000           PUMPING UNIT, ENGINE         DLEQ.100         \$78,000	
WATER STRING         DWEB.135           SURFACE CASING         13-3/8"         250         42.00         DWEB.140         11,000           INTERMEDIATE CASING         8-5/8"         4,500         23.40         DWEB.145         105,000           DRILLING LINER         7"         DWEB.145         DWEB.145           DRILLING-LINER         DWEB.145         DWEB.145           PRODUCTION CASING OR LINER         5 1/2"         9,800         15.90         DWEA.100         156,000           PRODUCTION TIE-BACK         DWEA.100         12,000         6.50         DWEA.105         78,000           NIC WELL EQUIPMENT         DWEB.115         12,000         DWEA.105         78,000           WELLHEAD, TREE, CHOKES         DWEB.115         12,000         DWEA.120         \$28,000           LINER HANGER, ISOLATION PACKER         DWEB.100         DWEA.125         DWEA.125         DWEA.130         \$110,000           PUMPING UNIT, ENGINE         DLEQ.100         \$78,000         \$78,000         DLEQ.100         \$78,000	\$4,00
SURFACE CASING         13-3/8"         250         42.00         DWEB:140         11,000           INTERMEDIATE CASING         8-5/8"         4,500         23.40         DWEB:145         105,000           DRILLING LINER         7"         DWEB:145         DWEB:145           PRODUCTION CASING OR LINER         5 1/2"         9,800         15.90         DWEA:100         156,000           PRODUCTION TIE-BACK         DWEA:100         12,000         6.50         DWEA:105         78,000           NIC WELL EQUIPMENT         DWEB:115         12,000         DWEA:115         \$9,000           WELLHEAD, TREE, CHOKES         DWEB:115         12,000         DWEA:120         \$28,000           LINER HANGER, ISOLATION PACKER         DWEB:100         DWEA:125         DWEA:130         \$110,000           PUMPING UNIT, ENGINE         DLEQ:100         \$78,000	
INTERMEDIATE CASING	£44.00
DRILLING LINER         7"         DWBB.145           DRILLING-LINER         DWBB.145           PRODUCTION CASING OR LINER         5 1/2"         9,800         15.90         DWBB.100         156,000           PRODUCTION TIE-BACK         DWBB.100         DWBB.100         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0 <td< td=""><td>\$11,00 \$105,00</td></td<>	\$11,00 \$105,00
DRILLINGILINER         DWEB.145           PRODUCTION CASING OR LINER         5 1/2"         9,800         15.90         DWEA.100         156,000           PRODUCTION TIE-BACK         DWEA.100         DWEA.100         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0	\$103,00
PRODUCTION CASING OR LINER         5 1/2"         9,800         15.90         DWEA.100         156,000           PRODUCTION TIE-BACK         DWEA.100         DWEA.100         TUBING         DWEA.105         78,000           N/C WELL EQUIPMENT         DWEB.115         12,000         DWEA.115         \$9,000           WELLHEAD, TREE, CHOKES         DWEB.115         12,000         DWEA.120         \$28,000           LINER HANGER, ISOLATION PACKER         DWEB.100         DWEA.125         DWEA.125           PACKER, NIPPLES         DWEA.130         \$110,000           PUMPING UNIT, ENGINE         DLEQ.100         \$78,000	
PRODUCTION TIE-BACK         DWEA.100           TUBING         2 7/8"         12,000         6.50         DWEA.105         78,000           N/C WELL EQUIPMENT         DWEA.115         \$9,000         \$9,000         \$28,000         DWEA.120         \$28,000         \$28,000         DWEA.120         \$28,000         DWEA.125         DWEB.100         DWEA.125         DWEA.125         DWEA.130         \$110,000         \$110,000         \$78,000         DUMPING UNIT, ENGINE         DLEQ.100         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000         \$78,000	\$156,00
N/C WELL EQUIPMENT         DWEB.115         \$9,000           WELLHEAD, TREE, CHOKES         DWEB.115         12,000         DWEB.120         \$28,000           LINER HANGER, ISOLATION PACKER         DWEB.100         DWEB.125         DWEB.125           PACKER, NIPPLES         DWEB.100         \$110,000           PUMPING UNIT, ENGINE         DLEQ.100         \$78,000	
WELLHEAD, TREE, CHOKES         DWB.115         12,000 DWEA.120         \$28,000           LINER HANGER, ISOLATION PACKER         DWBB.100         DWEA.125           PACKER, NIPPLES         DWEA.130         \$110,000           PUMPING UNIT, ENGINE         DLEQ.100         \$78,000	\$78,00
LINER HANGER, ISOLATION PACKER         DWEB.100         DWEA.125           PACKER, NIPPLES         DWEA.130         \$110,000           PUMPING UNIT, ENGINE         DLEQ.100         \$78,000	\$9,00
PACKER, NIPPLES         DWEA.130         \$110,000           PUMPING UNIT, ENGINE         DLEQ.100         \$78,000	\$40,00
PUMPING UNIT, ENGINE \$78,000	
	\$110,00
LIFT EQUIPMENT (BHP, Rods, Anchors) \$15,000	\$78,00
TANCIDLE LEACE FOUNDMENT	\$15,00
TANGIBLE - LEASE EQUIPMENT  N/C LEASE EQUIPMENT  DLEQ.115 \$44,000	\$44,00
TANKS, TANKS STEPS, STAIRS \$21,000	\$21,00
BATTERY:(Heater Treater, Separator, Gas Treating Equipment)  DLEQ.125  \$18,000	\$18,00
FLOW LINES (Line Pipe from wellhead to central facility)  \$1,000	\$1,00
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES DWEA.135	
PIPELINES TO SALES	
TOTAL TANGIBLES \$132,000 \$558,000	\$690,00
P&A COSTS DIDC.295 60,000 DICC.275 (60,000)	
	Manager a series
TOTALIGOST	\$3,865,93

# OIL & GAS PROPERTIES

P.D. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 6, 2007

T. D. Fussell C/o Marguerite C. Buckley 9446 Litzsingle Road St. Louis, MO 63144

Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6 Township 15 South, Range 38 East

Lea County, New Mexico

Dear Ms. Buckley:

According to our title research, T. D. Fussell owns an undivided 2.0005 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$200.05 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

## OIL & GAS LEASE

THIS AGREEMENT made this 6th day of April, 2007, between T. D. Fussell, herein dealing in his sole and separate property, as Lessor (whether one or more), C/o Marguerite C. Buckley, whose address is 9446 Litzsingle Road, St. Louis, MO 63144, and Shaw Interests, Inc. whose address is P.O. Box 9612, Midland, Texas 79708, Lessee,

### WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

- 2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.
- 3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, three-sixteenths (3/16) of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land used off the premises or used in the manufacture of gasoline or other products, the market value at the well of three-sixteenths (3/16) of the gas used, provided that on gas sold on or off the premises, the royalties shall be three-sixteenths (3/16) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee
- 4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.
- 5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.
- 6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.
- 7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.
- 8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.
- 9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and in the event Lessee doe satisfying same. Without in entire and undivided fee sin any part as to which this lea whole and undivided fee sin upon the party or parties except the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the same of the sam	es so it shall be subrogated impairment of Lessee's right inple estate (whether Lessor use covers less than such ful imple estate therein. Should	to such lien wit ts under the wa 's interest is her Il interest, shall	th the right to e rranty, if this le ein specified o be paid only in	inforce same ease covers r not) then to the proport	e and to apply a a less interest the royalties, sh ion which the	royalties and shut-in in the oil and gas in nut-in royalty, and o interest therein, if an	royalties payable hereunde all or any part of said land ther payments, if any, accru ly, covered by this lease, be	er toward I than the ling from ars to the
11. Lessee, its or his succe assigns by delivering or ma shall be relieved from all of reduced in the proportion th	ailing a release thereof to the oligations, expressed or imp	e Lessor, or by	placing a relea	ase thereof of creage so su	of record in the	county in which sa	id land is situated; thereupo	on Lessee
Executed the day and y	ear first above written							
Exceuted the day and y	car instabove written.				•			
,		• .				,		
	**							
T. D. Fussell		_					•	
				•				,
		$\mathbf{AC}$	KNOWL	EDGM	ENT			
	•	•					•	
STATE OF	<b>§</b>							
COUNTY OF	<b>&amp; &amp; &amp;</b>							
This instrument	was acknowledged before	me on the	day o	f		, 2007,	by T. D. Fussell.	

Notary Public, State of

My Commission Expires:

", 'EXAS 797D

7004 2510 0001 1844 2489

* * * \$ \$ 113 766150!

Frank Lilley 325 Lakeside Drive Littleton, NC 27850

e e		TE THIS SE			☐ Agent ☐ Addres
ce,	B. Receiv	ed by (Prin	ted Name)	C.	Date of Deli
		•			Yes No
·					
			·		
	⊠ Cert □ Reg	tified Mail Jistered	☐ Return	Receipt 1	for Merchand
	4. Restric	ted Deliven	/? (Extra Fe	e)	☐ Yes
7004	2510	2001	1844	2485	1
	e ce,	B. Receiv  D. Is deliv  If YES,  3. Service  Cer  Reg  Insu  4. Restrice	B. Received by (Print B. Received by (Print B. Received by (Print B. Received by (Print Print B. Received by (Print Print B. Received by (Print Print B. Received by (Print B. R	B. Received by (Printed Name)  D. Is delivery address different from If YES, enter delivery address  3. Service Type  Certified Mail	B. Received by (Printed Name)  C.  D. Is delivery address different from item 17 If YES, enter delivery address below:  3. Service Type  Certified Mail

# OIL & GAS PROPERTIES

310 W. WALL, STE. 305

MIDLAND, TX 79701

(432) 685-1404

May 21, 2007

Frank Lilley 325 Lakeside Drive Littleton, NC 27850

(252) 904-8697

Re: Oil & Gas Lease

W/2 of Section 31

Township 14 South, Range 38 East

Lea County, New Mexico

Dear Mr. Lilley:

According to our title research you own an undivided 3.125 net mineral acre under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this lease are a \$150.00 an acre bonus consideration, three (3) year primary term and one-fifth (1/5) royalty. Please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

Surface Hole Location: 2210' FSL & 430' FWL
Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms listed above.

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

**SHAW INTERESTS** 

Tim Lilley



COMPANY ENT								DATE P	REPARED March	8, 2007	
REGION	WELL NAME	WELL NO		ECT OR FIELD		PROPER	TY NUMBER		DRILLING	G AFE NO.	
Permian	Pyramid	1 1	S	tar-Dento	1						
LOCATION	SHL 2210' FSL & 430' F\	<b>N</b> L		CO	JNTY	s	TATE		TYPE	WELL	
BHL 330' F	SL & 430' FWL							OIL	· X	EXPL	Х
Sec 31, T1	4S, R38E			Le	a	New	Mexico	GAS		PROD	
ORIGINAL ESTI	MATE X		EST. STA	RT DATE	EST. CC	MP. DATE	FORMA	ATION		EST. TD	
REVISED ESTIN	MATE	_					ļ		9	800	TVD
SUPPLEMENTA	L ESTIMATE		٠.		,		1		11	600'	MD

### PROJECT DESCRIPTION:

Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
TANGIBLES			
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

### Comments on Well Costs:

### WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

 I elect to	purchase	my o	wn well	control	insurance	policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

## Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

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·	CIMAREX ENERGY CO. APPROVAL	·
REPARED BY	DRILLING AND COMPLETION MANAGER	REGIONAL MANAGER
		Roger Alexander, Regional Manager Permian Basin

JOINT INTEREST APPROVAL									
COMPANY	вү	DATE							
÷									

^{1.} All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.



## PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

			<u></u>	T	DRY HOLE	Γ	AFTER CASING	COMPLETED
INTANGIBLES					COST	Codes	POINT	WELL COST
ROADS & LOCATION PREPARATION / RESTORATION	DIDC.100	-	DICC.100		\$108,000			
DAMAGES	DIDC.105		DICC.105		\$5,000			
MUD/FLUIDS DISPOSAL CHARGES	DIDC.255		DICC.235		\$40,000			
	DAYS @		0 PER DAY	DIDC,115		DICC,120	\$87,150	\$888,930
MISC PREPARATION COST (mouse hole, rat hole, pads,	pile clusters	s, misc.)		DIDC.120		////	777777	\$8,000
BITS				DIDC.125		DICC.125	\$1,000 \$11,000	\$101,000 \$122,000
FUEL \$2.20 PER GALLON WATER / COMPLETION FLUIDS				DIDC.135	<del></del>			\$122,000
MUD & ADDITIVES				DIDC.145		V X X	177777	\$64,400
SURFACE RENTALS				DIDC.150		DICC.140	\$45,000	\$114,000
DOWNHOLE RENTALS			<del></del>	DIDC.155		DICC.145		\$154,000
FORMATION EVALUATION (DST, Coring including evalua	tion, G&G S	SERVICES)		DIDC.160		1111	111111	
MUD LOGGING 37 DAYS @ \$900				DIDC.170	\$47,000	1111	111111	\$47,000
OPEN HOLE LOGGING		`,		DIDC.180	\$65,000			\$65,000
CEMENTING & FLOAT EQUIPMENT				DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000
TUBULAR INSPECTIONS				DIDC.190	<del></del>	DICC.160	\$2,500	\$7,500
CASING CREWS				DIDC.195		DICC.165	\$15,000	\$27,000
EXTRA LABOR, WELDING, ETC.	· · · · · · · · · · · · · · · · · · ·			DIDC.200	\$27,600	DICC.170	\$5,000	\$32,600
LAND TRANSPORTATION (Trucking)				DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200
SUPERVISION			···········	DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000
TRAILER HOUSE/CAMP/CATERING				DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500
OTHER MISC EXPENSES  OVERHEAD				DIDC.220	\$5,000	DICC 195	\$5,000 \$4,200	\$10,000
REMEDIAL CEMENTING				DIDC.225 DIDC.231	\$14,000	DICC.195 DICC.215	\$4,200	\$18,200
MOB/DEMOB				DIDC.231	\$150,000	1111	mm	\$150,000
	DAYS @	9500	PER DAY	DIDC.245	\$209,000	1111	HHHH	\$209,000
DOCK, DISPATCHER, CRANE	DATO W	3300	) / LICE/II	DIDC.250	Ψ200,000	DICC.230		\$205,500
MARINE & AIR TRANSPORTATION		·		DIDC.275		DICC.250		
SOLIDS CONTROL				DIDC.260	\$166,000	1111	111111	\$166,000
WELL CONTROL EQUIP (Snubbing services)		· · · · ·		DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS		.,		DIDC.270	, , , , , , , , , , , , , , , , , , , ,	DICC.245		
COMPLETION RIG 14 DAYS @	4400	PER DAY		1111	11111	DICC,115	\$61,600	\$61,600
COIL TUBING DAYS @		PER DAY		1111	11111	DICC.260		
COMPLETION LOGGING, PERFORATING, WL UNITS, WI	L SURVEYS	3		1111	11111	DICC.200	\$35,000	\$35,000
STIMULATION	-			1111	11111	DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE				DIDC.300	\$10,000	DICC.280		\$10,000
WELL CONTROL INSURANCE \$0.35 PER F	TOOT			DIDC.285	\$3,000			\$3,000
CONTINGENCY 5% OF DRILLING IN	NTANGIBLE	S		DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT						DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT				7777	777777	DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L				7777		DICC.265		
TOTAL INTANGIBLE COST					\$2,463,180	e in the	¥	96 <b>\$3</b> ,175,930
				ļ				
TANGIBLE - WELL EQUIPMENT				ļ				
CASING	SIZE	FEET	\$/FOOT	ļ		~~~		
DRIVE PIPE	20"	40	100.00	DWEB.150	4,000	44	777777	\$4,000
CONDUCTOR PIPE	ļ		ļ	DWEB.130		1111.	44444	
WATER STRING	42.0/01	050	42.00	DWEB.135	11.000	444	44444	£44.000
SURFACE CASING INTERMEDIATE CASING	13-3/8"	250	42.00	DWEB.140	11,000 105,000	444	HHHH	\$11,000
DRILLING LINER	8-5/8" 7"	4,500	23.40	DWEB.145	105,000	444	44444	\$105,000
DIVICE ING. CITACIT	1		<del></del>			~~~~	44444	
	1	1		<del>,</del>		1111		
DRILLING LINER	5 1/2"	9.800	15.90	DWEB.145	min	DWEA 100	156,000	\$156,000
DRILLING LINER PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90	<del>,</del>	11111	DWEA.100	156,000	\$156,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK				<del>,</del>	HH	DWEA.100		
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING	5 1/2"	9,800	15.90	<del>,</del>		DWEA.100 DWEA.105	78,000	\$78,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT				DWEB.145	12,000	DWEA.100 DWEA.105 DWEA.115	78,000 \$9,000	\$78,000 \$9,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES				<del>,</del>	12,000	DWEA.100 DWEA.105	78,000	\$78,000 \$9,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER				DWEB.145  DWEB.115	12,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120	78,000 \$9,000	\$78,000 \$9,000 \$40,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES				DWEB.145  DWEB.115	12,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125	78,000 \$9,000 \$28,000	\$78,000 \$9,000 \$40,000 \$110,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES				DWEB.145  DWEB.115	12,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130	78,000 \$9,000 \$28,000 \$110,000	\$78,000 \$9,000 \$40,000 \$110,000 \$78,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT				DWEB.145  DWEB.115	12,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.100	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000	\$78,000 \$9,000 \$40,000 \$110,000 \$78,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT				DWEB.145  DWEB.115	12,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000	\$78,000 \$9,000 \$40,000 \$110,000 \$78,000 \$15,000
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DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility)	2 7/8"		6.50	DWEB.145  DWEB.115	12,000	DWEA.100 DWEA.115 DWEA.120 DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.115 DLEQ.120 DLEQ.120 DLEQ.1215	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000	\$78,000 \$9,000 \$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	2 7/8"	12,000	6.50	DWEB.145  DWEB.115	12,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.105 DLEQ.120 DLEQ.120 DLEQ.120 DLEQ.130 DWEA.135	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$78,000 \$9,000 \$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000
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DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	2 7/8" 2 nent)	12,000	6.50	DWEB.145 DWEB.115 DWEB.100		DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEG.100 DLEG.105 DLEG.115 DLEG.120 DLEG.120 DLEG.130 DWEA.130 DWEA.135 DWEA.140	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$78,000 \$9,000 \$40,000 \$110,000 \$78,000 \$15,000 \$21,000 \$18,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES	2 7/8" 2 nent)	12,000	6.50	DWEB.145 DWEB.100 DWEB.100	\$132,000	DWEA.100 DWEA.115 DWEA.120 DWEA.125 DWEA.120 DLEQ.100 DLEQ.105 DLEQ.105 DLEQ.120 DLEQ.120 DLEQ.120 DLEQ.120 DLEQ.130 DWEA.135 DWEA.140	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000 \$1,000	\$9,000 \$40,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES	2 7/8" 2 nent)	12,000	6.50	DWEB.145 DWEB.115 DWEB.100	\$132,000	DWEA.100 DWEA.105 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEG.100 DLEG.105 DLEG.115 DLEG.120 DLEG.120 DLEG.130 DWEA.130 DWEA.135 DWEA.140	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000	\$78,000 \$9,000 \$40,000 \$110,000 \$78,000 \$15,000 \$21,000 \$18,000
DRILLING LINER PRODUCTION CASING OR LINER PRODUCTION TIE-BACK TUBING N/C WELL EQUIPMENT WELLHEAD, TREE, CHOKES LINER HANGER, ISOLATION PACKER PACKER, NIPPLES PUMPING UNIT, ENGINE LIFT EQUIPMENT (BHP, Rods, Anchors) TANGIBLE - LEASE EQUIPMENT N/C LEASE EQUIPMENT TANKS, TANKS STEPS, STAIRS BATTERY (Heater Treater, Separator, Gas Treating Equipm FLOW LINES (Line Pipe from wellhead to central facility) DEFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES	2 7/8" nent)	12,000	6.50	DWEB.145 DWEB.115 DWEB.100 DIDC.295	\$132,000 60,000	DWEA.100 DWEA.115 DWEA.120 DWEA.125 DWEA.130 DLEQ.100 DLEQ.105 DLEQ.105 DLEQ.125 DLEQ.130 DWEA.135 DWEA.140 DICC.275	78,000 \$9,000 \$28,000 \$110,000 \$78,000 \$15,000 \$44,000 \$21,000 \$18,000 \$1,000	\$78,000 \$9,000 \$40,000 \$110,000 \$78,000 \$15,000 \$21,000 \$18,000 \$1,000

### OIL & GAS LEASE

THIS AGREEMENT made this 21st day of May, 2007, between Frank Lilley, herein dealing in his sole and separate property, as Lessor (whether one or more), whose address is 325 Lakeside Drive, Littleton, N.C., 27850, and Shaw Interests, Inc. whose address is 310 West Wall Street, Suite 305, Midland, Texas 79701, Lessee,

### WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

### Township 14 South, Range 38 East W/2 of Section 31

# Township 15 South, Range 38 East Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

- 2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.
- 3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, one-fifth (1/5) of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including easinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of one-fifth (1/5) of the gas used, provided that on gas sold on or off the premises, the royalties shall be one-fifth (1/5) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such
- 4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.
- 5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.
- 6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.
- 7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.
- 8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee, and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.
- 9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith, and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year t	first shove written		•	
Executed the day and year	iiist above written.			
•				
·				
Frank Lilley				
		ACKNOWLEDGMENT	;	
STATE OF	§			
COUNTY OF	§ §			
This instrument was	acknowledged before m	ne on the day of	, 2007, by Frank Lilley.	
			S	
		Notary Public	, State of	

My Commission Expires:

INC. TIES

2004 5270 0007 7844 53PP

Gayle Lilley c/o Frank Lilley 325 Lakeside Drive Littleton, NC 27850 146:35.380 MAY 79708 7691905.380 MAY 79708

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.	A. Signature  X
1. Article Addressed to:  FRANK Glass  Clo Frank Glass	D. Is delivery address different from item 1? ☐ Yes If YES, enter delivery address below: ☐ No
325 LAKESIDE Drive Uttleten, NC 27850	3. Service Type
2. Article Number (Transfer from service label) 7 🗆 🖂 4	2510 0001 1844 2366
PS Form 3811, February 2004 Domestic Re	eturn Receipt 102595-02-M-1540

### DIL & GAS PROPERTIES

310 W. WALL, STE. 305

MIDLAND, TX 79701

(432) 685-1404

May 21, 2007

Gayle Lilley c/o Frank Lilley 325 Lakeside Drive Littleton, NC 27850

(252) 904-8697

Re: Oil & Gas Lease

W/2 of Section 31

Township 14 South, Range 38 East

Lea County, New Mexico

Dear Gayle:

According to our title research you own an undivided 3.125 net mineral acre under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this lease are a \$150.00 an acre bonus consideration, three (3) year primary term and one-fifth (1/5) royalty. Please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

Surface Hole Location: 2210' FSL & 430' FWL
Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms listed above.

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Tim Lilley



### **AUTHORIZATION FOR EXPENDITURE**

COMPANY ENT								DATE PRE	PARED Warch 8, 200	7.
REGION	WELL NAME	WELL NO	PROSPECT OR FIELD NAME		PROPERTY NUMBER					
Permian	Pyramid	1 1	Star-Denton							
LOCATION	SHL 2210' FSL & 430' FV	VL.		COL	YTY	s	TATE		TYPE WELL	
BHL 330' F	SL & 430' FWL							OIL	X EXPL	Х
Sec 31, T14	IS, R38E			Le	a	New	Mexico	GAS	PROD	
ORIGINAL ESTI	MATE X	_	EST. STA	ART DATE EST. COI		DMP. DATE FORMAT		TION EST. TO		)
REVISED ESTIN	IATE								9800	TVD
SUPPLEMENTA	L ESTIMATE		**						11600'	MD

### PROJECT DESCRIPTION:

Drill and complete a horizontal wolfcamp well.

ı	DRY HOLE	AFTER	COMPLETED
<u>INTANGIBLES</u>	COST	CASING POINT	WELL COST
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
TANGIBLES			
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	444
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

### **Comments on Well Costs:**

## WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

I elect to purchase my own well control insurance pol	icy.
-------------------------------------------------------	------

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

### Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

•		#VALUE
		*VALUE
i	CIMAREX ENERGY CO. APPROVAL	•
PREPARED BY	DRILLING AND COMPLETION MANAGER	REGIONAL MANAGER
Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	Roger Alexander, Regional Manager Permian Basin
	JOINT INTEREST APPROVAL	
COMPANY	BY	DATE

^{1.} All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.



# PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

					DRY HOLE		AFTER CASING	1
INTANGIBLES	Codes	COST	Codes	POINT	\$108,000			
ROADS & LOCATION PREPARATION / RESTORATION	DIDC.100		DICC.100	<del>\                                    </del>	\$108,000			
DAMAGES MUD/FLUIDS DISPOSAL CHARGES	DIDC.105		DICC.103		\$40,000			
DAY RATE 46 DH DAYS 5 ACP	DIDC.115		DICC.120		\$888,930			
MISC PREPARATION COST (mouse hole, rat hole, pads,			0 PER DAY	DIDC.120		1111	Timi	\$8,000
BITS		<u> </u>		DIDC.125		DICC.125	\$1,000	\$101,000
FUEL \$2.20 PER GALLON				DIDC.135		DICC.130	\$11,000	\$122,00
WATER / COMPLETION FLUIDS				DIDC.140	\$32,200	DICC.135	\$25,000	\$57,20
MUD & ADDITIVES				DIDC.145	\$64,400			\$64,40
SURFACE RENTALS				DIDC.150	\$69,000	DICC.140	\$45,000	\$114,00
DOWNHOLE RENTALS				DIDC.155	\$144,000	DICC.145	\$10,000	\$154,00
FORMATION EVALUATION (DST, Coring including evaluation)				DIDC.160		777	4444	
MUD LOGGING 37 DAYS @ \$90	0 PER DAY	` ,		DIDC.170	<del></del>	444	44444	\$47,00
OPEN HOLE LOGGING				DIDC.180	<del></del>	////	111111	\$65,00
CEMENTING & FLOAT EQUIPMENT TUBULAR INSPECTIONS				DIDC.185		DICC.155		\$90,00 \$7,50
CASING CREWS				DIDC.195		DICC.160		\$27,00
EXTRA LABOR, WELDING, ETC.				DIDC.200		DICC.170		\$32,60
LAND TRANSPORTATION (Trucking)				DIDC.205	\$32,200	DICC.175		\$39,20
SUPERVISION				DIDC.210		DICC.180		\$69,00
TRAILER HOUSE/CAMP/CATERING				DIDC.280	\$17,000	DICC.255		\$19,50
OTHER MISC EXPENSES				DIDC.220	\$5,000	DICC,190		\$10,00
OVERHEAD				DIDC.225	\$14,000	DICC.195	\$4,200	\$18,20
REMEDIAL CEMENTING				DIDC.231		DICC.215		
MOB/DEMOB				DIDC.240	\$150,000	ZZZ	MMM	\$150,000
	2 DAYS @	9500	PER DAY	DIDC.245	\$209,000	IIII	777777	\$209,000
DOCK, DISPATCHER, CRANE				DIDC.250		DICC.230		
MARINE & AIR TRANSPORTATION				DIDC.275		DICC.250	Lucioni,	
SOLIDS CONTROL	<del> </del>	••		DIDC.260	\$166,000	7777	///////	\$166,000
WELL CONTROL EQUIP (Snubbing services) FISHING & SIDETRACK OPERATIONS				DIDC.265 DIDC.270	\$28,000	DICC.240 DICC.245	\$16,800	\$44,800
COMPLETION RIG 14 DAYS @	4400	PER DAY		DIDC.270	11111	DICC.245	\$61,600	\$61,600
COIL TUBING DAYS @	4400	PER DAY		HH	44444	DICC.260	\$61,000	\$61,600
COMPLETION LOGGING, PERFORATING, WL UNITS, W	L SURVEYS			1111	111111	DICC.200	\$35,000	\$35,000
STIMULATION				4777	44444	DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE				DIDC.300	\$10,000	DICC.280	,	\$10,000
WELL CONTROL INSURANCE \$0.35 PER I	FOOT	V-1-11-11111-1-		DIDC.285	\$3,000	7777	111111	\$3,000
CONTINGENCY 5% OF DRILLING IT	VTANGIBLE	S		DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT						DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT		.,		7777	777777	DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L				7777	777777	DICC.265		
TOTAL INTANGIBLE COST	ATTEMATICAL DA	ustassassassassassas	disclarate Disassin	97875677974560		naismo esta	ORONOVIOLES DELES	Mileson - T. C. L. L.
INOTAL INDANGIBLE GOSII	100 mg 100 mg 100 mg 100 mg 100 mg 100 mg 100 mg 100 mg 100 mg 100 mg 100 mg 100 mg 100 mg 100 mg 100 mg 100 m	Capacida (antida) kon	The second second	B-CENTRAL SERVICE	(清報/3 <b>32</b> ,463;180	Mark Market	38485466 <b>3</b> 712;750	\$30,475,930
TANGIBLE - WELL EQUIPMENT			<del></del>	<del></del>				
CASING	SIZE	FEET	\$/FOOT					
DRIVE PIPE	20"	40	100.00	DWEB.150	4,000	m	111111	\$4,000
CONDUCTOR PIPE				DWEB.130		1111	mm	
WATER STRING				DWEB.135		1111	111111	
SURFACE CASING	13-3/8"	. 250	42.00	DWEB.140	11,000			\$11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145	105,000	7777		\$105,000
DRILLING.LINER	7"			DWEB.145		7777.	777777	
DRILLING LINER				DWEB.145	******	7777	7777777	
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90	7777	777777.	DWEA.100	156,000	\$156,000
PRODUCTION TIE-BACK	0.7/0"	40:000	0.50	1111	HHH	DWEA.100	70.000	670.000
TUBING N/C WELL EQUIPMENT	2 7/8"	12,300	6.50	444	HHH	DWEA.105 DWEA.115	78,000 \$9,000	\$78,000 \$9,000
WELLHEAD, TREE, CHOKES				DWEB.115	12,000	DWEA.113	\$28,000	\$40,000
LINER HANGER, ISOLATION PACKER				DWEB.100	12,000	DWEA.125	\$20,000	Ψ40,000
PACKER, NIPPLES				1111	THIII	DWEA.130	\$110,000	\$110,000
PUMPING UNIT, ENGINE				1111	THIN.	DLEQ.100	\$78,000	\$78,000
LIFT EQUIPMENT (BHP, Rods, Anchors)					111111	DLEQ.105	\$15,000	\$15,000
TANGIBLE - LEASE EQUIPMENT								
N/C LEASE EQUIPMENT				7777	777777	DLEQ.115	\$44,000	\$44,000
TANKS, TANKS STEPS, STAIRS				7777.	111111	DLEQ.120	\$21,000	\$21,000
BATTERY (Heater Treater, Separator, Gas Treating Equipm	nent)	.,		444	-	DLEQ.125	\$18,000	\$18,000
FLOW LINES (Line Pipe from wellhead to central facility) OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES				1111	4-4-36-36-36-31	DLEQ.130 DWEA.135	\$1,000	\$1,000
PIPELINES TO SALES	<del></del>			1111	11111			
in Lines to once				7777	*****	DWEA.140		
TOTAL TANGIBLES	MANAGER S		randoska lagitas		\$132,000	N. 17 (10 to	\$558,000	\$690 000
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P&A COSTS				DIDC.295	60,000	DICC.275	(60,000)	
TOTAL COST	rite naci		elegations.		\$2,655,180		\$1,210,750	\$3,865,930

### OIL & GAS LEASE

THIS AGREEMENT made this 21st day of May, 2007, between Gayle Lilley, herein dealing in her sole and separate property, as Lessor (whether one or more), whose address is c/o 325 Lakeside Drive, Littleton, N.C., 27850, and Shaw Interests, Inc. whose address is 310 West Wall Street, Suite 305, Midland, Texas 79701, Lessee,

### WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

### Township 14 South, Range 38 East W/2 of Section 31

Township 15 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

- 2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.
- 3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, one-fifth (1/5) of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of one-fifth (1/5) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be neated by check or draft. Any timely payment or tender of shut-in royaltiy which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The a
- 4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.
- 5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.
- 6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.
- 7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.
- 8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.
- 9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agree and in the event Lessee does so it sha satisfying same. Without impairmen entire and undivided fee simple estate any part as to which this lease covers whole and undivided fee simple estate upon the party or parties executing the	all be subrogated to it of Lessee's rights e (whether Lessor's less than such full i e therein. Should a	such lien with the i under the warranty, interest is herein sp interest, shall be pai	right to enforce san if this lease cover ecified or not) then d only in the propo	me and to apply a s a less interest in the royalties, shortion which the i	royalties and shut in the oil and gas nut-in royalty, and interest therein, if	in royalties payable in all or any part of other payments, if any, covered by this	hereunder toward said land than the any, accruing from lease, bears to the
11. Lessee, its or his successors, heir assigns by delivering or mailing a rel shall be relieved from all obligations, reduced in the proportion that the across	lease thereof to the lease thereof to the lease thereof	Lessor, or by placined, of this agreemen	ng a release thereof nt as to acreage so s	of record in the surrendered, and	county in which	said land is situated	thereupon Lessee
Executed the day and year first a	bove written.	,					
<u></u>							,
				,			
Gayle Lilley						•	
		ACKNO	OWLEDGM	IENT		•	
STATE OF	<b>§</b>						•
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This is at a section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section of the section		41	l			1-0-1-79	

Notary Public, State of

My Commission Expires:

MTERESTS, INC.
GAS PROPERTIES
, WALL ST., SUITE 305
LAND, TEXAS 79701

7004 2510 0001 1844 2373

a: Allala INVITA

Virginia Fulton Gaussa 79 Dosoris Lane Glen Cove, NY 11542

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	A. Signature  X  A dddressee
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.	B. Received by ( Printed Name) C. Date of Delivery
Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addressed to:     Article Addre	D. Is delivery address different from item 1? ☐ Yes If YES, enter delivery address below: ☐ No
Virginia Fulton Gaussa 79 Dosoris Lanz	. !
	3. Service Type
Glen ave, Ny 11542	A Certified Mail ☐ Express Mail ☐ Registered ☐ Return Receipt for Merchandise ☐ Insured Mail ☐ C.O.D.
	4. Restricted Delivery? (Extra Fee)
2. Article Number 7004 25	510 0001 1844 2373
PS Form 3811, February 2004 Domestic Re	turn Receipt 102595-02-M-1540

### OIL & GAS PROPERTIES

310 W. WALL, STE. 305

MIDLAND, TX 79701

(432) 685-1404

May 21, 2007

Virginia Fulton Gaussa 79 Dosoris Lane Glen Cove, NY 11542

516-671-2111

Re: Oil & Gas Lease

W/2 of Section 31

Township 14 South, Range 38 East

Lea County, New Mexico

Dear Mrs. Gaussa:

According to our title research you own an undivided 12.5 net mineral acre under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this lease are a \$150.00 an acre bonus consideration, three (3) year primary term and one-fifth (1/5) royalty. Please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

Surface Hole Location: 2210' FSL & 430' FWL
Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms listed above.

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

**SHAW INTERESTS** 

Tim Lilley



COMPANY ENTITY Cimarex Energ	ју Со.							DATE PE	REPARED  March 8,	2007	
REGION	WELL NAME	WELL NO	PROSPECT OR FIELD NAME		PROPERTY NUMBER		DRILLING AFE NO.				
Permian	Pyramid	1 1	Star-Denton								
LOCATION SHL 2210' FSL & 430' FWL			COUNTY		STATE		TYPE WELL				
BHL 330' FSL	& 430' FWL							OIL	ΧE	EXPL	Х
Sec 31, T14S,	R38E			Le	ea	New	Mexico	GAS	F	PROD	
ORIGINAL ESTIMATE	. X		EST. START DATE		EST. COMP. DATE		FORM	IATION	TION EST. TD		
REVISED ESTIMATE					ĺ		1		980	0	TVD
SUPPLEMENTAL ÉS	TIMATE		٠.		i				1160	0'	MD

### PROJECT DESCRIPTION:

Drill and complete a horizontal wolfcamp well.

:	DRY HOLE	AFTER	COMPLETED
INTANGIBLES	COST	CASING POINT	WELL COST
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
TANGIBLES			1
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

### **Comments on Well Costs:**

### WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

 I elect to purchase	my own well contro	ol insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

## Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

:		#VALUE!
	CIMAREX ENERGY CO. APPROVAL	
PREPARED BY	DRILLING AND COMPLETION MANAGER	REGIONAL MANAGER
Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	Roger Alexander, Regional Manager Permian Basin
	JOINT INTEREST APPROVAL	
COMPANY	BY	DATE
OUNTAIN		DATE .

^{1.} All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.



# PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

INTANCIPI CO					DRY HOLE		AFTER CASING	1
INTANGIBLES		<del></del>		Codes	COST	Codes	POINT	WELL COST
ROADS & LOCATION PREPARATION / RESTORATION DAMAGES				DIDC.100		<del></del>	<del>                                     </del>	\$108,000 \$5,000
MUD/FLUIDS DISPOSAL CHARGES					<del></del>		·	\$40,000
DAY RATE 46 DH DAYS 5 ACP DAYS @ 17430 PER DAY				DIDC.255			<del></del>	\$888,930
MISC PREPARATION COST (mouse hole, rat hole, pads,		s, misc.)		DIDC.120	\$8,000	1111	111111	\$8,000
BITS				DIDC.125	\$100,000	DICC.125	\$1,000	\$101,000
FUEL \$2.20 PER GALLON				DIDC.135		DICC.130		\$122,000
WATER / COMPLETION FLUIDS				DIDC.140		DICC.135	\$25,000	\$57,200
MUD & ADDITIVES				DIDC.145	+	7777.	777777	\$64,400
SURFACE RENTALS				DIDC,150	<del></del>	DICC.140	<del>                                     </del>	\$114,000
DOWNHOLE RENTALS FORMATION EVALUATION (DST, Coring including evaluation)	ation G&G	SERVICES		DIDC.155		DICC.145	\$10,000	\$154,000
MUD LOGGING 37 DAYS @ \$90				DIDC.170		HH	44444	\$47,000
OPEN HOLE LOGGING	O T CIVETA	٠,		DIDC,180	<del>                                     </del>	1111	<i>HHHH</i>	\$65,000
CEMENTING & FLOAT EQUIPMENT				DIDC.185	<del></del>	DICC.155	\$40,000	\$90,000
TUBULAR INSPECTIONS				DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500
CASING CREWS				DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000
EXTRA LABOR, WELDING, ETC.				DIDC.200	\$27,600	DICC.170	\$5,000	\$32,600
LAND TRANSPORTATION (Trucking)				DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200
SUPERVISION			``	DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000
TRAILER HOUSE/CAMP/CATERING			· · · · · · · · · · · · · · · · · · ·	DIDC.280		DICC.255	<del></del>	\$19,500
OTHER MISC EXPENSES				DIDC.220		DICC.190	<del> </del>	\$10,000
OVERHEAD REMEDIAL CEMENTING				DIDC.225	\$14,000	DICC.195		\$18,200
MOB/DEMOB			····	DIDC.231	\$150,000	DICC.215	mm	\$150,000
	2 DAYS @	9500	PER DAY	DIDC.240 DIDC.245		444	44444	\$150,000 \$209,000
DOCK, DISPATCHER, CRANE	2 0/13 @	9300	·	DIDC.250		DICC.230	,,,,,,,,,	\$209,000
MARINE & AIR TRANSPORTATION				DIDC.275	<del></del>	DICC.250		
SOLIDS CONTROL				DIDC.260		1111	111111	\$166,000
WELL CONTROL EQUIP (Snubbing services)				DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS				DIDC.270		DICC.245		
COMPLETION RIG 14 DAYS @	4400	PER DAY		777		DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @		PER DAY		1111	777777	DICC.260		
COMPLETION LOGGING, PERFORATING, WL UNITS, W	L SURVEYS	3		7777	4444	DICC.200	\$35,000	\$35,000
STIMULATION				7777	777777	DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE	-007			DIDC.300	\$10,000	DICC.280	mm	\$10,000
WELL CONTROL INSURANCE \$0.35 PER I CONTINGENCY 5% OF DRILLING II		· · · · · · · · · · · · · · · · · · ·		DIDC.285	\$3,000 \$117,000	DICC,220	7///////	\$3,000 \$149,000
CONSTRUCTION FOR WELL EQUIPMENT	VIANGIBLE	.5	··	DIDC.435	\$117,000	DWEA.110	\$32,000 \$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT		٠.		1111	11111	DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L			-	1111	11111	DICC.265		
TOTALINTANGIBLEICOSTI				336.70	\$2,463,180		\$712,750	\$3,175,930
TANGIBLE - WELL EQUIPMENT								
CASING	SIZE	FEET	\$/FOOT			<u> </u>		
DRIVE PIPE	20"	40	100.00	DWEB.150	4,000	7777	777777	\$4,000
CONDUCTOR PIPE	ļ			DWEB.130		1111	<i>111111</i>	
WATER STRING SURFACE CASING	40.0/07	250	40.00	DWEB.135		444	44444	644.000
INTERMEDIATE CASING	13-3/8" 8-5/8"	250 4,500	42.00 -23.40	DWEB.140 DWEB.145	11,000 105,000	1111	HHHH	\$11,000 \$105,000
DRILLING'LINER	7"	4,500	123.40	DWEB.145	103,000	1111	44444	\$100,000
DRILLINGILINER	1			DWEB.145		1111	111111	
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90	1111	111111	DWEA.100	156,000	\$156,000
PRODUCTION TIE-BACK				1111		DWEA.100		
TUBING '	2 7/8"	12,000	6.50	1111		DWEA.105	78,000	\$78,000
N/C WELL EQUIPMENT				7777		DWEA.115	\$9,000	\$9,000
WELLHEAD, TREE, CHOKES				DWEB.115	12,000	DWEA.120	\$28,000	\$40,000
LINER HANGER, ISOLATION PACKER				DWEB.100		DWEA, 125		
PACKER, NIPPLES			7777	777777	DWEA.130	\$110,000	\$110,000	
PUMPING UNIT, ENGINE			1111	HHH	DLEQ.100 DLEQ.105	\$78,000	\$78,000	
TANGIBLE - LEASE EQUIPMENT			·· ·	7777	777777	DLEQ.105	\$15,000	\$15,000
N/C LEASE EQUIPMENT				777	mm	DLEQ.115	\$44,000	\$44,000
TANKS, TANKS STEPS, STAIRS				1111	77777	DLEQ.120	\$21,000	\$21,000
BATTERY (Heater Treater, Separator, Gas Treating Equipment)				7777	77777	DLEQ.125	\$18,000	\$18,000
FLOW LINES (Line Pipe from wellhead to central facility)				7777	77777	DLEQ.130	\$1,000	\$1,000
FLOW LINES (Line Pipe from wellhead to central facility)	OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES				777777	DWEA.135		
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES	S			1				
	S			ZZZ	777777	DWEA.140		
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES	S				\$132,000			\$69D/000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES TOTAL TANGIBLES	S						\$558,000	\$690,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES PIPELINES TO SALES	S			DIDC.295				\$690,000

## OIL & GAS LEASE

THIS AGREEMENT made this 16th day of February, 2007, between Virginia Fulton Gaussa, herein dealing in her sole and separate property, as Lessor (whether one or more), whose address is 79 Dosoris Lane, Glen Cove, NY 11542, and Shaw Interests, Inc. whose address is 310 West Wall Street, Suite 305, Midland, Texas 79701, Lessee,

### WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

### Township 14 South, Range 38 East Section 31: W/2

Township 15 South, Range 38 East Section 6: Lots 3 & 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

- 2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.
- 3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, one-fifth (1/5) of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of one-fifth (1/5) of the gas used, provided that on gas sold on or off the premises, the royalties shall be one-fifth (1/5) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such
- 4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.
- 5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.
- 6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.
- 7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.
- 8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.
- 9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortg and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in ro satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease upon the party or parties executing the same.	yalties payable hereunder toward or any part of said land than the r payments, if any, accruing from covered by this lease, bears to the
11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Le assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said I shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in reduced in the proportion that the acreage covered hereby is reduced by said release or releases.	and is situated; thereupon Lessee

Executed the day and year first	above written.				·
					•
Virginia Fulton Gaussa		•		,	
Virginia Funon Gaussa					
	ACK	NOWLEDGMENT	7		
STATE OF	ę				
STATE OF COUNTY OF	\$ \$				
	* 4				
This instrument was ackr	nowledged before me on the	day of		, 2007, by Virginia	Fulton Gaussa.
	•				
		Notary Public	c, State of		