

Lynx Petroleum Consultants, Inc.

P.O. Box 1708
3325 Enterprise Drive
Hobbs, New Mexico 88241

505 392-6950

Fax: 505 392-7886

July 14, 2008

Moore & Shelton Company, Ltd.
P.O. Box 3070
Galveston, TX 77552

Re: Emperor Federal 'B' Gas Com No. 1
1980' FNL and 1980' FWL Section 28, T-20S, R-30E,
Eddy County, New Mexico
Return Well to Production

Dear Working Interest Owner:

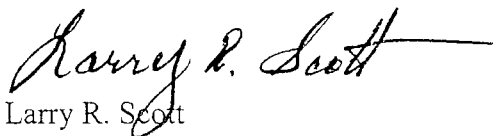
Lynx Petroleum has recently acquired operatorship of the above referenced well which has been shut-in substantially since 1998. We believe that the potential exists to recover additional reserves from the currently completed Strawn formation. Accordingly, attached for your review and approval are two copies of an Authority for Expenditure to perform the following work:

1. Pull the existing 2-3/8" tubing and packer
2. Test the 7" production casing for integrity
3. Acidize the existing Strawn perforations
4. Run new 2-7/8" tubing and install sucker rods with a rod pump
5. Set a new 640D pumping unit with associated base and motor
6. Return well to production

If you are in agreement with the proposed work, please sign and return one copy of the AFE to Lynx at your earliest convenience. The other copy may be retained for your files. Thanks in advance for your prompt consideration and please do not hesitate to call or write if you have any questions.

Sincerely,

LYNX PETROLEUM CONSULTANTS, INC.



Larry R. Scott

LRS/ad

encs

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No.14263- Exhibit No. 3
Submitted by:
LYNX PETROLEUM CONSULTANTS, INC.
Hearing Date: JANUARY 8, 2009

DETAILED WELL COST ESTIMATE AND AUTHORITY FOR EXPENDITURE

Well Name : Emperor Federal 1980' FNL & 1980' FWL
B Gas Com No. 1 Loc. Section 28, T-20S,R-30E Co. Eddy St. NM
 Estimated T.D. PB: 11,405' Field or Prospect Golden Lane Formation Strawn

				Estimated Cost	
				Dry Hole (\$)	Producer (\$)
<u>Intangible Costs:</u>					
Location:	Damages & R.O.W.			0	0
	Roads & Location			3,000	3,000
Drilling:	Footage	ft. @	/ft.	0	0
	Daywork	Drilling	days @	0	0
		Completing	14 days @ \$5,000	70,000	70,000
Mud Materials				0	0
Fuel				0	0
Water				5,000	5,000
Transportation				4,500	4,500
Cement, Cementing & Accessories				0	0
Logging Open Hole				0	0
Drill Stem Testing				0	0
Perforating				0	0
Stimulation				15,000	15,000
Supervision				15,000	15,000
Special Services & Bits				0	0
Tool Rental				15,000	15,000
Miscellaneous		+ 5% Contingency		10,000	10,000
TOTAL INTANGIBLE COSTS				137,500	137,500
<u>Tangible Well Costs:</u>					
Wellhead					5,000
Casing		ft.			
		ft.			
		ft.			
		ft.			
Tubing	11,000	ft.	2 7/8", 6.5 #/ft, L-80, EUE		66,000
Rods			11,000' Norris Type 97 (1", 7/8", 3/4")		50,000
Artificial Lift Equipment			456D-365-120 Set w/Concrete Base		80,000
Miscellaneous Well Equipment			TAC & Pump		7,100
TOTAL TANGIBLE WELL COSTS				0	208,100
<u>Tangible Lease Costs:</u>					
Tankage					
Separating & Treating					
Flowlines					
Special Equipment					
Miscellaneous Valves & Fittings					
Transportation, Installation & Labor			Power Line		7,500
TOTAL TANGIBLE LEASE COSTS				0	7,500
TOTAL WELL COSTS				\$137,500	\$353,100

Ownership Division: _____

By: Lynx Petroleum Consultants, Inc.
 P.O. Box 1708
 Hobbs, NM 88241

July 10, 2008

Joint Interest Approval

Company : Moore & Shelton Company Ltd.

Signed: _____

Date : _____

UNITED STATES

7007 2560 0003 0322 4373

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

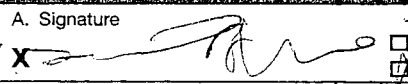
Postage	\$ 0.42	0640
Certified Fee	22.70	06
Return Receipt Fee (Endorsement Required)	22.20	
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 55.32	07/15/2008

Sent To: Moore + Shelton Co., Ltd.
 Street, Apt. No., or PO Box No.: PO Box 3070
 City, State, ZIP+4: Galveston, TX 77552

PS Form 3800, August 2006 See Reverse for Instructions

First-Class Mail
 Postage & Fees Paid
 Permit No. G-10
 box

1708

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> 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. 	<p>A. Signature  <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <u>Donald B. Moore</u> C. Date of Delivery <u>7/22/08</u></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If YES, enter delivery address below:</p> <p>21 22 2008</p>
<p>1. Article Addressed to:</p> <p>Moore + Shelton Co., Ltd. P.O. Box 3070 Galveston, TX 77552</p>	<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>
<p>2. Article Number (Transfer from service label)</p>	<p>4. Restricted Delivery? (Extra Fee) <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>

Lynx Petroleum Consultants, Inc.

P.O. Box 1708
3325 Enterprise Drive
Hobbs, New Mexico 88241

575 392-6950

Fax: 575 392-7886

September 3, 2008

Re: Emperor Fed B Com 1
W/2 Section 28, T-20S, R-30E
Eddy County, New Mexico


Dear Working Interest Owner:

Lynx Petroleum has recently acquired operatorship of the above referenced well which has been shut-in substantially since 1998. We believe the potential exists to recover additional reserves from the currently completed Strawn formation. Accordingly, enclosed is an Authority for Expenditure and a Joint Operating Agreement for your review. If the documents meet with your approval, please sign the detached signature pages for the JOA and the Recording Supplement and return to Lynx. Please note your signature must be notarized. The Operating Agreement may be retained for your files. Also, please sign and return one copy of the AFE to Lynx along with your signature pages.

Thank you in advance for your prompt attention to these documents. As always, please call or write with any questions or concerns.

Sincerely,

LYNX PETROLEUM CONSULTANTS, INC.



Larry R. Scott

/ad

encs

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Logging Open Hole				0	0
Drill Stem Testing				0	0
Perforating				0	0
Stimulation				15,000	15,000
Supervision				15,000	15,000
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Transportation, Installation & Labor			Power Line		7,500
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TOTAL WELL COSTS				\$137,500	\$353,100

Ownership Division: _____

By: **Lynx Petroleum Consultants, Inc.**
 P.O. Box 1708
 Hobbs, NM 88241

August 25, 2008

Joint Interest Approval

Company : Edward R. Hudson Trust 4

Signed: _____

Date : _____