

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

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

**APPLICATION OF CHASE OIL CORPORATION
FOR A NON-STANDARD OIL SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

Case No. 14,437

VERIFIED STATEMENT OF STACI D. SANDERS

Staci D. Sanders, being duly sworn upon her oath, deposes and states:

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

2. Pursuant to Division Rule NMAC 19.15.4.12.A(1)(b), the following information is submitted in support of the application filed herein:

(a) No opposition to this application is expected because the mineral interest owner being pooled has simply not responded to well proposals, or has not yet executed a farmout agreement.

(b) A plat outlining the spacing unit being pooled is attached hereto as Exhibit A. Applicant seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Abo/Wolfcamp formation comprised of the N/2N/2 of Section 36, Township 16 South, Range 27 East, NMPM, and pooling all mineral interests in the Abo/Wolfcamp formation underlying the non-standard unit. The unit is to be dedicated to the Snowball State Com. Well No. 1, a horizontal well to be drilled at an orthodox surface location in the NE/4NE/4, with a terminus at an orthodox location in the NW/4NW/4, of Section 36. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Mack Energy Corporation as operator of the well, and a 200% charge for the risk involved in drilling and completing the well.

(c) The party being pooled, its interest in the well unit, and its last known address, are as follows:

*under
Abo
Wolfcamp
WC*

Oil Conservation Division
Case No. 1
Exhibit No. 1

OXY USA WTP Limited Partnership
5 Greenway Plaza
Houston, Texas 77046

10%

(d) A copy of the proposal letter sent to the uncommitted mineral interest owner, as well as follow-up letters, e-mails, and notes of telephone calls, are attached hereto as Exhibit B.

(e) Chase Oil Corporation has made a good faith effort to obtain the voluntary joinder of the uncommitted interest owner in the well.

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

(g) The offset operators or lessees of the acreage surrounding the well unit are as follows:

- (i) S $\frac{1}{2}$ §25-16S-27E
Murchison Oil & Gas, Inc.
- (ii) S $\frac{1}{2}$ §30-16S-28E
EOG Resources, Inc.
- (iii) N $\frac{1}{2}$ §31-16S-28E
EOG Resources, Inc.
- (iv) S $\frac{1}{2}$ N $\frac{1}{2}$ §36-16S-27E
Interest owners in proposed well
- (v) N $\frac{1}{2}$ §35-16S-27E
Yates Petroleum Corporation
- (vi) S $\frac{1}{2}$ §26-16S-27E
Murchison Oil & Gas, Inc.

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

(i) Overhead charges of \$6500/month for a drilling well, and \$650/month for a producing well, are requested. These rates are fair and reasonable, and are in line with rates charged by other operators in this area for wells of this depth. Chase Oil Corporation requests that the rates be adjusted under the COPAS accounting procedure.

(j) Applicant requests that Mack Energy Corporation be designated operator of the well.

VERIFICATION

STATE OF NEW MEXICO)
) ss.
COUNTY OF EDDY)

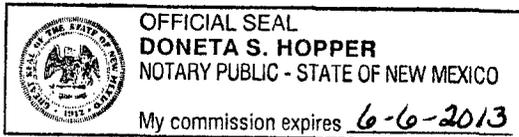
Staci D. Sanders, being duly sworn upon her oath, deposes and states that: She is a landman for Chase Oil Corporation; she is authorized to make this verification on its behalf; she has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of her knowledge, information, and belief.

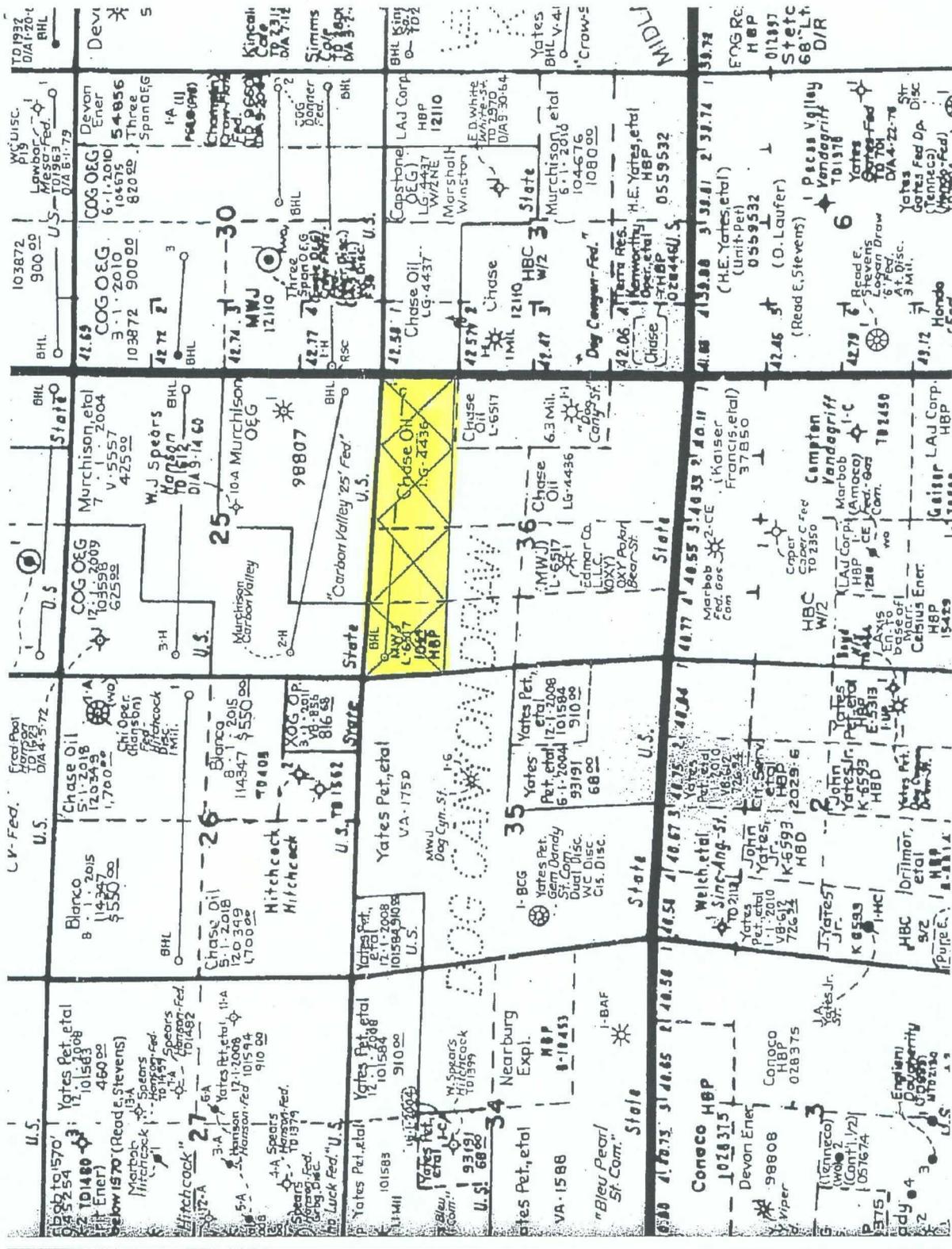
Staci D. Sanders
Staci D. Sanders

SUBSCRIBED AND SWORN TO before me this 24th day of February, 2010 by Staci D. Sanders.

My Commission Expires: 6-6-2013

Doneta S. Hopper
Notary Public







Post Office Box 960
Artesia, NM 88211-0960
Office (575) 748-1288
Fax (575) 746-9539

September 8, 2009

CERTIFIED MAIL

Working Interest Owners
(See attached List)

RE: **Snowball WI Unit Proposal**
Snowball State Com #1 Well
N/2 N/2 Sec. 36, T16S, R27E
Eddy County, New Mexico

Gentlemen:

We invite you to join us in the drilling of the Snowball State Com #1 Well in the N/2N/2 of Section 36, T16S, R27E, Eddy County, New Mexico, to test the Dog Canyon Abo formation. Our AFE is attached for your review.

We propose the formation of a Working Interest Unit covering the N/2 of Section 36. An ownership schedule is attached. If you are interested in joining, please return an approved AFE and we will forward an Operating Agreement covering the N/2 of Section 36.

If you are not interesting in joining, we will negotiate a Term Assignment or Farmout of your interest. If you have any questions you can contact me by e-mail at stacis@mackenergycorp.com or by calling (575) 748-1288.

Sincerely,

Mack Energy Corporation

Staci Sanders
Land Department

/ss

Enclosures

EXHIBIT

B

WORKING INTEREST OWNERS:

Peregrine Production, LLC 7008 1140 0004 0380 7683
P.O. Box 1844
Midland, TX 79702

OXY USA WTP LP, et al 7008 1140 0004 0380 7690
Attn: Robbie Abraham
5 Greenway Plaza, Suite 110
Houston, TX 77046

McCombs Energy, LLC 7008 1140 0004 0380 7706
559 San Felipe, Suite 1200
Houston, TX 77056

Scott E. Wilson 7009 0820 0002 1408 3383
4601 Mirador Drive
Austin, TX 78735

Richard K. Barr 7009 0820 0002 1408 3390
500 N. Loraine, Suite 1070
Midland, TX 79701

Andrews Oil L.P. 7009 0820 0002 1408 3406
c/o DJA, LLC, the General Partner
2219 Westlake Dr., Suite 150
Austin, TX 78746

Corkran Energy, L.P. 7009 0820 0002 1408 3413
c/o Hummingbird Investments, LLC
the General Partner
2219 Westlake Dr., Suite 120
Austin, TX 78746

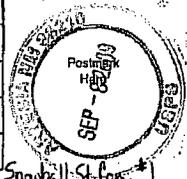
7008 1140 0004 0380 7690

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OFFICIAL USE

| | |
|---|---------|
| Postage | \$ 1.05 |
| Certified Fee | 2.80 |
| Return Receipt Fee (Endorsement Required) | 2.30 |
| Restricted Delivery Fee (Endorsement Required) | |
| Total Postage & Fees | \$ 6.15 |



Sent to **OXY USA WTP Limited Partnership**
 Street, Apt. No. or PO Box No. **Attn: Robbie Abraham**
 City, State, Zip **5 Greenway Plaza, Suite 110**
Houston, Texas 77046

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

OXY USA WTP Limited Partnership
Attn: Robbie Abraham
5 Greenway Plaza, Suite 110
Houston, Texas 77046

Snowball State Corn #1
 2. Article Number (Transfer from service label) **7008 1140 0004 0380 7690**

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent Addressee
Robbie Abraham
 B. Received by (Printed Name) Date of Delivery
Robbie Abraham
 D. Is delivery address different from item 1? Yes
 If Yes, enter address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

| Snowball WI Unit | | | | | | | | | | | |
|--|-----------------------|------------|------------------|--------------------|------------|------------------|------------------|------------|------------------|------------|--|
| N/2 Section 36, T16S, R27E, Eddy County, NM, containing 320.00 Acres | | | | | | | | | | | |
| OWNER | W/2NW/4 = 80.00 Acres | | | E/2NW/4 = 80 Acres | | | NE/4 = 160 Acres | | | WI In Well | |
| | Interest | TPF | Sp Unit Interest | Interest | TPF | Sp Unit Interest | Interest | TPF | Sp Unit Interest | | |
| Chase Oil Corporation | | | | | | | 0.85000000 | 0.50000000 | 0.42500000 | 0.42500000 | |
| Robert C. Chase | | | | | | | 0.05000000 | 0.50000000 | 0.02500000 | 0.02500000 | |
| Richard L. Chase | | | | | | | 0.05000000 | 0.50000000 | 0.02500000 | 0.02500000 | |
| Gerene Dianna Chase Ferguson | | | | 1.00000000 | 0.25000000 | 0.25000000 | 0.05000000 | 0.50000000 | 0.02500000 | 0.25000000 | |
| Peregline Production, LLC | | | | | | | | | | 0.10000000 | |
| OXY USA WTP LP | 0.40000000 | 0.25000000 | 0.10000000 | | | | | | | 0.10000000 | |
| McCombs Energy, LLC | 0.35000000 | 0.25000000 | 0.08750000 | | | | | | | 0.08750000 | |
| Scott E. Wilson | 0.10000000 | 0.25000000 | 0.02500000 | | | | | | | 0.02500000 | |
| Richard K. Barr | 0.10000000 | 0.25000000 | 0.02500000 | | | | | | | 0.02500000 | |
| Andrews Oil, L.P. | 0.02500000 | 0.25000000 | 0.00625000 | | | | | | | 0.00625000 | |
| Corkran Energy, L.P. | 0.02500000 | 0.25000000 | 0.00625000 | | | | | | | 0.00625000 | |
| Totals: | 1.00000000 | | 0.25000000 | 1.00000000 | | 0.25000000 | 1.00000000 | | 0.50000000 | 1.00000000 | |

9/22/09

Robbie / Oxy
Abraham 713-366-5185

Thinks: ^{Unit}
WZ - WI already

DA's covering both WZ & E/Z

Oxy - copy of DA

Edmar - Midland
1999 - handed over operatorship

Oct. 2007 - plugged well

Staci Sanders

From: Ron Lanning
Sent: Tuesday, December 22, 2009 8:35 AM
To: 'Robbie_Abraham@oxy.com'; 'swilson353@aol.com'
Cc: Staci Sanders
Subject: Snowball State Com #1
Attachments: Snowball T.O..pdf

Robbie and Scott:

In our letter dated September 8, 2009, we proposed a WI Unit covering the N/2 of Section 36, T16S, R27E, and enclosed an AFE for the Snowball State Com #1 to be drilled as a horizontal well across the N/2N/2 to test the Dog Canyon Abo. There was some resistance to forming a WI Unit so later this week we will be sending out a new AFE along with a proposed O/A covering only the N/2N/2.

A PDF of our Drilling Title Opinion covering all of Section 36 is enclosed for your review.

*Ronald W. Lanning
Land Manager
Mack Energy Corporation
Chase Oil Corporation
Chase Farms LLC
Caza Ranches LLC
575-748-1288 office
575-748-7374 fax
575-746-5516 cell
rlanning@mackenergycorp.com*



Post Office Box 960
Artesia, NM 88211-0960
Office (575) 748-1288
Fax (575) 746-9539

December 23, 2009

CERTIFIED MAIL

Working Interest Owners
(See attached List)

RE: Snowball State Com #1 Well
SHL: 355' FNL & 330' FEL
BHL: 355' FNL & 330' FWL
N/2 N/2 Sec. 36, T16S, R27E
Eddy County, New Mexico

Gentlemen:

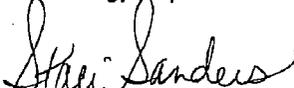
By letter dated September 8, 2009, we proposed a WI Unit covering the N/2 of Section 36, T16S, R27E, Eddy County, NM, and enclosed an AFE for the Snowball State Com #1 to be drilled as a horizontal well across the N/2N/2 to test the Dog Canyon Abo formation. There was some resistance to forming a WI Unit so enclosed you will find a new AFE along with a proposed Operating Agreement for your review. Also enclosed is a spreadsheet setting out working interest ownership in the spacing unit

If you wish to join, please return an approved AFE and an executed signature page to the O/A along with your requirements for well information. We will forward a complete set of signature pages when available. If you do not wish to join, please contact me as soon as possible to discuss a Term Assignment of your interest.

We hope to avoid the filing of an Application for Compulsory Pooling and will appreciate a timely response to this proposal.

Give me a call or contact me via email at stacs@mackenergycorp.com if you have any questions.

Sincerely,
Mack Energy Corporation


Staci Sanders
Land Department

WORKING INTEREST OWNERS:

| | |
|---|--------------------------|
| Peregrine Production, LLC P.O. Box 1844 Midland, TX 79702 | 7009 0820 0002 1408 3512 |
| RSC Resources, L.P. P.O. Box 1844 Midland, TX 79702 | 7009 0820 0002 1408 3529 |
| EOG Resources, Inc. P.O. Box 2267 Midland, TX 79702 | 7009 0820 0002 1408 3536 |
| OXY USA WTP LP 5 Greenway Plaza, Suite 110 Houston, TX 77046 | 7009 0820 0002 1408 3543 |
| McCombs Energy, LLC 559 San Felipe, Suite 1200 Houston, TX 77056 | 7009 0820 0002 1408 3550 |
| Scott E. Wilson 4601 Mirador Drive Austin, TX 78735 | 7009 0820 0002 1408 3567 |
| Richard K. Barr 206 Swede Circle Boerne, TX 78006 | 7009 0820 0002 1408 3574 |
| Andrews Oil L.P. 1015 Bee Cave Woods Dr., Suite 300A Austin, TX 78746 | 7009 0820 0002 1408 3581 |
| John E. McCool Box 202 Youngsville, PA 16371-0202 | 7009 0820 0002 1408 3598 |

| Snowball State Com #1 | | | | | | | | | | | |
|--|---------------------|------------|-------------------|---------------------|------------|-------------------|--------------------|------------|-------------------|-------------------|-------------------|
| N/2 N/2 Section 36, T16S, R27E, Eddy County, NM, containing 160.00 Acres | | | | | | | | | | | |
| OWNER | NE/4NW/4 = 40 Acres | | | NW/4NW/4 = 40 Acres | | | N/2NE/4 = 80 Acres | | | W/ In Well | |
| | Interest | TPF | Sp Unit Interest | Interest | TPF | Sp Unit Interest | Interest | TPF | Sp Unit Interest | Sp Unit Interest | W/ In Well |
| Chase Oil Corporation | | | | | | | 0.95000000 | 0.50000000 | 0.42500000 | 0.42500000 | 0.42500000 |
| Robert C. Chase | | | | | | | 0.05000000 | 0.50000000 | 0.02500000 | 0.02500000 | 0.02500000 |
| Ventana Minerals LLC | | | | | | | 0.05000000 | 0.50000000 | 0.02500000 | 0.02500000 | 0.02500000 |
| DialKan Minerals LLC | | | | | | | 0.05000000 | 0.50000000 | 0.02500000 | 0.02500000 | 0.02500000 |
| Peregrine Production, LLC | | | | 0.15000000 | 0.25000000 | 0.03750000 | | | | | 0.03750000 |
| RSC Resources, L.P. | | | | 0.35000000 | 0.25000000 | 0.08750000 | | | | | 0.08750000 |
| EOG Resources, Inc. | | | | 0.50000000 | 0.25000000 | 0.12500000 | | | | | 0.12500000 |
| OXY USA WTP LP | 0.40000000 | 0.25000000 | 0.10000000 | | | | | | | | 0.10000000 |
| McCombs Energy, LLC | 0.35000000 | 0.25000000 | 0.08750000 | | | | | | | | 0.08750000 |
| Scott E. Wilson | 0.10000000 | 0.25000000 | 0.02500000 | | | | | | | | 0.02500000 |
| Richard K. Barr | 0.10000000 | 0.25000000 | 0.02500000 | | | | | | | | 0.02500000 |
| Andrews Oil, L.P. | 0.02500000 | 0.25000000 | 0.00625000 | | | | | | | | 0.00625000 |
| John E. McCool | 0.02500000 | 0.25000000 | 0.00625000 | | | | | | | | 0.00625000 |
| Totals: | 1.00000000 | | 0.25000000 | 1.00000000 | | 0.25000000 | 1.00000000 | | 1.00000000 | 0.50000000 | 1.00000000 |

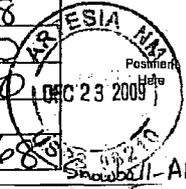
7009 0820 0002 1408 3543

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|---|---------|
| Postage | \$ 2.58 |
| Certified Fee | 2.80 |
| Return Receipt Fee (Endorsement Required) | 2.30 |
| Restricted Delivery Fee (Endorsement Required) | |
| Total Postage & Fees | \$ 7.68 |



Sent To: **OXY USA WTP LP**
 Street, Apt. No., or PO Box No.: **Attn: Robbie Abraham**
 City, State, ZIP+4: **5 Greenway Plaza, Suite 110**
Houston, Texas 77046

PS Form 3800, July 2004

SENDER: COMPLETE THIS SECTION

- Complete Items 1, 2, and 3. Also complete Item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

OXY USA WTP LP
Attn: Robbie Abraham
5 Greenway Plaza, Suite 110
Houston, Texas 77046

Snowball St. Com. #1 - AFE & DA

2. Article Number: **7009 0820 0002 1408 3543**
 (Transfer from service label)

COMPLETE THIS SECTION ON DELIVERY

A. Signature: *[Signature]* Agent Addressee

B. Received by (Printed Name): *Robbie Abraham* C. Date of Delivery: *10/23/09*

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

3. Service Type: Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

1/18/2010

- called Robbie Abraham
w/ Oxy and asked him
what the status is of
our APE & JOA for the
Snowball State Com #1.
He said he would check
on it & get back with
me.

Staci

Staci Sanders

From: Staci Sanders
Sent: Tuesday, January 19, 2010 1:17 PM
To: Ron Lanning
Subject: Re: OXY

Not yet.
Staci Sanders

----- Original Message -----

From: Ron Lanning
To: Staci Sanders
Sent: Tue Jan 19 13:16:06 2010
Subject: OXY

Robbie ever get back to you???????

Ronald W. Lanning
Land Manager
Mack Energy Corporation
Chase Oil Corporation
Chase Farms LLC
Caza Ranches LLC
575-748-1288 office
575-748-7374 fax
575-746-5516 cell
rlanning@mackenergycorp.com <<mailto:rlanning@mackenergycorp.com>>

Ron Lanning

From: Ron Lanning
Sent: Thursday, January 21, 2010 8:11 AM
To: Robble_Abraham@oxy.com
Cc: Staci Sanders
Subject: Snowball State Com #1 - N/2N/2 36-16-27

Robbie – Staci is out of town this week so I'm not sure what the status of this well proposal is with you. We are getting a lot of pressure to get this well drilled. OXY is the only party that has not approved the AFE. I just want to let you know that if we've not received a decision from you by Friday, January 29 (30 days after your receipt of the proposal), we will file an application for compulsory pooling. If you choose not to join, we are certainly interested in a Term Assignment of your interest. Your efforts to avoid the hearing process will be greatly appreciated.

Hope all is well with you – say hi to Pat for me.

*Ronald W. Lanning
Land Manager
Mack Energy Corporation
Chase Oil Corporation
Chase Farms LLC
Caza Ranches LLC
575-748-1288 office
575-748-7374 fax
575-746-5516 cell
rlanning@mackenergycorp.com*

2/15/10

9:38 a.m.

- called and left a voice
message for Robbie
Abraham @ Oxy
to return my call
regarding the
Snowbael State Com #1.

Staci

Staci Sanders

From: Staci Sanders
Sent: Monday, February 15, 2010 10:58 AM
To: Robbie Abraham
Cc: Ron Lanning
Subject: Snowball State Com #1

Hi Robbie,

I wanted to check on the status of our AFE and Operating Agreement covering the Snowball State Com #1 well we forwarded to you on December 23, 2009 by certified mail. The return receipt shows OXY received it on December 30, 2009. We spoke by phone on January 18, 2010 and you were going to check on the status of our paperwork. Do you know if OXY plans to participate in this well and if so when do you think we can expect the signed AFE and OA signature pages.

If OXY does not plan to participate or grant Chase Oil Corporation a Term Assignment we need to start planning for the Hearing set for March 4, 2010. Your help is greatly appreciated!!

Thanks!

Staci Sanders
Chase Oil Corporation
P.O. Box 1767
Artesia, NM 88211-1767
(575) 746-9853 Phone
(575) 748-7374 Fax
stacis@mackenergycorp.com

Staci Sanders

From: Unity Messaging System - UNITY150
Sent: Wednesday, February 17, 2010 3:05 PM
To: Staci Sanders
Subject: Message from 7133665185 - Robbie Abraham / Oxy
Attachments: VoiceMessage

2/17/10

RE: Snowball State Com #1

I Returned Robbie's call. He had not read my e-mail on Monday 2/15/10. He read it while we were on the phone. I told him we did not want to go to hearing, but unless we received some form of paperwork from him we would have to. I told Robbie we have received responses from everyone but Oxy. He said he would talk to his people and get back to me as soon as he could.

Staci

MACK ENERGY CORPORATION

AUTHORIZATION FOR EXPENDITURE

Snowball State Com #1

10700' MD; TVD 6300'; KOP 5875'; EOC 6609'

Sec. 36 T16S, R27E

SHL: 355FNL & 330FEL BHL: 355FNL & 330FWL

Eddy, NM

| Code | Drilling Intangible | Dry Hole Without Pipe | Completed Well | Actual Cost |
|---------|-------------------------------------|-----------------------|----------------|--------------|
| 502-020 | Location, Roads, Pits, & Damages | \$56,500.00 | \$0.00 | \$56,500.00 |
| 502-100 | Footage | \$0.00 | \$0.00 | \$0.00 |
| 502-110 | Daywork-- 38days 9000 \$/day | \$407,000.00 | \$0.00 | \$407,000.00 |
| 502-115 | Equipment Rentals & Tools | \$316,885.80 | \$0.00 | \$316,885.80 |
| 502-116 | Bits | \$44,000.00 | \$0.00 | \$44,000.00 |
| 502-120 | Water-Drilling | \$171,000.00 | \$0.00 | \$171,000.00 |
| 502-125 | Mud Materials | \$79,800.00 | \$0.00 | \$79,800.00 |
| 502-200 | Cement-- Surface and Intermediate | \$69,000.00 | \$0.00 | \$69,000.00 |
| 502-201 | Cement-- Production | \$0.00 | \$0.00 | \$0.00 |
| 502-204 | Fuel & Power | \$72,200.00 | \$0.00 | \$72,200.00 |
| 502-205 | Supplies & Misc. | \$5,000.00 | \$0.00 | \$5,000.00 |
| 502-500 | Testing, Coring, & Mud Logging | \$23,120.00 | \$0.00 | \$23,120.00 |
| 502-600 | Open Hole Logs/Wireline | \$11,400.00 | \$0.00 | \$11,400.00 |
| 502-681 | Professional Services & Supervision | \$488,400.00 | \$0.00 | \$488,400.00 |
| | Miscellaneous and Contingency | \$174,430.58 | \$0.00 | \$174,430.58 |

| Code | Total Drilling Intangibles | \$1,918,736.38 | \$0.00 | \$1,918,736.38 |
|------|----------------------------|----------------|--------|----------------|
|------|----------------------------|----------------|--------|----------------|

| Completion Intangibles | | | | |
|------------------------|---------------------------------------|--------|--------------|--------------|
| 502-021 | Battery Construction-Dirt Work,Etc | \$0.00 | \$45,000.00 | \$45,000.00 |
| 502-103 | Completion Unit | \$0.00 | \$16,080.00 | \$16,080.00 |
| 502-210 | Fuel,Water,Power | \$0.00 | \$50,800.00 | \$50,800.00 |
| 502-350 | Completion Tools And Equipment-Rental | \$0.00 | \$67,358.00 | \$67,358.00 |
| 502-601 | Perforating and Logging | \$0.00 | \$0.00 | \$0.00 |
| 502-610 | Frac and/or Acid Treatment | \$0.00 | \$300,000.00 | \$300,000.00 |
| 502-680 | Professional Services | \$0.00 | \$8,000.00 | \$8,000.00 |
| 502-700 | Miscellaneous Services | \$0.00 | \$5,000.00 | \$5,000.00 |
| | Contingency | \$0.00 | \$49,223.80 | \$49,223.80 |

| Code | Total Completion Intangibles | \$0.00 | \$541,461.80 | \$541,461.80 |
|------|------------------------------|----------------|--------------|----------------|
| | Total Intangibles | \$1,918,736.38 | \$541,461.80 | \$2,460,198.18 |

| Drilling and Completion Tangibles | | | | |
|-----------------------------------|---|--------------------|------------|--------------|
| 170-105 | Surface Casing 1400' | 9 5/8" J55 36# | \$0.00 | \$0.00 |
| 170-110 | Intermediate Casing | | \$0.00 | \$0.00 |
| 170-115 | Production Casing 6600' | 7" 26 & 29# P-110 | \$0.00 | \$230,818.09 |
| 170-115 | Production Liner 10700' | 4 1/2" 11.6# P-110 | \$0.00 | \$114,381.31 |
| 170-120 | Production Tubing 6300 | 2 7/8" J55 6.5# | \$0.00 | \$50,839.43 |
| 170-125 | Wellhead Equipment-- Long String | | \$0.00 | \$20,000.00 |
| 170-126 | Wellhead Equipment-- Surface & Intermediate | | \$1,600.00 | \$0.00 |
| 170-130 | Floating Equipment-- Long String | | \$0.00 | \$8,000.00 |
| 170-131 | Floating Equipment-- Surface & Intermediate | | \$2,500.00 | \$0.00 |
| 170-135 | Rods | | \$0.00 | \$32,458.56 |
| 170-140 | Subsurfaces Equipment | | \$0.00 | \$155,500.00 |
| 170-145 | Linepipe | | \$0.00 | \$3,500.00 |
| 170-150 | Tanks,Treater,Separators | | \$0.00 | \$175,000.00 |
| 170-155 | Pumping Unit And Engine | | \$0.00 | \$100,000.00 |
| 170-160 | Other Miscellaneous Equipment | | \$0.00 | \$5,000.00 |
| | Contingency | | \$410.00 | \$89,549.74 |

| Total Tangible | \$4,510.00 | \$985,047.13 | \$989,557.13 |
|----------------|------------|--------------|--------------|
|----------------|------------|--------------|--------------|

| TOTAL WELL COSTS | \$1,923,246.38 | \$1,526,508.93 | \$3,449,755.31 |
|------------------|----------------|----------------|----------------|
|------------------|----------------|----------------|----------------|

Interest Owner: _____ Interest: _____

Approved By: _____ Date: _____

Prepared By: Lee Livingston

Total Contingency: \$313,614.12
Total w/o Contingency: \$3,136,141.19

EXHIBIT

C