

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

IN THE MATTER OF THE APPLICATION
OF ENERGEN RESOURCES CORPORATION
FOR COMPULSORY POOLING,
RIO ARRIBA COUNTY, NEW MEXICO

CASE NO. 14424

AFFIDAVIT OF DAVID POAGE

STATE OF NEW MEXICO)
) ss.
COUNTY OF SAN JUAN)

DAVID POAGE, being duly sworn, states:

1. I am the age of majority and am otherwise competent to testify to the matters set forth herein of which I have personal knowledge.
2. I am the San Juan Basin District Landman for Energen Resources Corporation in its Farmington, New Mexico office.
3. Energen seeks the Division's approval as follows: Applicant seeks an order pooling all mineral interests in the Fruitland Coal formation, (Basin-Fruitland Coal Gas Pool) underlying irregular Section 9, Township 32 North, Range 4 West, NMPM, Rio Arriba County, New Mexico, forming a 273.12 acre spacing and proration unit to be dedicated to the Carracas 9 B well No. 16-H. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Energen Resources Corporation as operator and a charge for risk involved in drilling the well.
4. I have had the responsibility of determining ownership and proposing the drilling of the Carracas 9 B Well No. 16-H to the unjoined or unleased mineral interest owners in irregular Section 9, Township 32 North, Range 4 West, Rio Arriba County, New Mexico. As explained below, Energen expects no opposition to its compulsory pooling application.

5. Energen owns or controls the minerals or oil and gas leasehold in the following tracts in Section 9:

Tract 1	S/2 S/2	160 acres	USA NMNM 29339
Tract 2	Parts of Lots 5&6	57.21 acres	R. Markham/P. Bailey (2/3rds)
Tract 3	Lots 5 & 6	13.79 acres	R. Markham (50%)
Tract 4	Lots 7 & 8	57.21 acres	Energen Resources Corporation

6. Energen commissioned an examination of title and a title opinion was rendered. It was determined that record title to 1/3rd of the mineral interest in Tract 2 and 50% in Tract 3 is in Wanda S. Blasingame, who was formerly known as Wanda S. Troxell and Wanda S. Roberts. Wanda S. Blasingame owned the minerals as her sole and separate property. She is deceased and there is no evidence of the probate of her estate.
7. We have conducted a diligent search of all public records in the county to determine the identity of the apparent heirs of Wanda S. Blasingame. Additionally, we performed several internet searches for current contact information for these heirs on Google, Yahoo and Anywho.com. Some of these heirs have been located and leases have been obtained from them. In other cases, leases have been solicited from the heirs, but with no response was received. These individuals are identified on Exhibit A. In my opinion, Energen has made a diligent and good faith effort to obtain the voluntary participation of these apparent heirs. However, because record title is not vested in them, it is necessary to conduct compulsory pooling of the record title interest owner, Wanda S. Blasingame.
8. Exhibit B is a plat outlining the spacing unit to be pooled and the proposed well's location.
9. The depth of the proposed well is shown in Exhibit C.
10. The location for the Carracas 9 B Well No. 16-H has been approved pursuant to the provisions of Order No. R-13119.
11. Energen's AFE for the well is attached as Exhibit D. Our estimates of overhead and administrative costs while drilling the well and while producing the well are \$5,500.00 per month (drilling) and \$550.00 per month (producing). These costs are in line for similar wells in the area.
12. I have reviewed the Application and the materials submitted in connection therewith. The information set forth therein is correct and complete to the best of my knowledge and belief.

FURTHER AFFIANT SAYETH NOT.

David Poage
DAVID POAGE

Subscribed, sworn to and acknowledged before me on this 15th day of
January, 2010, by David Poage.

Gillian Black
Notary Public

My commission expires: October 2nd, 2011



00152538

CARRACAS 9B #16
T32N, R4W, Rio Arriba County, NM
Section 9: Lots 5 (27.95), 6 (27.95), 7 (28.56), 8 (28.65), & S/2S/2
Containing 273.12 acres, more or less

Tract	ERC's Tract	Tract Legal Description	Gross Acres	Lease Name	Lease	MI	Net Acres	RI	GWI	RI	NRI	Working Interest		Acres	
												Unleased	Leased	Unleased	Leased
1		S/2S/2	160.0000	USA NMNM-29339	NM002256-00R	100.0000000%	160.0000	12.5000000%	58.582308%	7.322789%	51.259520%		58.582308%		160.0000
					Subtotal:	100.0000000%	160.0000		58.582308%			0	58.582308%	0	160.0000
2	31939	A tract of land out of Lots 5 & 6	13.7900	Ramona Markham f/n/a² Ramona S. Troxell (1/3) Patsy A. Bailey (1/3) Estate of Wanda S. Blassingame (1/3): 1. Oliver Troxell 2. Ramona Troxell aka Ramona Markham 3. James & Elizabeth Troxell 4. Forest Troxell Heir: Brandon Troxell (1/4 th) 4. Forest Troxell Heir: Shane Troxell (1/4 th) 4. Forest Troxell Heir: Chad (Minor Son - 1/4 th) 4. Forest Troxell Heir: Trey (Minor Son - 1/4 th)	NM002267-01P NM002267-03P NM002267-02P NM002267-01P Leased Unleased Unleased Unleased Unleased Subtotal:	33.3333333% 33.3333333% 8.3333334% 8.3333334% 8.3333334% 2.0833333% 2.0833333% 2.0833333% 2.0833333% 100.0000000%	4.5967 4.5967 1.1492 1.1492 1.1492 0.2873 0.2873 0.2873 0.2873 13.7900	12.5000000% 12.5000000% 12.5000000% 12.5000000% 12.5000000% 12.5000000% 12.5000000% 12.5000000% 12.5000000% 12.5000000%	1.683021% 1.683021% 0.420755% 0.420755% 0.420755% 0.105189% 0.105189% 0.105189% 0.105189% 5.049063%	0.210378% 0.210378% 0.052594% 0.052594% 0.052594% 0.105189% 0.105189% 0.105189% 0.105189% 4.470524%		1.683021% 1.683021% 0.420755% 0.420755% 0.420755% 0.105189% 0.105189% 0.105189% 0.105189% 1.1492		4.5967 4.5967 1.1492 1.1492 1.1492 0.2873 0.2873 0.2873 0.2873 12.640833	
3	31938	Lots 5 & 6, L/E a 13.79 acre tract Lot 5 (NESE) 27.96 Lot 6 (NWSE) 27.95	42.1200	Ramona Markham f/n/a² Ramona S. Troxell (50%) Estate of Wanda S. Blassingame (50%): 1. Oliver Troxell 2. Ramona Troxell aka Ramona Markham 3. James & Elizabeth Troxell 4. Forest Troxell Heir: Brandon Troxell (1/4 th) 4. Forest Troxell Heir: Shane Troxell (1/4 th) 4. Forest Troxell Heir: Chad (Minor Son - 1/4 th) 4. Forest Troxell Heir: Trey (Minor Son - 1/4 th)	NM002267-01P Leased NM002267-01P Leased Unleased Unleased Unleased Subtotal:	50.0000000% 12.5000000% 12.5000000% 12.5000000% 3.1250000% 3.1250000% 3.1250000% 100.0000000%	21.0600	12.5000000% 12.5000000% 12.5000000% 12.5000000% 1.3163 1.3163 1.3163 42.1200	7.710896% 1.927724% 1.927724% 1.927724% 0.481931% 0.481931% 0.481931% 15.421793%	0.963862% 0.240966% 0.240966% 0.240966% 0.481931% 0.481931% 0.481931% 0.481931%		7.710896% 1.927724% 1.927724% 1.927724% 0.481931% 0.481931% 0.481931% 13.494069%		21.0600 5.2650 5.2650 5.2650 1.3163 1.3163 1.3163 5.2650 36.8550	
4	31940	Lot 7 & 8 Lot 7 (NESW) 28.56 Lot 8 (NWSW) 28.65	57.2100	Energen Resources Corporation		100.0000000%	57.2100	0.0000000%	20.946837%	0.0000000%	20.946837%		20.946837%		57.2100
					Subtotal:	100.0000000%	57.2100	0.0000000%	20.946837%	0.0000000%	20.946837%	0.0000000%	20.946837%	0.0000000%	57.2100
					TOTAL:		273.1200		100.0000000%		75.676880%		97.651521%	6.4142	266.7058

Updated Title Opinion dated October 29, 2009

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised October 12, 2005

DISTRICT II
1301 W. Grand Avenue, Artesia, N.M. 88210

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT III
1000 Rio Brazos Rd., Artesia, N.M. 87410

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30039-30821	*Pool Code 71629	*Pool Name BASIN FRIUTLAND COAL
*Property Code 37888	*Property Name CARRACAS 9B	*Well Number 16-H
*OGRID No. 162928	*Operator Name ENERGEN RESOURCES CORPORATION	*Elevation 6198'

¹⁰ Surface Location

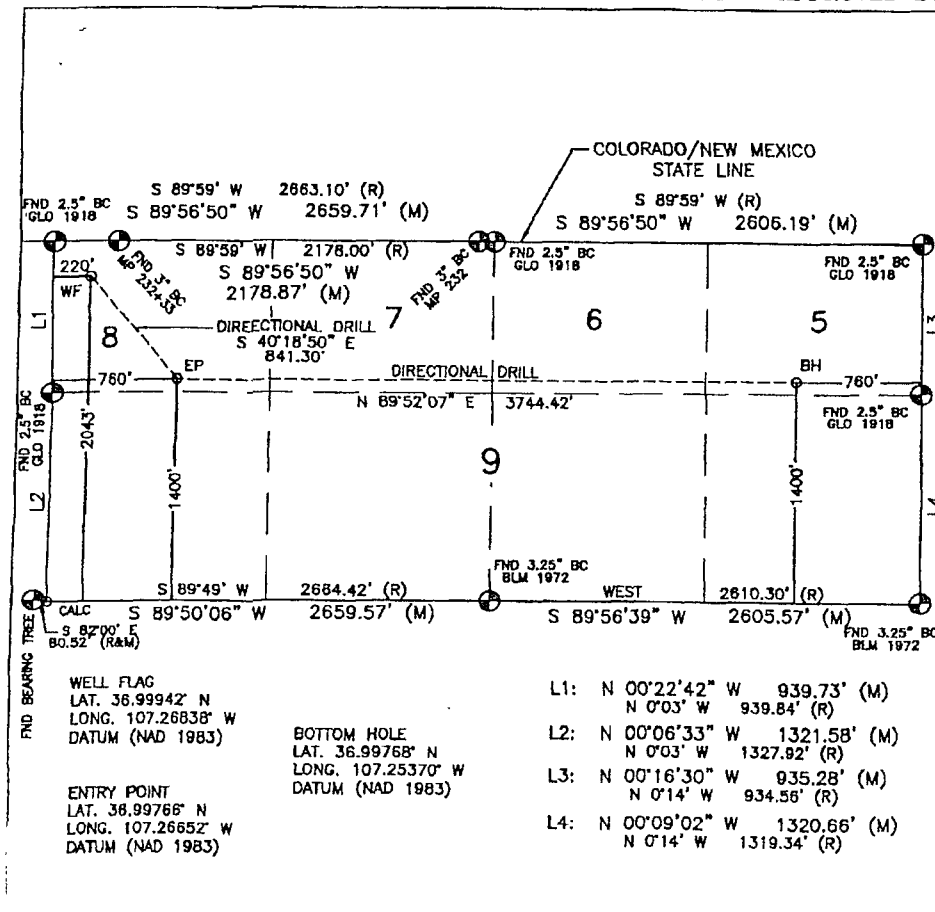
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	9	32N	4W	8	2043'	SOUTH	220'	WEST	RIO ARriba

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	9	32N	4W	5	1400'	SOUTH	760'	EAST	RIO ARriba
¹² Dedicated Acres			¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.		

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16



¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner or a compulsory pooling order heretofore entered by the division.

Signature: [Signature]
Date: 10-21-09
Printed Name: [Name]

¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

DECEMBER 4, 2008

Date of Survey

Signature and Seal of Professional Surveyor:



DAVID RUSSELL

Certificate Number

10201

State of New Mexico
Energy, Minerals & Natural Resources

Form C-101
June 16, 2008

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

Oil Conservation Division
1220 S. St. Francis Dr.
Santa Fe, NM 87505

Submit to appropriate District Office

☐ AMENDED REPORT

**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN,
PLUGBACK, OR ADD A ZONE**

¹ Operator Name and Address ENERGEN RESOURCES CORPORATION 2010 Afton Place, Farmington NM 87401		² OGRID Number 162928
		³ API Number 30-039-30821
⁴ Property Code 37888	⁵ Property Name Carracas 9B	⁶ Well No. 16-H
⁹ Proposed Pool 1 Basin Fruitland Coal		¹⁰ Proposed Pool 2

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County
L	9	32N	4W	8	2043'	SOUTH	220'	WEST	Rio Arriba

⁸ Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County
I	9	32N	4W	5	1400'	SOUTH	760'	EAST	Rio Arriba

Additional Well Location

¹¹ Work Type Code Drill	¹² Well Type Code Gas	¹³ Cable/Rotary Rotary	¹⁴ Lease Type Code State	¹⁵ Ground Level Elevation 6198'
¹⁶ Multiple NO	¹⁷ Proposed Depth 7001' MD	¹⁸ Formation Fruitland	¹⁹ Contractor	²⁰ Spud Date 4/1/2010

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12-1/4"	9-5/8"	32.3	500	275	SURFACE
8-3/4"	7"	23	3855	660	SURFACE
6-1/4"	4-1/2"	11.6	7001	NONE	OPEN HOLE COMPL.

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

RCVD OCT 21 '09

OIL CONS. DIV.

DIST. 3

**NOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT**

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature:

Printed name: JASON KINCAID

Title: DRILLING ENGINEER

E-mail Address: JKINCAID@ENERGEN.COM

Date: 10/21/2009

Phone: 505-325-6800

OIL CONSERVATION DIVISION

Approved by:

Title: DEPUTY OIL & GAS INSPECTOR, DIST. III

Approval Date: OCT 27 2009

Expiration Date: OCT 27 2011

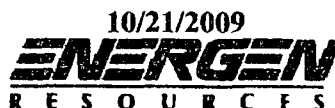
Conditions of Approval Attached ☐

Hold C104

For Directional Survey
and "As Drilled" plat

OCT 27 2009 *AV*

EXHIBIT C



OPERATIONS PLAN

WELL NAME.....Carracas 9B #16 -H
JOB TYPE.....Horizontal OPE FTC
DEPT.....Drilling and Completions
PREPARED BY.....Jason Kincaid

GENERAL INFORMATION

Surface Location	2043 FSL 220 FWL
S-T-R	(L) Sec.9, T32N, R04W
Bottom Hole Location	1400 FSL 760 FEL
S-T-R	(I) Sec.9, T32N, R04W
County, State	Rio Arriba, New Mexico
Elevations	6198' GL
Total Depth	7001' +/- (MD); 3055' (TVD)
Formation Objective	Basin Fruitland Coal

FORMATION TOPS

San Jose	Surface
Nacimiento	953' (TVD)
Ojo Alamo Ss	2313' (TVD)
Kirtland Sh	2460' (TVD)
Fruitland Fm	2908' (TVD) 3215'MD
Top Target Coal	3043' (TVD) 3675'MD
Base Target Coal	3067' (TVD)
Total Depth	3055' (TVD), 7001' (MD)

DRILLING

Surface: 12-1/4" wellbore will be drilled with a fresh water mud system (spud mud).

Intermediate: 8-3/4" wellbore will be drilled with a LSND mud system. Weighting materials will be drill cuttings and if needed barite. Mud density is expected to range from 8.4 ppg to 9.0 ppg.

Production: 6-1/4" wellbore will be drilled with a fresh water or brine water system depending on reservoir characteristics. Anticipated BHP can be as high as 1100 psi.

Projected KOP is 1800' TVD with 5.0°/100' doglegs.

Blowout Control Specifications:

A 3000 psi minimum double ram or annulus BOP stack will be used following nipple up of casing head. A 2" nominal, 2000 psi minimum choke manifold will also be used. An upper Kelly Cock valve handle and drill string valve should be available to fit each drill string and be available on the rig floor during drilling operations. **Pressure test BOP to 250 psi for 15 min and 2000 psi for 15 min.**

Logging Program:

Open hole logs: None

Mudlogs: 2843' TVD, 3100' MD to TD

Surveys: Surface to KOP every 500' and a minimum of every 200' for directional.

CASING, TUBING & CASING EQUIPMENT

String	Start Depth	End Depth	Wellbore	Size	Wt	Grade
Surface	0	500	12-1/4"	9-5/8"	32.3 lb/ft	H-40 ST&C
Intermediate	0	3855	8-3/4"	7"	23 lb/ft	J-55 LT&C
TVD	0	3055				
Prod. Liner	3755	7001	6-1/4"	4-1/2"	11.6 lb/ft	J-55 LT&C
TVD	3053	3055				
Tubing	0	3700	none	2-3/8"	4.7 lb/ft	J-55

Surface Casing: Texas Pattern Guide Shoe on bottom of first joint and an insert float valve on top of first joint. Casing centralization with a minimum of 3 standard bow spring centralizers to achieve optimal standoff.

Intermediate Casing: Self fill float shoe with self fill float collar on bottom and top of first joint. Casing centralization with double bow spring and centralizers to optimize standoff.

Production Liner: Bull nose guide shoe on bottom of first joint, H-Latch liner drop off tool on top of last joint.

WELLHEAD

11" 3000 x 9 5/8" weld/slip on casing head. 9 5/8" x 7"x 2 3/8" 3000 psi Flanged Wellhead .

CEMENTING

Surface Casing: 275 sks Type V with 2.0 % CaCl₂ and ¼ #/sk Flocele (15.6 ppg, 1.18 ft³/sk 313 ft³ of slurry, 100% excess to circulate to surface). WOC 12 hours. Pressure test surface casing to 750 psi for 30 min.

Intermediate Casing: Depending on wellbore conditions, cement may consist of 510 sks 65/35 with 6.0 % Bentonite, 2.0 % CaCl₂, 10 #/sk Gilsonite, and ½ #/sk Flocele (12.3 ppg, 1.93 ft³/sk) and a tail of 150 sks Class G with ¼ #/sk Flocele (15.6 ppg, 1.18 ft³/sk). (1160 ft³ of slurry, 100% excess to circulate to surface). WOC 12 hours. Test casing to 1200 psi for 30 min.

Production Liner: NO CEMENT, Open Hole Completion

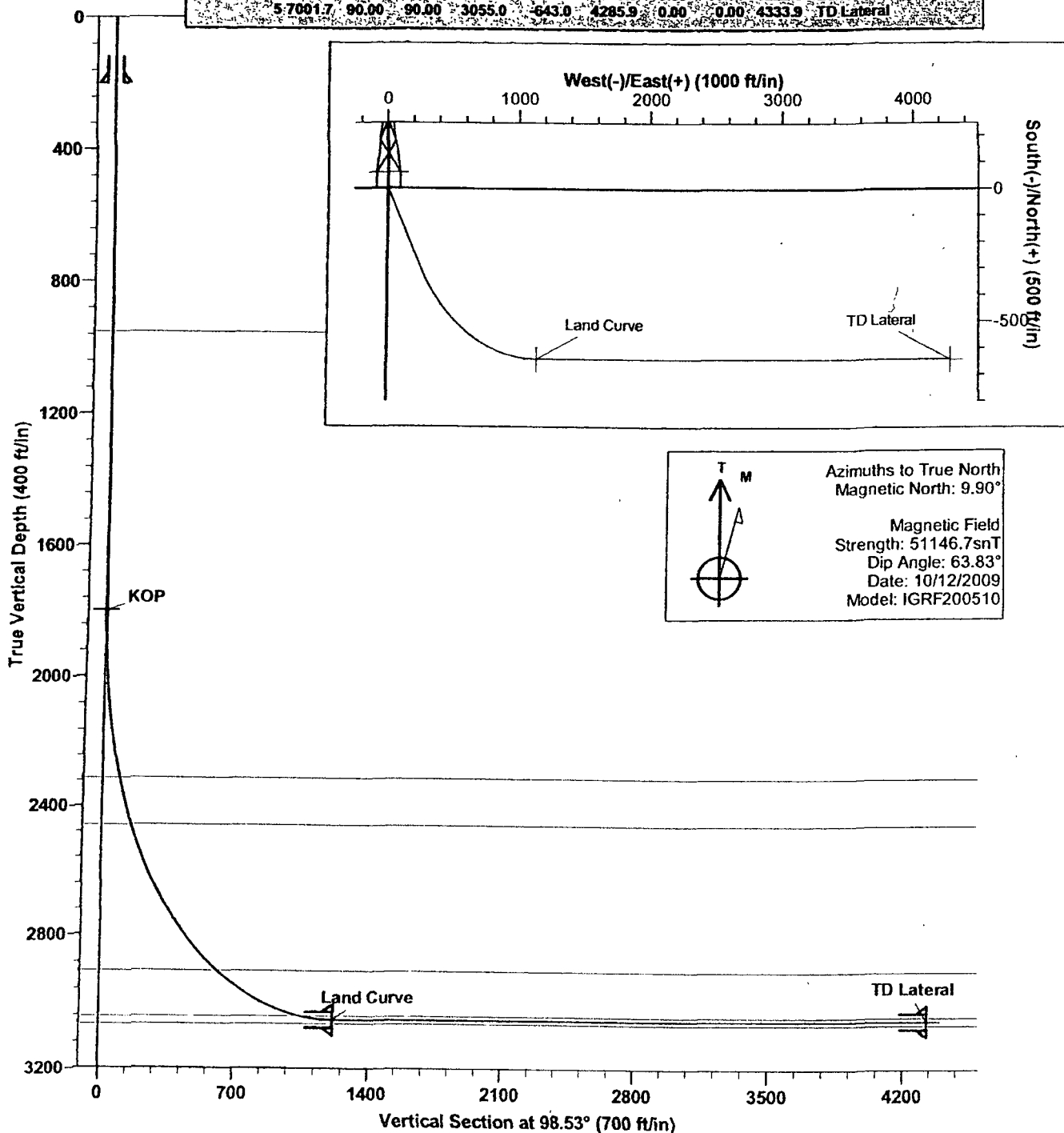
Set slips with full string weight

If cement does not circulate, run temperature survey in 8 hrs. to determine TOC.

OTHER INFORMATION

- 1) This well will be an open hole completion lined with an uncemented pre-drilled liner.
- 2) If lost circulation is encountered, sufficient LCM will be added to the mud system to maintain well control. The intermediate string may need to be cemented in multiple stages with a slurry design deviated from that listed above.
- 3) If high reservoir pressures or water flows are encountered slurry design may need to be deviated to from those listed above to satisfy wellbore and formation conditions.
- 4) No abnormal temperatures or pressures are anticipated.
- 5) This gas is dedicated.

SECTION DETAILS											
Sec	MD	Inc	Azi	TVD	HI-S	EA-W	DLeg	TFace	VSec	Target	
1	0.0	0.00	0.00	0.0	0.0	0.0	0.00	0.00	0.0		
2	1800.0	0.00	0.00	1800.0	0.0	0.0	0.00	0.00	0.0	KOP	
3	2780.2	49.01	139.70	2684.9	300.7	255.0	5.00	139.70	296.8		
4	3855.8	90.00	90.00	3055.0	-643.0	1140.0	5.65	-60.91	1222.8	Land Curve	
5	7001.7	90.00	90.00	3055.0	-643.0	4285.9	0.00	0.00	4333.9	TD Lateral	





Energen Resources

Directional Plan

Company: Energen Resources
Project: Carson National Forest Sec.9-T32N-R04W
Site: Carracas Mesa
Well: Carracas 9B 316
Wellbore: Horizontal OPE FTC
Design: Preliminary Plan #1

Local Co-ordinate Reference: Well Carracas 9B 316
TVD Reference: KB @ 6213.0ft (Drilling Rig)
MD Reference: KB @ 6213.0ft (Drilling Rig)
North Reference: True
Survey Calculation Method: Minimum Curvature
Database: EDM 2003.16 Single User Db

Targets

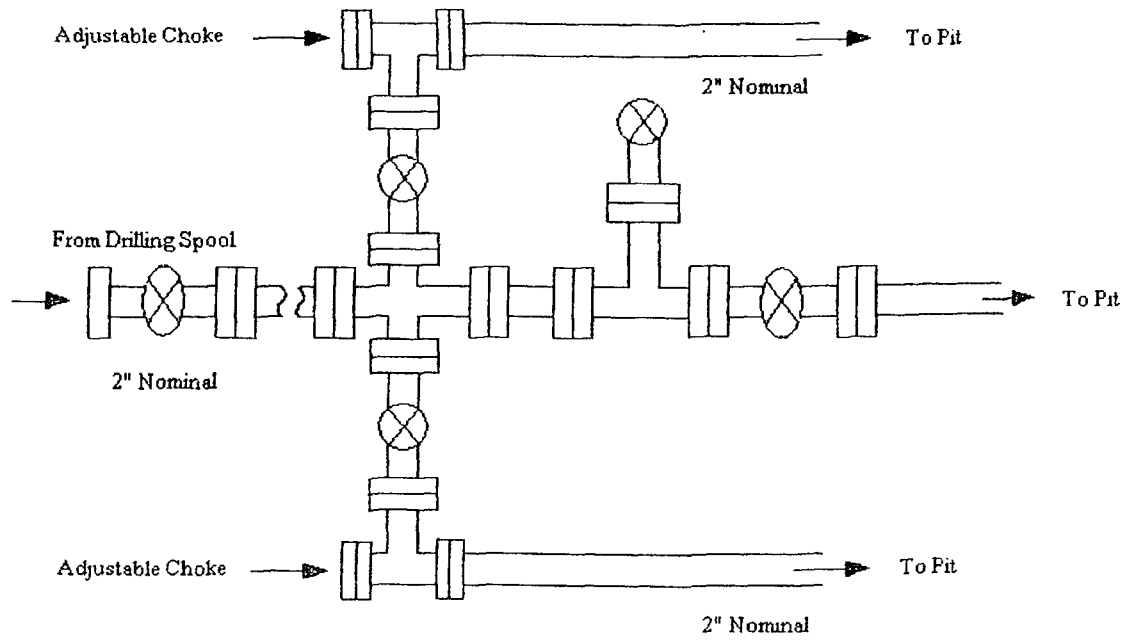
Target Name - hit/miss target - Shape	Dip Angle (°)	Dip Dir. (°)	TVD (ft)	+N/-S (ft)	+E/-W (ft)	Northing (ft)	Easting (ft)	Latitude	Longitude
Land Curve - plan hits target - Point	0.00	0 00	3,055.0	-643.0	1,140.0	2,184,020.72	1,344,172.83	36° 59' 51.554 N	107° 15' 52.115 W
KOP - plan hits target - Point	0.00	0.00	1,800.0	0.0	0.0	2,184,675.87	1,343,039.77	36° 59' 57.912 N	107° 16' 6.168 W
TD Lateral - plan hits target - Point	0.00	0.00	3,055.0	-643.0	4,285.9	2,183,987.06	1,347,318.55	36° 59' 51.551 N	107° 15' 13.336 W

Formations

Measured Depth (ft)	Vertical Depth (ft)	Name	Lithology	Dip (°)	Dip Direction (°)
953.0	953.0	Nacimiento		0.00	
2,503.3	2,460.0	Kirtland		0.00	
2,331.9	2,313.0	Ojo Alamo		0.00	
3,215.4	2,908.0	Fruitland		0.00	
3,675.6	3,043.0	Top Target Coal		0.00	
	3,067.0	Base Target Coal		0.00	

Checked By: _____ Approved By: _____ Date: _____

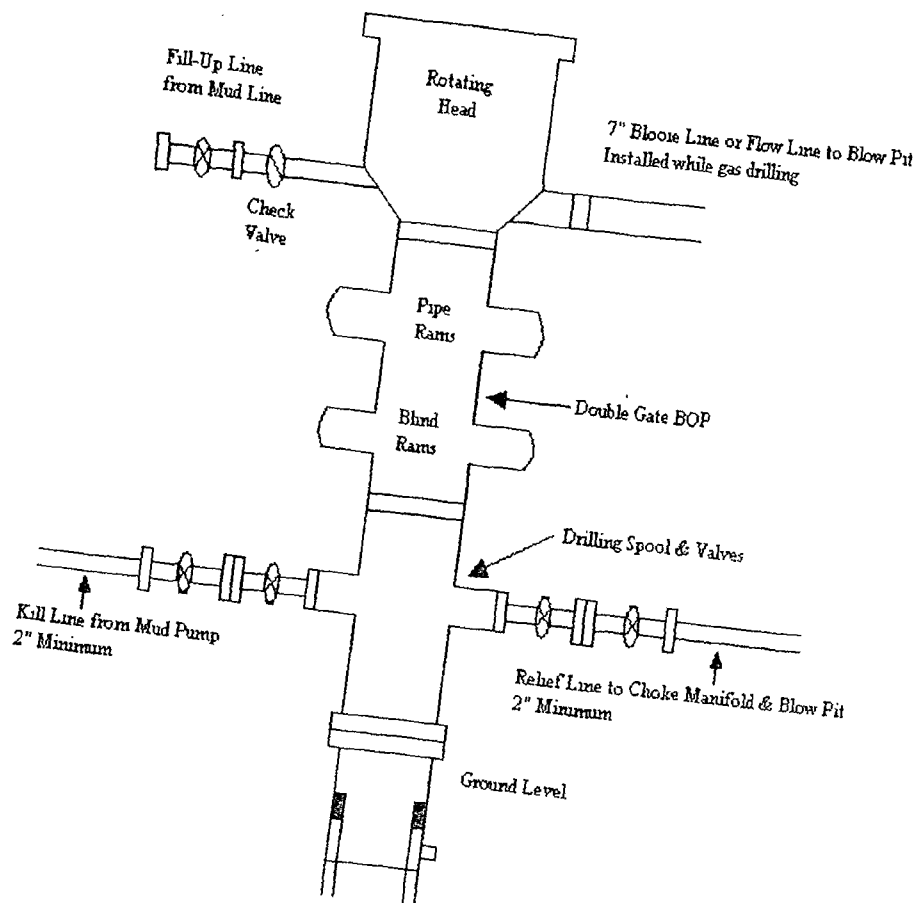
Energen Resources Corporation
Typical 2000 psi Choke Manifold Configuration



Choke manifold installed from surface to TD

Energen Resources Corporation

Typical BOP Configuration for Gas Drilling



ENERGEN RESOURCES

AUTHORITY FOR EXPENDITURE
ESTIMATED WELL COSTS

AFE NUMBER		SJ09-73		PROPERTY NUMBER		20973A		DATE		11/9/2009	
WELL NAME AND NUMBER						FIELD OR AREA					
Carracas 9B #16						Basin Fruitland Coal					
OPERATOR						COUNTY			STATE		
Energen Resources						Rio Arriba			New Mexico		
PROJECT DESCRIPTION AND LOCATION						SECTION: 9		TOWNSHIP		32N RANGE 4W	
New Development Well						PROPOSED FORMATION			PROPOSED DEPTH		
						Fruitland Coal			7,001		
<input checked="" type="checkbox"/> SINGLE		<input type="checkbox"/> OIL		<input type="checkbox"/> EXPL.		<input type="checkbox"/> WORKOVER		<input checked="" type="checkbox"/> CAPITAL		DEEPEN	
<input type="checkbox"/> DUAL		<input type="checkbox"/> GAS		<input checked="" type="checkbox"/> DEV.		<input type="checkbox"/> STRAT.		<input type="checkbox"/> EXPENSE		<input type="checkbox"/> YES <input type="checkbox"/> NO	
<input checked="" type="checkbox"/> LAND		<input type="checkbox"/> BAY		DATE TO START		DAYS TO DRILL/COMPLETE		<input checked="" type="checkbox"/> ORIGINAL			
<input type="checkbox"/> MARSH		<input type="checkbox"/> GULF		4/15/2010		20 10		<input type="checkbox"/> SUPPLEMENT			
TANGIBLES - 940						DRY HOLE COSTS		COMPLETION COSTS		TOTAL COSTS	
TUBULAR GOODS											
101	Conductor Pipe	In.		Ft.		\$/Ft.					\$0.00
106	Surface Casing	9 5/8 In.		200 Ft.		27.00 \$/Ft.		\$5,400.00			\$5,400.00
104	Production	In.				\$/Ft.					\$0.00
104	First Inter.	7 In.		4,800 Ft.		19.00 \$/Ft.		\$91,200.00			\$91,200.00
104	Second Inter.	In.				\$/Ft.					\$0.00
104	Prod. Liner	4 1/2 In.		3,700 Ft.		10.00 \$/Ft.			\$37,000.00		\$37,000.00
105	Rods	7/8 In.		4,700 Ft.		3.65 \$/Ft.			\$17,155.00		\$17,155.00
107	Tubing	2 3/8 In.		4,700 Ft.		4.29 \$/Ft.			\$20,163.00		\$20,163.00
107	Tubing	In.				\$/Ft.					\$0.00
EQUIPMENT											
201	Wellhead								\$10,500.00		\$10,500.00
102,103	Tbg & Csg Acc,liner hgr, Prod Pkr.								\$32,500.00		\$32,500.00
202,203	Production										
205,206	Equipment								\$70,000.00		\$70,000.00
204	Other	Pipeline							\$30,000.00		\$30,000.00
TOTAL TANGIBLES						\$96,600.00		\$217,318.00		\$313,918.00	
INTANGIBLES - 950											
DRILLING COSTS											
103	Turnkey										\$0.00
103	Footage			Ft.		\$/Ft.					\$0.00
103	Day Work			20 Da.		14,000.00 \$/Da.		\$280,000.00			\$280,000.00
208	Comp Rig			120 Hr.		255.00 \$/Hr.			\$30,600.00		\$30,600.00
208	Service unit								\$10,000.00		\$10,000.00
105	Rental Tools, Services, Chokes, Etc.							\$120,000.00	\$180,000.00		\$300,000.00
107,205	Rig Moving Cost							\$30,000.00			\$30,000.00
105	Other	Drill Pipe						\$11,000.00	\$10,000.00		\$21,000.00
CEMENTING (INCL. FLOAT EQUIP. ETC.)											
102	Surface							\$4,800.00			\$4,800.00
102	Intermediates							\$21,000.00			\$21,000.00
201	Production										\$0.00
201	Production Liners										\$0.00
102	Tieback String										\$0.00
201	Squeeze Cemt. (incl. Ret. & Pkrs.)										\$0.00
201	Other										\$0.00
FORMATION TREATMENT											
207	Acidizing								\$5,000.00		\$5,000.00
207	Fracturing Equipment & Materials										\$0.00
204	Frac. Fluid	Gas									\$0.00
203,205	Tank Rental & Hauling										\$0.00
SPECIAL SERVICES											
206	Perforation (set B.P. & Pkrs., Wireline Etc.)										\$0.00
150	Mud Logging Data Units							\$10,000.00	\$20,000.00		\$30,000.00
150	Formation Logging										\$0.00
160,250	Cores, DST=s, Well Testing, etc.										\$0.00
150	Drilling Logs (CBL, Tracer, Inspection, W.L.)										\$0.00
203	Packer & Retr. B.P.										\$0.00
206	Whipstocking & Sidetracking										\$0.00
206	Compressors										\$0.00
DRILLING FLUIDS											
104	Mud & Chemicals							\$35,000.00	\$15,000.00		\$50,000.00
108	Water & Brine							\$20,000.00	\$20,000.00		\$40,000.00
108	Other (Gas & Air)										\$0.00
MATERIALS & SERVICES OTHER											
101	Bits & Reamers							\$8,250.00	\$5,000.00		\$13,250.00
106	Fuel							\$15,000.00	\$15,000.00		\$30,000.00
107,205	Hauling							\$14,800.00	\$7,400.00		\$22,200.00
201	Tubular Inspection										\$0.00
105,203	Testing (Manifolds, BOP, Tbg Etc)							\$2,100.00	\$2,100.00		\$4,200.00
105,203	Misc. Csg Exp (Run Csg, Sandblasting, Etc.)							\$5,500.00	\$5,000.00		\$10,500.00
203	Tank Rentals										\$0.00
203	Equipment Rental							\$20,000.00	\$20,000.00		\$40,000.00
203	Misc. Exp.										\$0.00
LOCATION, ACCESS, CLEANUP											
030	Road/Site/Construction							\$160,000.00	\$75,000.00		\$235,000.00
060,080	Safety/Environmental							\$2,500.00			\$2,500.00
020	SUPERVISION & LEGAL ETC.							\$22,000.00	\$8,000.00		\$30,000.00
TOTAL INTANGIBLES						\$781,950.00		\$428,100.00		\$1,210,050.00	
Plus 10 % Contingency						\$78,195.00		\$42,810.00		\$121,005.00	
TOTAL INTANGIBLES WITH 10% CONTINGENCY						\$860,145.00		\$470,910.00		\$1,331,055.00	
TOTAL TANGIBLES						\$96,600.00		\$217,318.00		\$313,918.00	
GRAND TOTAL						\$956,745.00		\$688,228.00		\$1,644,973.00	

Partner Name:		W.I. % for Dry Hole		W.I. % for Completion	
Date:		November 9, 2009		Partner's Approval	
Prepared by:		Jason L. Kincaid		Company Name:	
Approved by:				Date:	