

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

SUITE B
612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

July 10, 1998

David R. Catanach
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

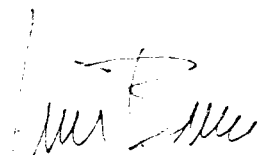
Re: Case No. 11,877 (Application of Fasken Land and Minerals,
Ltd. for compulsory pooling and an unorthodox gas well
location, Eddy County, New Mexico)

Case No. 11,960 (Application of Redstone Oil & Gas
Company for compulsory pooling and an unorthodox gas well
location, Eddy County, New Mexico)

Dear David:

As I mentioned over the phone, notice of the unorthodox location portion of Redstone's application was only given to Fasken. The Rock Tank Unit, operated by Redstone, covers all of Section 1 and the E½ of Section 12, 23 South-24 East, and all of Sections 6 and 7, 23 South-25 East. Therefore, there are no interest owners in that acreage to notify. In addition, all interest owners in the unit also own interests in the proposed well in Section 12. All interest owners were submitted a well proposal by Redstone, so all interest owners are aware of the well's location. Copies of the notice and proposal letters are enclosed. Please call if you need anything else.

Very truly yours,



James Bruce

Attorney for Redstone
Oil & Gas Company

Handwritten: CASE FILE
Stamp: JUL 13 1998
Handwritten: 11960

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF REDSTONE OIL &
GAS COMPANY FOR COMPULSORY
POOLING AND AN UNORTHODOX GAS
WELL LOCATION, EDDY COUNTY, NEW MEXICO.

Case No. 11,960

AFFIDAVIT REGARDING NOTICE

STATE OF NEW MEXICO)
COUNTY OF SANTA FE) ss.

James Bruce, being duly sworn upon his oath, deposes and states:

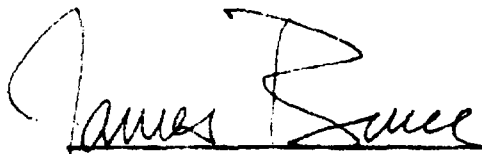
1. I am over the age of 18, and have personal knowledge of the matters set forth herein.

2. I am an attorney for Applicant.

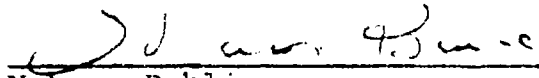
3. Applicant has conducted a good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the Application filed herein.

4. Notice of the Application was provided to the interest owner at its correct address by mailing it, by certified mail, a copy of the Application. Copies of the notice letter and certified return receipt are attached hereto as Exhibit A.

5. Applicant has complied with the notice provisions of Division Rule 1207.


James Bruce

SUBSCRIBED AND SWORN TO before me this 1st day of April, 1998, by James Bruce.


Notary Public

My Commission Expires:

3/14/2001

NEW MEXICO
OIL CONSERVATION DIVISION

Redstone EXHIBIT A

CASE NO. _____

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

SUITE B
612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

March 11, 1998

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Fasken Land and Minerals, Ltd.
Suite 1900
303 West Wall Street
Midland, Texas 79701

Ladies and Gentlemen:

Enclosed is a copy of an application for compulsory pooling filed at the New Mexico Oil Conservation Division by Redstone Oil & Gas Company regarding the Section 12, Township 23 South, Range 24 East, NMPM, Eddy County, New Mexico. This matter will be heard at 8:15 a.m. on Thursday, April 2, 1998 at the Division's offices at 2040 South Pacheco Street, Santa Fe, New Mexico 87505. As an interest owner in the well unit, you have the right to appear at the hearing and participate in the case. Failure to appear at the hearing will preclude you from contesting this matter at a later date.

Very truly yours,



James Bruce

Attorney for Redstone
Oil & Gas Company

EXHIBIT

A

Is your RETURN ADDRESS completed on the reverse side?

Thank you for using Return Receipt Service.

SENDER:

- Complete items 1 and 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the envelope below the article number.
- The Return Receipt will show in which the article was delivered and the date delivered.

1. I also wish to receive the following services (for an extra fee):

- ☐ Addressee's Address
- ☐ Restricted Delivery

Consult postmaster for fee.

2. Article Addressed to:

FASKEV LAND +
MINERALS LTD
303 W. WALL #1900
MIDLAND, TX.
79701

3. Article Number

2432546197

4a. Service Type

- ☐ Registered
- ☐ Express Mail
- ☒ Certified
- ☐ Insured
- ☐ COD

4b. Return Receipt for Merchandise ☐ **5. Received By: (Print Name)**

79701

6. Signature of Addressee or Agent

X *Steve Knappa*

7. Date of Delivery

3/3/98

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3800, April 1995

Domestic Return Receipt

PS Form 3800, April 1995

2 432 546 197

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided.
Do not use for International Mail. (See reverse)

Sent to
Fasken Land & Minerals Ltd
Street & Number
303 W. Wall, Suite 1900
Post Office, State, & Zip Code
Midland, TX 79701

Postage	\$.55
Certified Fee	1.35
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.10
Return Receipt Showing Date, & Addressee's Name	
TOTAL Postage & Fee	1.90
Postmark or Date	1998

USPS

Redstone EXHIBIT B

CASE NO. 11960

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF REDSTONE OIL & GAS
COMPANY FOR COMPULSORY POOLING AND
AN UNORTHODOX GAS WELL LOCATION
EDDY COUNTY, NEW MEXICO**

Case No. 11,960

AFFIDAVIT OF JOE E. SMALL

STATE OF TEXAS)
COUNTY OF DALLAS) ss.

Joe E. Small, being duly sworn upon his oath, deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters set forth herein.
2. I am employed by Redstone Oil & Gas Company ("Redstone") as a petroleum landman. I am Redstone's Vice President - Land.
3. On February 9, 1998, I mailed a proposal letter to all working interest owners in Section 12, Township 23 South, Range 24 East, NMPM, regarding Redstone's proposed Rock Tank Well No. 5, to be located 500 feet FNL and 2515 feet FEL of Section 12. A copy of Redstone's proposal letter is attached hereto as Exhibit A.
4. I followed up the letter with a subsequent letter to Fasken Land and Minerals, Ltd. and phone calls to the other working interest owners in Section 12.



Joe E. Small

SUBSCRIBED AND SWORN TO before me this 1st day of April, 1998, by Joe E. Small.



Notary Public

My Commission Expires:

12-8-99





February 9, 1998

TO THE OWNERS ON THE ATTACHED LIST:

Re: Proposed Rock Tank #5
300' FNL & 2,515' FEL Section 12-23S-24E
NMPM, Eddy County, New Mexico

Gentlemen:

Pursuant to the terms of our Operating Agreement dated January 1, 1970 covering all of Section 12-23S-24E as to the Morrow formation, and to our Operating Agreement dated August 1, 1967 covering the Rock Tank Unit, Redstone Oil & Gas Company (Redstone) hereby proposes the drilling of a well at the captioned location. Redstone proposed to drill this well to a depth of 10,500 feet or a depth sufficient to test the Lower Morrow formation, whichever is lesser. Our estimated dry hole cost is \$487,564 and our estimated total well cost is \$717,958. Attached is our AFE for the drilling and completing of this well.

The existing spacing for the Morrow is the 640 acres comprising all of Section 12. As to any gas zones below the top of the Wolfcamp which the Division spaces on 320 acres, Redstone proposes the owners form a spacing unit consisting of the N/2 of Section 12.

In accordance with the above mentioned Operating Agreements, please indicate your election to participate in the above proposal with thirty days from the receipt of this letter by signing and returning one copy of this letter and the AFE to me at your earliest convenience.



8236 DOUGLAS AVENUE, SUITE 1050
DALLAS, TEXAS 75225

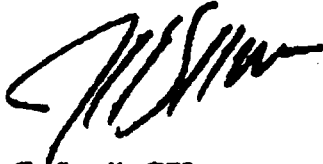
(214) 368-0202
FAX (214) 739-0061

Working Interest Owners
February 9, 1998
Page 2

If you have any questions regarding this matter, please advise.

Very truly yours,

REDSTONE OIL & GAS COMPANY



Joe E. Small, CPL
Vice President - Land

THE FOLLOWING ELECTION IS HEREBY MADE:

- ____ 1. We elect to participate in the drilling of the well as described above.
- ____ 2. We elect not to participate in the drilling of the well as described above

By : _____

Name: _____

Date: _____

Working Interest Owners

February 9, 1998

Page 3

Brooks Oil and Gas Interests

9696 Skillman, LB 34

Dallas, TX 75243

Max W. Coll II F/A/O

Rt. 9, Box 72F

Santa Fe, NM 87505

Fashion Oil & Ranch, Ltd.

303 West Wall, Suite 1900

Midland, TX 79701

Finwing Corporation

P.O. Box 10886

Midland, TX 79702

William Taylor Lagrone

P.O. Box 8020466

Dallas, TX 75380

Marta Oil and Gas Corp.

P.O. Box 10886

Midland, TX 79702

Petraltis Oil & Gas, Inc.

P.O. Box 10886

Midland, TX 79702

SES Oil & Gas, Inc.

214 W. Texas, Ste. 900

Midland, TX 79702-0371

Olwick Corp.

P.O. Box 10886

Midland, TX 79702

Redstone Oil & Gas Company

8235 Douglas Ave., Ste. 1050

Dallas, TX 75225

ILLEGIBLE

WELL COST ESTIMATE DRILLING AND COMPLETION

First Draft

State: N. Mexico County: Eddy Expenditure Type: (X) Development Drilling
 Field: Rock Tank Lease: Rock Tank () Injection Well
 Well Number: 8 File: () Exploratory Drilling
 Location: 24 1/2° N. 60° E. 500' R.N.L. Sec. 12, T23S, R24E () Recompletion
 Formation: Morrow
 Estimated TD: 10,000 feet

INTANGIBLE COSTS	COST TO DRILL	COST TO COMPLETE	TOTAL WELL COST ESTIMATE	SUB ACCT	QTY
Location & Rig	\$25,000	\$5,000	\$30,000		
Drillpipe & Joint of Way	\$2,000		\$2,000		
Move in, Rig up and Rig down	\$0		\$0		
Drilling - Feet: 10,000 @ \$28.50/ft	\$287,750		\$287,750		
Drilling - Cement: 3 days @ \$6800/day	\$20,400		\$20,400		
Mud	\$0		\$0		
Cement & Cementing Services	\$24,800	\$14,000	\$38,800		
Mud & Cement	\$20,000		\$20,000		
Mud Logging: 10 days @ 400/day	\$4,000		\$4,000		
Water, including water hauling	\$20,000		\$20,000		
Cement, Core Analysis	\$0		\$0		
Log, Cement & Mud	\$0		\$0		
Perforation	\$20,000	\$10,000	\$30,000		
Formation Tester	\$0		\$0		
Logging, Core Hole	\$14,000		\$14,000		
Trucking, Rod, Cable & Hot Shot Serv.	\$2,500		\$2,500		
Production Logging & Cementing	\$4,000	\$5,280	\$9,280		
Other Well Cost (misc. Labor)	\$2,800		\$2,800		
Overhead	\$1,000		\$1,000		
Completion, W.O. & Swabbing Unit		\$27,000	\$27,000		
Logging, Core Hole		\$3,000	\$3,000		
Perforation		\$5,000	\$5,000		
Swabbing (misc)		\$0	\$0		
Completion, W.O.		\$5,000	\$5,000		
Other Well Cost (misc Labor)		\$2,500	\$2,500		
Cement & Cementing Services P & A		\$0	\$0		
Completion, W.O.	\$21,388	\$3,888	\$25,276		
TOTAL INTANGIBLE COSTS	\$449,138	\$81,218	\$530,356		
PERMANENT WELL EQUIPMENT					
Casing, 1" x 10'	\$1,500		\$1,500		
Inner Casing, 400, 12 1/2" @ \$17.75/ft	\$7,118		\$7,118		
Intermediate Casing, 2000' x 20" @ \$12.00/ft & 11.85/ft	\$24,000		\$24,000		
Production Casing, 10,000' x 1 1/2" @ \$6.00 & \$7.88/ft		\$73,137	\$73,137		
Tubing, 10,000' x 2 3/8" @ \$2.20/ft		\$22,440	\$22,440		
Casing & Tubing Packer	\$5,780	\$5,800	\$11,580		
2000' Ties & Bottom Assembly		\$4,800	\$4,800		
Production Packer/Retainer Catcher		\$8,000	\$8,000		
Surface Rods & Bottom Hole Pump		\$0	\$0		
Cement		\$0	\$0		
Log		\$10,000	\$10,000		
Trucking, Drilling & Tank by Equip		\$10,000	\$10,000		
Painting, Gas Lines		\$8,000	\$8,000		
Misc. Pumps		\$10,000	\$10,000		
Trucking (Other Rod Equip)		\$1,800	\$1,800		
Overhead		\$1,000	\$1,000		
TOTAL WELL EQUIPMENT	\$38,438	\$148,177	\$186,615		
TOTAL COST	\$487,576	\$230,395	\$717,971		

RECOMMENDED BY: Scott Reed
 OPERATOR APPROVAL: REDSTONE OIL & GAS COMPANY
 BY: [Signature]
 TITLE: 10/2/88 - [Signature]
 JOINT INTEREST APPROVAL: _____
 BY: _____
 TITLE: _____

DATE: 2/1/88
 DATE: 2/1/88
 DATE: _____