

The Operating Agreement and COPAS that will be used for the Howser #2 is the same as was previously submitted and approved for the Compulsory Pooling Order No. R-11302 for Trilogy Operating, Inc.'s Dreessen #1 well drilled and completed in the SW/4 NE/4 of Section 1, T-20-S, R-38-E, Lea County, New Mexico and Compulsory Pooling Order No. R-11382 for Trilogy Operating, Inc.'s Howser #1 well drilled and completed in the NW/4 SE/4 of Section 1, T-20-S, R-38-E, Lea County, New Mexico. As testified to in Case No 12305, we propose to use a Drilling Overhead Rate of \$4,500.00 and a Producing Overhead Rate of \$450.00. The attached page reflects a summary overhead rates compiled and printed in the annual American Association of Professional Landman's Directory.

Region: Colorado Plateau, Basin and Range — 3

Oil Wells	Monthly Drilling Well Fixed Overhead Rates			Monthly Producing Well Fixed Overhead Rates		
	NUMBER OF RESPONSES	AVERAGE	MEDIAN	NUMBER OF RESPONSES	AVERAGE	MEDIAN
Depth in Feet						
0 - 5,000				3	\$462	\$476
5,001 - 10,000	1	\$5,000	\$5,000	8	575	478
10,001 - 15,000						
15,001 - 20,000						
20,001 +						
No Depth Limit	2	4,277	4,277	2	478	478
Gas Wells						
Depth in Feet						
0 - 5,000	3	\$3,663	\$5,000	7	\$410	\$475
5,001 - 10,000	4	5,326	5,000	9	481	477
10,001 - 15,000	1	6,000	6,000	1	600	600
15,001 - 20,000						
20,001 +						
No Depth Limit	1	2,809	2,809	1	281	281

Region: Rocky Mountains and Northern Great Plains — 4

Oil Wells	Monthly Drilling Well Fixed Overhead Rates			Monthly Producing Well Fixed Overhead Rates		
	NUMBER OF RESPONSES	AVERAGE	MEDIAN	NUMBER OF RESPONSES	AVERAGE	MEDIAN
Depth in Feet						
0 - 5,000	6	\$4,063	\$3,649	13	\$559	\$546
5,001 - 10,000	11	4,969	4,886	26	610	544
10,001 - 15,000	8	5,741	5,932	8	693	677
15,001 - 20,000	2	5,785	5,785	2	797	797
20,001 +	1	6,188	6,188	1	563	563
No Depth Limit						
10	5	\$4,674	\$4,674	8	\$523	\$553
10	3	5,183	4,730	9	658	672
10	2	5,985	5,985	4	760	658
10	1	1,905	1,905	1	381	381
	1	6,320	6,320	1	1,264	1,264
	1	6,750	6,750	1	799	799

Region: West Texas and Eastern New Mexico — 5

Oil Wells	Monthly Drilling Well Fixed Overhead Rates			Monthly Producing Well Fixed Overhead Rates		
	NUMBER OF RESPONSES	AVERAGE	MEDIAN	NUMBER OF RESPONSES	AVERAGE	MEDIAN
Depth in Feet						
0 - 5,000	48	\$3,367	\$3,000	98	\$402	\$450
5,001 - 10,000	44	4,176	4,500	87	458	450
10,001 - 15,000	17	5,019	5,000	25	607	600
15,001 - 20,000	3	5,128	5,128	3	475	450
20,001 +	1	8,000	8,000	1	950	950
No Depth Limit	6	5,107	5,373	6	511	576
Gas Wells						
Depth in Feet						
0 - 5,000	27	\$3,261	\$3,000	51	\$481	\$350
5,001 - 10,000	26	4,168	4,000	42	421	400
10,001 - 15,000	12	5,485	6,000	32	710	749
15,001 - 20,000	1	450	450	2	245	245
20,001 +	1	500	500	1	500	500
No Depth Limit	7	5,531	5,000	7	567	493

[illegible]

P.O. Box 7606
Midland, Texas 79708

RILOGY OPERATING, INC.

915/686-2027
FAX 915/686-2040

October 17, 2000

Home-Stake Oil & Gas Company
15 East 5th Street, Suite 2800
Tulsa, OK 74103-4311

Attn: Barbara Courtney Long

Re: Oil & Gas Lease
Howser #2 Well
SW/4 SE/4 Section 1, T-20-S, R-38-E,
Lea County, New Mexico
Zinke's Casa Prospect

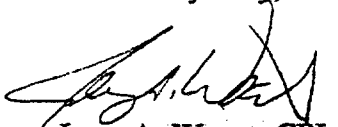
Dear Barbara:

As per our conversation, please find enclosed for your review and execution an Oil and Gas Lease covering the captioned lands from the surface down to a depth of 8000 feet. The lease is for a one (1) year primary term and provides for a 1/4th royalty.

Additionally enclosed is our check made payable to Home-Stake for \$250.00, being \$100.00 per net mineral acre times your 1/16th mineral interest. We intend to spud this well around October 25, 2000. As an alternative, I have enclosed a copy of our AFE for this well should Home-Stake desire to participate. I have also enclosed a copy of our map reflecting the Tubb structure.

We are preparing to file for a Compulsory Pooling Order for this well, since we are unable to locate a couple of mineral interest owners. As a precautionary measure, we will include Home-States' interest as a non-committed interest. Hopefully, you will lease to us as you have previously elected to in the Howser #1 well. Should you have any questions, please contact me. Your prompt attention will be appreciated.

Yours very truly,


Jerry A. Weant, CPL
President

Correspondence: Howser #2: Home-Stake

October 4, 2000

Evans Oil and Gas, LLC.
1513 East Old Shakopee Rd.
Bloomington, MN 55425-2440

Re: Howser #2 Well
660' FSL & 2310' FEL Section 1,
T-20-S, R-38-E, NMPM,
Lea County, New Mexico
Zinke's Casa Prospect

Gentlemen:

Trilogy Operating, Inc. has leased a majority of the mineral interest under the SE/4 of Section 1, T-20-S, R-38-E, NMPM, Lea County, New Mexico, and we are preparing to drill an Abo formation test. The well will be drilled to a depth of 7800 feet or a depth, in our opinion, sufficient to test the objective formation, whichever is the lesser.

Enclosed for your review is an AFE for said well. We have previously attempted to lease your 0.0002705 mineral interest, but we have not received any reply from you. We are currently preparing for a Compulsory Pooling hearing on this acreage. You should be receiving notice of said hearing promptly. The notice will outline your options. Should you elect to participate in this well for your mineral interest, please return one (1) executed copy of the AFE to our office. We will then send you a copy of our Operating Agreement covering these lands. Should you have any questions, please contact our office. Your prompt attention to this matter will be greatly appreciated.

Yours very truly,

Jerry A. Weant, CPL
President

Compulsory Pooling: Howser #2-

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. Received by (Please Print Clearly) B. Date of Delivery</p> <p>C. Signature <i>[Signature]</i> <i>[Stamp: BLOOMINGTON MN OCT 7 2000]</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>If YES, enter delivery address below: <input type="checkbox"/> Yes <input type="checkbox"/> No</p>	
1. Article Addressed to:		3. Service Type	
<i>Evans Oil and Gas, LLC.</i>		<input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail	
<i>1513 East Old Shakopee Rd.</i>		<input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise	
<i>Bloomington, MN 55425-2440</i>		<input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
2. Article Number (Copy from service label)		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

October 4, 2000

John F. Corvino and Rita M. Corvino
2550 S. Kinsington
Westchester, IL 60153

Re: Howser #2 Well
660' FSL & 2310' FEL Section 1,
T-20-S, R-38-E, NMPM,
Lea County, New Mexico
Zinke's Casa Prospect

Ladies & Gentlemen:

Trilogy Operating, Inc. has leased a majority of the mineral interest under the SE/4 of Section 1, T-20-S, R-38-E, NMPM, Lea County, New Mexico, and we are preparing to drill an Abo formation test. The well will be drilled to a depth of 7800 feet or a depth, in our opinion, sufficient to test the objective formation, whichever is the lesser.

Enclosed for your review is an AFE for said well. We have previously attempted to lease your 0.000093 mineral interest, but we have not received any reply from you. We are currently preparing for a Compulsory Pooling hearing on this acreage. You should be receiving notice of said hearing promptly. The notice will outline your options. Should you elect to participate in this well for your mineral interest, please return one (1) executed copy of the AFE to our office. We will then send you a copy of our Operating Agreement covering these lands. Should you have any questions, please contact our office. Your prompt attention to this matter will be greatly appreciated.

Yours very truly,

Jerry A. Weant, CPL
President

Compulsory Pooling: Howser #2-Corvino

U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)	
Article Sent To: <u>John F. Corvino</u>	
Postage	\$ <u>1.33</u>
Certified Fee	<u>1.40</u>
Return Receipt Fee (Endorsement Required)	<u>1.25</u>
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ <u>2.98</u>
Name (Please Print Clearly) (To be completed by mailer)	
Street, Apt. No.; or PO Box No. <u>2550 S. Kinsington</u>	
City, State, ZIP+4 <u>Westchester, IL 60153</u>	

PS Form 3800, July 1999 See Reverse for Instructions

October 4, 2000

Max R. Chudy, Jr., Executor
50 S. Meadow
Orchard Park, NY 14127

Re: Howser #2 Well
660' FSL & 2310' FEL Section 1,
T-20-S, R-38-E, NMPM,
Lea County, New Mexico
Zinke's Casa Prospect

Dear Mr. Chudy:

Trilogy Operating, Inc. has leased a majority of the mineral interest under the SE/4 of Section 1, T-20-S, R-38-E, NMPM, Lea County, New Mexico, and we are preparing to drill an Abo formation test. The well will be drilled to a depth of 7800 feet or a depth, in our opinion, sufficient to test the objective formation, whichever is the lesser.

Enclosed for your review is an AFE for said well. We have previously attempted to lease your 0.0002908 mineral interest, but we have not received any reply from you. We are currently preparing for a Compulsory Pooling hearing on this acreage. You should be receiving notice of said hearing promptly. The notice will outline your options. Should you elect to participate in this well for your mineral interest, please return one (1) executed copy of the AFE to our office. We will then send you a copy of our Operating Agreement covering these lands. Should you have any questions, please contact our office. Your prompt attention to this matter will be greatly appreciated.

Yours very truly,

Jerry A. Weant, CPL
President

Compulsory Pooling: Howser #2-

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.		<table border="1"><tr><td>A. Received by (Please Print Clearly)</td><td>B. Date of Delivery</td></tr><tr><td>X R. M. Corvino</td><td>10-10-00</td></tr><tr><td colspan="2">C. Signature</td></tr><tr><td colspan="2">X R. M. Corvino</td></tr><tr><td colspan="2"><input type="checkbox"/> Agent</td></tr><tr><td colspan="2"><input type="checkbox"/> Addressee</td></tr><tr><td colspan="2">D. Is delivery address different from item 1?</td></tr><tr><td colspan="2">If YES, enter delivery address below:</td></tr><tr><td colspan="2"><input type="checkbox"/> Yes</td></tr><tr><td colspan="2"><input type="checkbox"/> No</td></tr></table>		A. Received by (Please Print Clearly)	B. Date of Delivery	X R. M. Corvino	10-10-00	C. Signature		X R. M. Corvino		<input type="checkbox"/> Agent		<input type="checkbox"/> Addressee		D. Is delivery address different from item 1?		If YES, enter delivery address below:		<input type="checkbox"/> Yes		<input type="checkbox"/> No	
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<input type="checkbox"/> No																							
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50 S. Meadow		<input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise																					
Orchard Park, NY 14127		<input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.																					
2. Article Number (Copy from service label)		4. Restricted Delivery? (Extra Fee)																					
7099 3220 0005 7363 5474		<input type="checkbox"/> Yes																					