

H. L. BROWN, JR.  
POST OFFICE BOX 2237  
MIDLAND, TEXAS 79702-2237

December 8, 2000

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Tony Cauthorn  
1700 Airport Road  
Conway, South Carolina 29527

Re: Oil and Gas Lease  
T7S-R36E  
Section 8: N/2N/2 & S/2SW/4  
Roosevelt County, New Mexico  
HLBJR #503

Dear Mr. Cauthorn,

Reference is made to our previous correspondence regarding a small mineral interest owned by you in the captioned lands. We are again contacting you to propose leasing the mineral interest and are hopeful that we can come to an agreement. As we might have told you, we have been acquiring leases in this area for the past several years, and have now secured leases from approximately 90% of the owners. The owners we have not leased have not been found and the interest we are finalizing very small.

We are planning to drill a well on lands encompassing a portion of the above lands under which you own a .0023481 mineral interest. Inasmuch as some owners cannot be found, the state of New Mexico allows an operator to file a petition, which would allow compulsory pooling of the interest which couldn't be leased. This allows the operator to go forward with testing the minerals owned by the majority of the mineral owners who leased. If approved, the interests that are compulsory pooled are subject to a penalty imposed by the order. As such, we are filing for a hearing on this matter which would allow us to proceed with a well on the prospect.

We wish to provide you with a final opportunity to either lease to us or to participate on a voluntary basis. If you elect to participate your participation in the well will be subject to our joint operating agreement setting forth the provisions and procedures that will be followed. Please find enclosed a copy of our preliminary AFE, which sets forth our estimate of the costs of drilling and completing this well. Due to industry conditions this cost is expected to increase. The well is to be located at an unorthodox well location 1400 feet from the east line and 1550 feet from the north line of Section 8 and dedicated to a 160-acre non-standard spacing and proration unit consisting of the NE/4 of this section.

With this in mind, we again propose to lease the mineral interest owned by you in the above-described lands and enclose a lease and draft for this interest. The estimated cost to drill and complete this well is expensive and costs are increasing due to industry demands. The well will be considered a wildcat, inasmuch as the nearest wells which have been drilled near these lands is more than 1 1/2 miles away. (These two wells were dryholes.) and there are no producing wells in the immediate vicinity. Should you elect not to lease or pay your proportionate part of the drilling cost, your interest will be compulsory pooled and subject to the order presented by the State of New Mexico. Thus, we would ask that you seriously consider leasing your interest to us.

BEFORE THE  
OIL CONSERVATION DIVISION  
Case No. 12589 Exhibit No. — **4**  
Submitted By:  
H. L. Brown  
Hearing Date: February 8, 2001

Mr. Cauthorn  
December 8, 2000  
Page 2

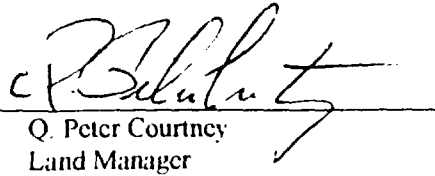
Should you decide to lease your interest, please execute the lease in the presence of a Notary Public and two (2) witnesses. Please return both the lease and draft to us. Payment to you for your interest will be sent directly to you upon receipt.

We would be happy to discuss any questions you may have with regard to the above. If you should have any questions, please contact the undersigned. Please notify us as to your decision regarding this matter as soon as possible.

Yours very truly,

H.L. Brown, Jr.

By:

  
Q. Peter Courtney  
Land Manager

QPC/hai

H. L. BROWN, JR.  
AUTHORITY FOR EXPENDITURE

LEASE & WELL NO: Robinson "B" No 1  
COUNTY: Roosevelt  
LOCATION: 1550 ft FNL & 1400 ft FEL, Section 8  
T-7-S, R-37-E

FIELD: Wildcat  
STATE: New Mexico  
OBJECTIVE: Drill & Complete Wildcat  
Oil Well

TOTAL DEPTH: 8.700  
WELL TYPE: oil  
AFE NO:  
WELL CODE:

INTANGIBLE DRILLING COST

		DRY HOLE (BCP)	COMPLETE (ACP)	TOTAL
Footage	<input type="text"/> feet @ <input type="text"/> per ft			
Turnkey Drilling				
Daywork	<input type="text"/> 20 days @ <input type="text"/> \$6,500 per day	123,500	6,500	130,000
Water		10,000	2,000	12,000
Mobilization: RU and RD		35,000		35,000
Coring and Analysis				
Land and Legal				
Location Survey & Elevation		1,200		1,200
Drillstem Tests	<input type="text"/> 2 DST's @ <input type="text"/> \$2,500 per DST	5,000		5,000
Logging		12,000		12,000
Dipmeter & Velocity Survey		8,500		8,500
Mudlogging	<input type="text"/> 8 days @ <input type="text"/> \$550 per day	4,400		4,400
Bottomhole Pressure Tests				
Flowtesting & Temperature Survey				
Other Surveys & Fluid, Gas Analysis				
Tubular Goods Inspections				
BOP & Wellhead Tests				
Rentals & Assoc. Services		5,000	2,500	7,500
Labor: Contract & Company		500	2,000	2,500
Fuel / Power				
Location, Roads & Pits		20,000		20,000
Abandonment / Cleanup Charge		1,000	1,000	2,000
Water/Mud Disposal				
Transport / Truck / Forklift		2,000	2,500	4,500
Cement & Services		15,000	18,000	33,000
Casing Crews & Equipment		2,000	1,800	3,800
Squeeze Cementing				
Float Equipment & Centralizers		1,200	1,500	2,700
Pick Up & Lay Down Charges				
Drilling Mud & Chemicals		20,000	1,000	21,000
Acidizing Service & Materials			6,500	6,500
Frac Service & Materials				
Perforating / Wireline Tools Exp			3,500	3,500
Nitrogen Service / Coil Tubing				
Completion Unit	<input type="text"/> 7 days at \$1600 / day		11,200	11,200
Welding		800	400	1,200
Supervision: Eng, Geol, Consultant	<input type="text"/> 27 days @ \$550 / day	9,900	5,000	14,900
Bits, Lubricants, Expendables	<input type="text"/> 1-17 1/2" re-lip, 2- 11", 3- 7 7/8"	33,200		33,200
Losses, Damages, Right of Way		4,500		4,500
Fishing Tools & Services				
Repairs - Labor & Materials				
Overhead - Drilling & Workover				
Misc IDC's / Contingencies		15,800	3,300	19,100
Subtotal:		\$330,500	\$68,700	\$399,200

LEASE & WELL EQUIPMENT

	Size / Wt / Grade / Thd	Footage	Price			
Conductor Casing			ft @	per ft		
Surface Casing	13 3/8", 48 #/ft, H-49, ST&C	550	ft @ \$19.44	per ft	10,700	10,700
Intermediate Casing	8 5/8", 32 #/ft, J-55, ST&C	3,900	ft @ \$12.34	per ft	48,200	48,200
Production Casing	5 1/2", 15 50&17 0 #/ft, J-55, LT&C	8,700	ft @ \$6.10	per ft	53,100	53,100
Tubing	2 3/8", 4 7 #/ft, J-55, EUE 8 rd	8,700	ft @ \$2.11	per ft	18,400	18,400
Sucker Rods			ft @	per ft		
Pump, Sub Equip, Tbg Anchor						
Pkrs, Liner Hngrs, Seal Asm						
Casingheads & Spools					2,500	1,500
Tubinghead Assembly						1,500
Tree & Upper Run						1,500
Pumping Unit						
Engine / Electric Motor						
Tank Btty & Prod Equip					30,000	30,000
Pipe, Valves & Fittings					4,000	4,000
Compressor						
Electrical System						
Flowline, Pipeline					1,500	1,500
Misc Tang Costs / Contingencies					3,100	5,600
Subtotal:					\$64,600	\$117,100
Grand Total:					\$395,000	\$580,800

IMPORTANT Please Initial Appropriate Box

1. I, H. L. Brown, Jr. ☐ Will ☐ Will Not obtain cost of well control and pollution clean-up insurance (a certificate setting out this coverage will be furnished) if it is understood and agreed that H. L. Brown, Jr. is not a warrantor of the financial responsibility of the insurer with whom such insurance is carried and that except for willful negligence H. L. Brown, Jr. shall not be liable to any other party for loss suffered on account of the insufficiency of the insurance carried or of insurer with whom carried. Upon written request, a full copy of the policy will be furnished to you.
2. I / We ☐ desire H. L. Brown, Jr. to secure for my / our proportionate interest cost of well control insurance for this well and I / We will pay our proportionate share of the premium(s).
3. I / We ☐ do not desire H. L. Brown, Jr. to secure such insurance for my / our proportionate interest and will furnish him a certificate prior to drilling, evidencing the fact that I / We have insurance of a similar nature and amount covering our interest. If a certificate satisfactory to Brown is not received prior to spudding, I / We authorize H. L. Brown, Jr. to obtain coverage for our interest as set out above.
- IMPORTANT: If no election is indicated between No 2 or No 3, and H. L. Brown, Jr. is obtaining coverage as evidenced by his initials in No 1, it will be deemed that No 2 has been initiated.

H. L. BROWN, JR.  
Prepared By: Jerry M. Jordan DATE: Nov-3-00  
Reviewed By: DATE:  
Title:

WORKING INTEREST PARTNER  
\_\_\_\_\_ agrees to participate for \_\_\_\_\_ % W  
Approved By: DATE:  
Title:

**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:

James C. Cauthorn  
102 Hampton Dr.  
Atlanta, TX 75551

**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly)

B. Date of Delivery

C. Signature

X

☐ Agent☐ Addressee

D. Is delivery address different from item 1?

☐ Yes

If YES, enter delivery 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

2. Article Number (Copy from service label)

7000

0520

0024

0311

5846

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

**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.
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1. Article Addressed to:

Tony Cauthorn  
1700 Airport Road  
Conway, SC 29527

**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly)

B. Date of Delivery

C. Signature

X *Edna A. Purnell*☐ Agent☐ Addressee

D. Is delivery address different from item 1?

☐ Yes

If YES, enter delivery 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

2. Article Number (Copy from service label)

7000

0520

0024

0311

5839

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

## 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:

Grace Bible Fellowship Church  
33990 McFarland Dr  
Tangent, OR 97303

2. Article Number (Copy from service label)

7000 0520 0024 0311 5822

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

## COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

Denise Turner 12-21-06

C. Signature

X Denise Turner

☐ Agent☐ Addressee

D. Is delivery address different from item 1?

☐ Yes

If YES, enter delivery 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

## 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:

Mr. Charles Dunn  
1217 S First  
Lovington, NM  
88260

2. Article Number (Copy from service label)

7000 0520 0024 0311 5815

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

## COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

Charles Dunn 12-15

C. Signature

X Charles Dunn

☐ Agent☐ Addressee

D. Is delivery address different from item 1?

☐ Yes

If YES, enter delivery 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

## SENDER: COMPLETE THIS SECTION

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- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Helen Ruth Williamson  
860 Cade  
Keizer, OR 97303

## COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

Helen Ruth Williamson DEC 21 2000

C. Signature

X Helen Ruth Williamson

☐ Agent☐ Addressee

D. Is delivery address different from item 1?

☐ Yes

If YES, enter delivery 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

2. Article Number (Copy from service label)

BROWN, JR.  
Box 2237  
TEXAS 79702-2237

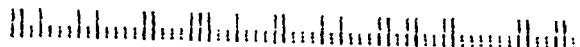
- 
- ☐ Moved, Left No Address
  - ☐ Forwarding Order Expired
  - ☒ Attempted - Not Known
  - ☐ Unclaimed ☐ Refused
  - ☐ No Such Street
  - ☐ No Such Number
  - ☐ Insufficient Address



Thelma Ruth Currutt  
5678 Tucson Drive #1  
San Jose, ca 95118

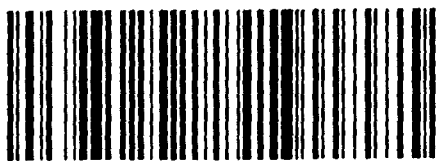
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SEP 27 2000

H. L. BROWN, JR.

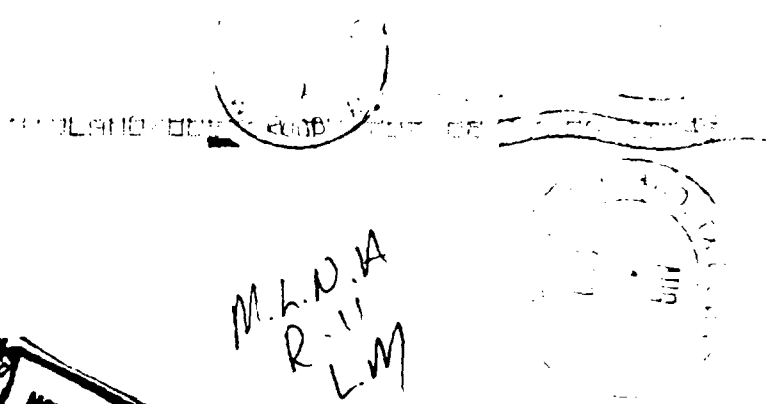


CERTIFIED MAIL

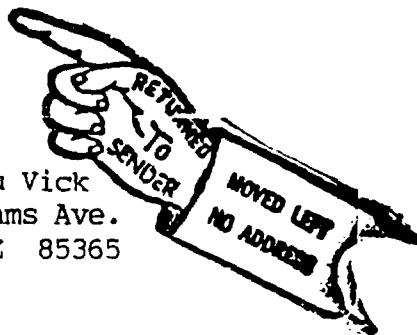
BROWN, JR.  
Box 2237  
TEXAS 79702-2237



7099 3220 0006 1560 3739



11322 Mrs. Lou Vick  
1132 Adams Ave.  
Yuma, AZ 85365



M.L.V.A.  
R-11  
L.M.

828

7099 3220 0006 1560 3739  
85365/5

