

CAPATAZ OPERATING, INC.									
Authority for Expenditure									
LEASE NAME AND WELL NO.: Marshall #1				PROSPECT: Casa		TOTAL DEPTH: 7800			
COUNTY: Lea				STATE: NM		WELL TYPE: O&G			
LOCATION: NE SW Se 5-T20S-R39E						OBJECTIVE: Abo			
INTANGIBLE DRILLING COST					DRY HOLE	COMPLETE	TOTAL		
Title Opinion					3000			3000	
Land & Legal Fees									
Survey, Permits & Bonds					1000			1000	
Surface Damages					5000			5000	
Road & Location Dirtwork					18500			18500	
Drilling Footage					7800 ft. @ \$			per ft.	
Drilling Daywork					18 day @ \$	9,800.00		per day	
						176400		176400	
Rig Mobilization						22500		22500	
Pulling Unit					21 day @ \$	2,000.00		per day	
Reverse Unit							42000		
Fuel & Lubricants					12000			12000	
Mud, Wash Oil & Chemicals					8900			8900	
Directional Service									
Casing Crews & Equipment					1850		3700	5550	
Equipment Rental							4800	4800	
Packer/Service/Rental							5200	5200	
Waterwell, Pump & Line									
Water Transport					9500			9500	
Cement Service					12500		15750	28250	
Drill Stem Testing					@ \$			per test	
Coring/Core Analysis					ft. @ \$			per ft.	
Geological Services						6300		6300	
Mud Logging					14 day @ \$	675		per day	
						9450		9450	
Open Hole Log Service						18250		18250	
Log & Perforate							5200	5200	
Acid Stimulation							38000	38000	
Frac Stimulation							63100	63100	
Pump Truck & Nitrogen Service									
Air Drilling Services									
Transportation, Trucking					1200		3800	5000	
Contract Labor & Welding					450		450	900	
Roustabout Labor							4500	4500	
Tubular Inspection									
Engineering & Wellsite Supervision					4200		5850	10050	
Abandonment					10000			10000	
Environmental, Disposal & Restoration							5000	5000	
Administrative Overhead					3250		3100	6350	
Insurance					2750			2750	
Contingencies @ 5%					16800		10000	26800	
Bits & Reamers					16000			16000	
SUBTOTAL:					359800		210450	570250	

LEASE & WELL EQUIPMENT

Tubulars:	Size/Wt/Gl	Footage	Price					
Conductor Pipe		ft @ \$	per ft					
Surface Casing	1600	ft @ \$ 9.11	per ft	14576				14576
Intermediate Casing		ft @ \$	per ft					
Protection Liner		ft @ \$	per ft					
Production Casing	7800	ft @ \$ 6.25	per ft		48750			48750
Production Tubing	7800	ft @ \$ 2.16	per ft		16848			16848
Wellhead Equipment				2350	2100			4450
Flowing Tree								
Pumping Hookup					2200			2200
Liner Hanger, Packer & Tubing Anchor					880			880
Pumping Unit w/ Base & Prime Mover					28000			28000
Electrical Installation					7800			7800
Rods, Subsurface Pump & Accessories					15570			15570
Compressor & Accessories								
SWD Equipment								
Oil Storage Tanks					8500			8500
SW Fiberglass Tanks					1400			1400
Separator					2200			2200
Heater-Treater					3000			3000
Dehydrator/Line Heater								
Meters, Valves & Connections					7500			7500
Flowline & Connections					3000			3000
Gas Pipeline, Meter & Installation								
Other Non-Controllable Equipment					600			600
Other Controllable Equipment								
SUBTOTAL:				16926	148348			165274
GRAND TOTAL:				376726	358798			735524

CAPATAZ OPERATING, INC.		WORKING INTEREST PARTNER	
Prepared By: _____		agrees to participate: _____	%WI
Title: _____		Approved By: _____	
Date: 7/26/01		Title: _____	Date: _____

It is recognized that the amounts herein are estimates only and approval of this authorization shall extend to the actual costs incurred in conducting the operation specified, whether more or less than herein set out.

OIL CONSERVATION DIVISION

CASE NUMBER 4

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF LEONARD RESOURCE
INVESTMENT CORPORATION FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.

Case No. 12729

AFFIDAVIT REGARDING NOTICE

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

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.

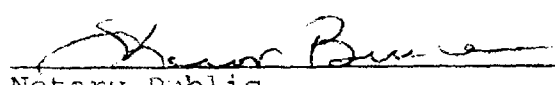
3. Applicant has conducted a good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the Application filed herein.

4. Notice of the Application was provided to the interest owners at their correct addresses by certified mail. Copies of the notice letter and certified return receipts 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 19th day of September, 2001, by James Bruce.


Notary Public

My Commission Expires:

3/14/05

OIL CONSERVATION DIVISION

CASE NUMBER

EXHIBIT 5

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA
HYDE PARK ESTATES
SANTA FE, NEW MEXICO 87501

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

August 28, 2001

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Wells Fargo Bank, Trustee of the
Beulah H. Simmons Trust A-JSS
and Trust B-MJH
Attention: Mike Talley
P.O. Box 2097
Midland, Texas 79702

Nettie B. Johnson
c/o Raymond A. Weisner
104 South Division Street
Salisbury, Maryland 21801

Anderson Carter II
P.O. Box 250
Las Cruces, New Mexico 88004

Kathryn G. Richards
450 West Seventh Street
Tulsa, Oklahoma 74119

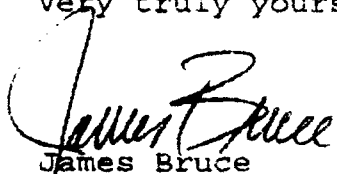
Ladies and Gentlemen:

Enclosed is a copy of an application for compulsory pooling, filed with the New Mexico Oil Conservation Division by Leonard Resource Investment Corporation, regarding the NE~~1~~SW~~1~~4 of Section 5, Township 20 South, Range 39 East, N.M.P.M., Lea County, New Mexico. This application is scheduled to be heard at 8:15 a.m. on Thursday, September 20, 2001 at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. As an interest owner in the well unit, you have the right to appear at the hearing and present evidence. Failure to appear at the hearing will preclude you from contesting this matter at a later date.

You are requested to notify the Division, and the undersigned, by Friday, September 14, 2001, if you intend to enter an appearance and participate in the case.



Very truly yours,

A handwritten signature in cursive script, appearing to read "James Bruce". The signature is written in dark ink and is positioned above the printed name.

James Bruce

Attorney for Leonard Resource Investment Corporation

**Postal Service
CERTIFIED MAIL RECEIPT**
(Domestic Mail Only; No Insurance Coverage Provided)

1. Article Addressed to:

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.

2. Article Number (Copy from service label)
 7500 1670 0012 3768 6012

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

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

Postage \$ 2.10
Certified Fee \$ 2.10
Return Receipt Fee (Endorsement Required) \$ 1.50
Restricted Delivery Fee (Endorsement Required) \$ 4.17
Total Postage & Fees \$ 9.87

Postmark
 0-57 SANTA FE, NM
 AUG 28 2001

Address: Carrier II
 Wells Fargo Bank, Trustee of the
 British H. Simmons Trust A-JSS
 and Trust B-MTH
 Attention: Mike Talley
 P.O. Box 2097
 Midland, Texas 79702

SENDER: COMPLETE THIS SECTION

1. Article Addressed to:

2. Article Number (Copy from service label)
 7500 1670 0012 3768 6012

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 and Trust B-MTH
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 P.O. Box 2097
 Midland, Texas 79702

COMPLETE THIS SECTION ON DELIVERY

1. Received by (Print Name, County)
 H. H. Gomez 9-3-01

2. Signature
 H. H. Gomez

3. Is delivery address different from item 1? (If YES, enter delivery address below) ☐ Yes ☐ No

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

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 Midland, Texas 79702

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**
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 AUG 28 2001

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 British H. Simmons Trust A-JSS
 and Trust B-MTH
 Attention: Mike Talley
 P.O. Box 2097
 Midland, Texas 79702

SENDER: COMPLETE THIS SECTION

- Complete Item 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100.
- 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.

Article Addressed to:

Kathryn G. Richards
450 West Seventh Street
Tulsa, Oklahoma 74119

Article Number (from service label)
7000 1670 0022 3768 6000

Postmark: JUL 11 1999

Domestic Return Address

LRKJS

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Print Name) *Kathryn Richards*

B. Date of Delivery *7-5-99*

C. Signature

X *Kathryn Richards*

D. Is delivery address different from item 1? ☐ Yes ☒ No

If YES, enter delivery address below:

3. Service Type

☒ Certified Mail ☐ Registered ☐ Insured Mail ☐ Restricted Delivery (Extra Fee) ☐ No

☐ Express Mail ☐ Return Receipt for Merchandise ☐ C.O.D.

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**
(Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL RECEIPT

Postage

Certified Fee

Return Receipt Fee (Endorsement Required)

Registered Delivery Fee (Endorsement Required)

Restricted Delivery Fee (Endorsement Required)

Total Postage & Fees

Postmark

Postage

Certified Fee

Return Receipt Fee (Endorsement Required)

Registered Delivery Fee (Endorsement Required)

Restricted Delivery Fee (Endorsement Required)

Total Postage & Fees

Postmark

Postage

Certified Fee

Return Receipt Fee (Endorsement Required)

0:57

2:10

1:50

4:17

AUG 28 2001

SAINTA, NH

Kathryn G. Richards

450 West Seventh Street

Tulsa, Oklahoma 74119

Postmark

Postage

Certified Fee

Return Receipt Fee (Endorsement Required)

Registered Delivery Fee (Endorsement Required)

Restricted Delivery Fee (Endorsement Required)

Total Postage & Fees

SENDER: COMPLETE THIS SECTION

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- 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:

Nestle B. Johnson
c/o Raymond A. Weiner
104 South Division Street
Baltimore, Maryland 21801

2. Article Number (Copy from service label)

720 1670 212 3768 0059

PS Form 3811, July 1998

Domestic Return Receipt

102685-00-M-0852

CRKPS

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 ☐ No

If YES, enter delivery address below:

3. Service Type

☒ Certified Mail ☐ Express Mail

☐ Registered ☒ Return Receipt for Merchandise

☐ Insured Mail ☐ G.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**
(Domestic Mail Only; No Insurance Coverage Provided)

7200 1670 0012 3768 0059

OFFICIAL USE

Postage

Certified Fee

Return Receipt Fee

(Endorsement Required)

Restricted Delivery Fee

(Endorsement Required)

Total Postage & Fees

\$

0.57

2-10

1-37

4-17

Jul 28 2001

POSTAL SERVICE

U.S. MAIL

PS Form 3811