

May 3, 2002

CERTIFIED MAIL/RRR

Robert J. Bullock, Sr., Trustee f b o Robert J. Bullock, Jr. C/O Carter Castell 245 South Seguin New Braunfels, Texas 78139-5124

Re: Well Proposal – Blue Fin "25" No. 1 (the "Well") 1913 Feet FNL, 924 Feet FWL, Section 25, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico

Proposed Total Depth -13,200 feet subsurface or to a depth sufficient to test the Mississippian Formation, whichever is the lesser depth.

Dear Mineral Owner:

TMBR/Sharp Drilling, Inc. ("TMBR") proposes the drilling of the Well at the indicated location to an approximate depth of 13.200' subsurface, or to a depth sufficient to test the Mississippian Formation, whichever is the lesser depth. Site preparation and drilling operations will be commenced in the next few days. An Authority for Expenditure ("AFE") is enclosed detailing estimated anticipated expenditures for the drilling, testing, casing, competing, stimulation and equipping of the Well.

The Real Estate Records of Lea County, New Mexico indicate that you are presently vested with ownership rights in the E/2 NE/4 of said Section 25 in 2.8571 net mineral acres, or 3.5714%, for a N/2 unit participation of 0.8928%.

A proposed form of our Operating Agreement is enclosed for your review and consideration.

Please indicate your desire to participate in the proposed Well by executing this letter in the appropriate space(s) below and returning one original signature page to the undersigned within thirty (30) days of receipt of this letter with a check for the appropriate percentage of the costs estimated on the AFE and the executed signature pages to the Operating Agreement

Robert J. Bullock, Sr., Trustee May 3, 2002 Page Two

The failure to respond to this proposal in the allowed time will be treated as an election not to participate in the Well, and your ownership rights will be recognized as would a non-participating co-tenant, and appropriate action will be taken with the New Mexico Oil Conservation Division to consolidate these interests into the N/2 spacing unit for the Well. As an alternative, should you with to enter into an oil and gas covering your mineral interest we would be happy to discuss such a transaction with you.

If there are any questions, comments or additional information needed, please contact Lonnie Arnold or the undersigned. Thank you for your consideration of our proposal.

Yours truly,

TMBR/SHARP DRILLING. INC.

Dennis J. Hopkins. CPL Land Manager

AGREED AND ACCEPTED THIS _____ DAY OF _____, 2002, for participation in the Well for the 0.8928% ownership vested in Robert J. Bullock. Sr., Trustee.

By:	
Name:	
Title:	



Drawer 10970 Midland, Texas 79702-7970 015-699-5050

July 1, 2002

Rick Montgomery Cotton Bledsoe Tighe & Dawson P.C. P. O. Box 2776 Midland, Texas 79702-2776

Re: Robert J. Bullock, Sr., Trustee Blue Fin "25 No. 1 Well Proposal Lea County, New Mexico

Rick:

Our well proposal letter was sent to the above trustee, as trustee f/b/o Robert J. Bullock, Jr. in care of Carter Casteel. The return receipt was signed for May 7, 2002.

Mr. Casteel has sent a letter stating that he has been unable to locate Mr. Bullock. This was the only address of record on Mr. Bullock. A copy of Mr. Casteel's letter is enclosed for your reference. Based on this, when we do receive approval for the North-Half unit, the Bullock interest will be deemed to have been force-pooled and subject to such order.

This is being provided for your file and information. If there are any questions regarding it, please let me know.

Yours truly,

Dennis J. Hopkins

Enclosure

ma 27/01/02-

CASTEEL & CASTEEL, P.L.L.C. ATTORNEYS AND COUNSELORS AT LAW 254 EAST MILL STREET NEW BRAUNFELS, TEXAS 78130-5118

TEL. (830)608-1611 FAX (830)608-0449

ARTER CASTEEL

BARRON CASTEEL

June 27, 2002

Denise J. Hopkins TMBR/Sharp Drilling Corp. Drawer 10970 Midland, Texas 79702-7970

> Re: Robert J. Bullock, Sr.. Trustee f/b/o Robert J. Bullock, Jr. Well Proposal - Blue Fin "25" No. 1(the "well") 1913 Feet FNL, 924 Feet FWL. Section 25, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico

Dear Ms. Hopkins:

This letter is to advise your office that I am unable to locate Mr. Bullock with regards to the above mentioned matter.

Should you have any further questions please feel free to contact my office.

Sincerely,

CARTER CASTEEL

cc: Our File

cm6:Bullock.ltr.wpd

U.S. Postal Services CERTIFIED MAIL RECEIPS (Domestic Mail Only; NorInsurance Coverage Provided)

5332 NEW BRAUNFELS, TX 78130 3.10 UNIT ID: 0708 E700 Postage | \$ 2.10 Certified Fee Postmark 1.50 Return Receipt Fee (Endorsement Required) п Here 000 Clerk: KHGFOG Restricted Deliverv Fee (Endorsement Required) 6.70 05/04/02 Total Postage & Fees \$ 0440 Sent To Robert J. Bullock, Sr. Street. Apt. No.: or PO Box No. 245 South Seguin City, State. ZIP + 4 New Braunfels, TX 78139-5124 PS Form 3800, January 2001 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
 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: 	A Signature A Signature A Agent A Addressee B. Deceived by Park Name: C. Date of Delivery 5-7-C:2 D. Is delivery address different from item 1? Yes If YES, enter delivery address below: No
ROBERT J. BULLOCK, SR. c/o CARTER CASTELL 245 SOUTH SEGUIN NEW BRAUNFELS, TX 78139-5124	3. Service Type Image: Service Type </th
2. Article Number (Transfer from service label) 7002 0460	0002 0073 5332

PS Form 3811, August 2001

Attached to and made a part of that certain Joint Operating Agreement dated effective April 20, 2002, by TMBR/Sharp Drilling, Inc., Operator.

Λ. Lands subject to this Agreement:

Township 16 South, Range 35 East, N.M.P.M. Section 25: The North Half (N 2), containing 320 acres, more or less

Lea County, New Mexico

B. **Restrictions as to depth:**

None

C. Parties subject to this Agreement and their respective percentages of interest:

TMBR/Sharp Drilling, Inc. 99.10716% Robert J. Bullock. Sr., Trustee 0.89284% 100.00000%

Total:

D.

Addresses of the parties to this Agreement:

TMBR/Sharp Drilling, Inc. Attn: Jeffrey D. Phillips P. O. Box 10970 Midland, Texas 79702-7970 Telephone: (915) 699-5050 Facsimile: (916) 699-5085

Robert J. Bullock, Sr., Trustee f/b/o Robert J. Bullock, Jr. c/o Carter Castell 245 South Seguin New Braunfels, Texas 78139 Telephone: Facsimile:

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AAPL -- FORM 610RS - 1989

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hat the form wave from and so the exce	ptionisi lisica below. Is identical in the ASP. Form 610RS-1989-Mode
will Recording >applement to Oberaling-Agree	ement and Emancing Statement as published in computerized form p
	r-moduleations, other than these made ex-strikethrough and or insertio
and that are clearly recognizable as changes in Arti	teres
IN WEINERS WHEED FOR the survey of the leaf	and a second
 2002	effective as of the <u>20th</u> day of <u>April</u>
·· <u></u> .	
ATTEST OR WITNESS;	OPERATOR
	EMBR Sharp Drilling, Inc.
	Type or Print Name
	Tute: Jeffery D. Phillips, President
	Address: P O Box 10970. Midland. Texas 79702-7970
AFTEST OR WITNESS:	NON-OPERATORS
	10.400 LR410K5
	By:
	Type or Print Name
	Title:-Robert J. Bullock. Sr., Trustee
	Address:
ATTEST OR WITNESS:	
111231 OK WIT (123).	
	By
	Type or Print Name
	Title
	Date:
	Address:
ATTEST OR WITNESS:	
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	Bv [.]
	Type or Print Name
	Title:
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	Address:
ATTEST OR WITNESS:	
	_
	Type or Print Name
	The second s
	Title: Date:

Attached to and made a part of that certain Model Form Recording Supplement to Operating Agreement and Financing Statement dated effective April 20, 2002, by TMBR/Sharp Drilling, Inc., Operator.

Lands subject to this Agreement:

Township 16 South. Range 35 East, N.M.P.M. Section 25: The North Half (N/2), containing 320 acres, more or less

Lea County, New Mexico

Parties subject to this Agreement and their respective percentages of interest:

TMBR/Sharp Drilling, Inc.	99.10716%
Robert J. Bullock. Sr., Trustee f/b/o Robert J. Bullock. Jr.	0.89284%

Total:

100.00000%

Addresses of the parties to this Agreement:

TMBR/Sharp Drilling, Inc. Attn: Jeffrey D. Phillips P. O. Box 10970 Midland, Texas 79702-7970

Robert J. Bullock, Sr., Trustee f/b/o Robert J. Bullock, Jr. c/o Carter Castell 245 South Seguin New Braunfels, Texas 78139

	ARTICLE XVI.
	MISCELL ANEOUS
ins agreement shall be building upon and	ship in the to the e-national the portion parts, but to there experies a basis to com-
(insi agreement shart be binding upon and (call febrescillatives) successors and assigns	shall mare to the ponerit of the parties nereto and to their respective heirs, devisees,
This instrument may be executed in any num	iber of counterparts, each of which shall be considered an original for all purposes
IN WITNESS WHEREOF this agreement st	hail be effective as of20th day ofApril (year)2002
wh	a has orenared and circulated this form for execution, represents and warrants that the form
	below in identical to the AAPL Form 610-1982-Model Form Operating Agreement, as
	ne No changes, alterations, or modifications, other than those in Articles
	OPERATOR
	TMBR/SHARP DRILLING, INC.
	By:
	Jeffrey D. Phillips, President
	NON-OPERATORS
	By:
Printed Name: Printed Title:	Printed Name: Robert J. Bullock, Sr., Trustee Printed Title:
	By:
Printed Name:	Printed Name:
Printed Title:	Printed Title:
	D .
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U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)				
м N				
DKLAHOMA CI	TY, OK	73154		
m Postage	\$	3.50	UNIT ID: 0708	
Certified Fee		2.10	Postmark	
Return Receipt Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required)	 	1.50	Here Clerk: KHGFOG	
Restricted Delivery Fee (Endorsement Required)				
Total Postage & Fees	\$	7.10	05/04/02	
J Sent To Chesapeake Energy Corp.				
_ Street, Apt. No.:		ox 1849		
		a City,	OK 73154-0496 See Reverse for Instructions	
PS Form 3800, Janua	iry 2001		See Reverse for Instructions	

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
 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. 	A. Signature BRIAN IMES A. Signature BRIAN IMES Agent Addressee B. Receive by (Printed Narce) C. Date Oplivery
1. Article Addressed to: CHESAPEAKE ENERGY CORP. P. O. BOX 18496	 D. Is delivery address different from item 1? Yes If YES, enter delivery address below: No
OKLAHOMA CITY, OK 73154-0496	3. Service Type Ø Certified Mail Express Mail Registered Return Receipt for Merchandise Insured Mail C.O.D. 4. Restricted Delivery? (Extra Fee) Yes
2. Article Number (Transfer from service label) 7002 0460 1	002 0073 5325

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Land Department



May 22, 2002

VIA UNITED PARCEL SERVICE

Mr. Dennis Hopkins TMBR/Sharp Drilling, Inc. 4607 West Industrial Midland, TX 79703

Re: Blue Fin "25" No. 1 Section 25-16S-35E Lea County, New Mexico

Dear Mr. Hopkins:

Enclosed please find company check number 294983 in the amount of \$6,389.00 representing prepayment of Chesapeake's portion of the costs to casing point for the drilling of the captioned well. Also enclosed are the executed AFE, the executed JOA signature pages and two modified JOA pages. Please initial the modified JOA pages and return copies to Lynda Townsend.

If you have any questions, please call me at (405) 879-9374.

Sincerely,

Chesapeake Exploration Limited Partnership

1 phpla -ma

Sara L. Caldwell Land Tech

Enclosure

S:\NM-TXPAN\Letters\SLC\TMBR Sharp-Hopkins-20020522.doc

	TMBR/ Sharp Drilling, INC.			AFE Number = 1	23-Apr-02
		TION FOR EXPEN		Well No 1.	
se Nam		State	County Parish	Location:	6 b 36E
<u>+ t in 12</u>		iNew Mexico	COST TO	1913 FNL & 924' FWL 1 Sec. 25, T16 F COMPLETION	TOTAL
i tour aue	INTANGIBLE DESC	RIPTION	CASING POINT	COST	WELL COST
- The second second	Surveys Permits Bonds	······	200	- <u> </u>	1.200
1	Roads Location Damages		30000	•	30,000
	Mop demos		27000	4	27,000
-	Dulling Contract-				
	Day work 50 days At \$8520, day	1	400440	25.560	426.000
	Pootaga	i 			
-	E Completion Unit: 15 days At S	2000 day		30.000	30,000
	Mud-Chemicals		35000		35.000
	Water	-	18000	3.000	21,000
	Cement/Cementing Services		20000	36.000	56.000
	Fuel/Electricity/Generator/lights Bits	F	28200	1,800	30,000
	Reamers stabilizers	-	65000		65,000
	Service Equipment	÷.	15000	5,000	15,000
	Equipment rentals	-	2000	35,000	45,000
	Wire line Unit	F	0000		40,000
)Mud Logging/Paleo/Bioassay	+	18000		18,000
	Open Hole Logging		25000	25,000	50,000
	Drill Stem Testing and coring	i i	20000		20,000
	Tubular Inspection/Testing	F	3000	1,500	4,500
	Transportation (land)	F	3000	2,000	5,000
	Equipment inspection/testing		2500	2,000	4,500
23	Casing Crews/Tongs	ŕ	4500	5.000	9,500
24	Drilling Overhead		ð 500	1.500	8,000
25	Supervision	[2750	5,500	8,250
26	Cased Hole Logging & Perf	Ĩ		5,500	5.500
27	Stimulation			100,000	100,000
28	Production Testing	ļ		10.000	10.000
	Completion Fluids			2,500	2,500
	Fishing Tools. Supervisor	-	5000		5,000
31			2500	3,000	5.500
	Insurance	-	8756	2,919	11.675
	Plug and Abandon Contingency (7%)	-	15000	21195	<u> </u>
_	L INTANGIBLE ESTIMATED	COST	\$822.130	\$323,974	\$1,146,104
	JIBLE DESCRIPTION				
35	7	Conductor			
36		Surface Casing	7,750		7,750
3-	5000° of 9 5/8" 40# @ 13.00/FT	Intermediate Csg	65,000		65,000
38		Intermediate Csg			
39		Intermediate Csg			
	12.500' of 7" 26# @ 11.50/FT	Production Csg		143,750	143,750
41	1500' of 4 1/2" 11.60# @ 5 75'ft	Liner		8,625	8.625
42		Tubing		44,160	44,160
43		Tubing			
44		Tubing			
	Weilhead Equipment	ł	4.200	9,000	13,200
	Float Equipment Liner Equipment		4,000	7,000	11,000
47 18	Pumping Unit / Base / Engine	ŀ		12,000	12,000
	Sucker rods, Polished Rods	ŕ			
	Producing Equipment, Tank Ba	tterv. Flowline		60.000	60,000
	Flowlines, Vavles, Fittings/Con	- *'		8,000	8,000
	Packers & Other Subsurface To	•		6,500	6,500
	Compressor	ł			
	Miscelaneous Sale Items			5,000	5,000
	Contingency (7%)		5,667	21,282	26.949
TOTA	L TANGIBLE ESTIMATED CO	DST	\$86.617	\$325.317	\$411,934
تنتقيب وي	L AFE ESTIMATED COST		\$908,747	\$649,291	\$1,558.038
APPF	ROVAL AND ACCEPTANCE			ED THAT AMOUNTS HEREIN ARE ESTIMATES (
Porto		ating. Inc.		RIZATION SHALL EXTEND TO THE ACTUAL C	
ratuc	apan onesapeare oper	acting, the.	IN CONDUCTIN HEREIN SET OU	G THE OPERATION SPECIFIED, WHETHER MOR T.	E OK LIGS THAN THE
W.I.	0.7031%			 be covered by TMBR/Sharp's blow out insurat 	ace.
-					
Title Aubrey K. McClendon, CEO			<u>X</u> I DO N	OT Wish to be covered by TMBR/Sharp's blow	out insufance.
Signature May 15, 2002					
SIR	many south and			Date	
	/				

TMBR/Sharp

Drilling/Incc. Drawer 10970 Notand: Texas 79702-7970 +15-699-5050

May 3, 2002

CERTIFIED MAIL/RRR

Chesapeake Energy Corp. P. O. Box 18496 Oklahoma City, Oklahoma 73154-0496

Re: Well Proposal – Blue Fin "25" No. 1 (the "Well") 1913 Feet FNL, 924 Feet FWL, Section 25, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico

Proposed Total Depth -13,200 feet subsurface or to a depth sufficient to test the Mississippian Formation, whichever is the lesser depth.

Gentlemen:

TMBR/Sharp Drilling, Inc. ("TMBR") proposes the drilling of the Well at the indicated location to an approximate depth of 13,200' subsurface, or to a depth sufficient to test the Mississippian Formation, whichever is the lesser depth. Site preparation and drilling operations will be commenced in the next few days. An Authority for Expenditure ("AFE") is enclosed detailing estimated anticipated expenditures for the drilling, testing, ccsing, competing, stimulation and equipping of the Well.

The Real Estate Records of Lea County. New Mexico indicate that you are presently vested with ownership rights in the W/2 NE/4 of said Section 25 in 2.2500 net mineral acres, or 2.8125%, for a N/2 unit participation of 0.7031%.

The leases owned by you and the associated ownership rights are set forth in greater detail on Exhibit "A", attached hereto. A proposed form of Operating Agreement is enclosed for your consideration.

Chesapeake Energy Corp. May 3, 2002 Page Two

Please indicate your desire to participate in the proposed Well by executing this letter in the appropriate space(s) below and returning one original signature page to the undersigned within thirty (30) days of receipt of this letter with a check for the appropriate percentage of the costs estimated on the AFE and the executed signature pages to the Operating Agreement. The failure to respond to this proposal in the allowed time will be treated as an election not to participate in the Well, and your ownership rights will be recognized as would a non-participating co-tenant, and appropriate action will be taken with the New Mexico Oil Conservation Division to consolidate these interests into the N/2 spacing unit for the Well. As an alternative, should you with to farmout or enter into a term assignment of your leasehold interest we would be happy to discuss such a trade with you.

If there are any questions, comments or additional information needed, please contact Lonnie Arnold or the undersigned. Thank you for your consideration of our proposal.

Yours truly,

TMBR/SHARP DRILLING, INC.

Denris J. Hopkins, CPL Land Manager

AGREED AND ACCEPTED THIS <u>15th</u> DAY OF <u>May</u>, 2002, for participation in the Well for the 07031% ownership vested in Chesapeake Energy Corp.

By: Name: Aubrey K. McClendon Title: CEO Operating, Inc.

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Attached to that certain Well Proposal Letter Agreement dated May 3, 2002 between TMBR/Sharp Drilling, Inc. and Chesapeake Energy Corp. as to lands located in the N/2 of Section 25-16S-35E, N.M.P.M., Lea County, New Mexico.

Lease Dated:	November 11, 1998
Recorded:	Book 920, Page 128
Extension:	Book 1107, Page 481
Lessor:	Carl A. Schellinger et ux
Lessee:	Chalfant Properties, Inc.
Legal Description:	Township 16 South, Range 35 East, N.M.P.M.
	Section 25: W/2 NE/4

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A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1982

ARTICLE VIII

1 said Drilling Parties shared the cost of drilling the well. Such acreage shall become a separate Contract Area and, to the extent possible, be governed by provisions identical to this agreement. Such party shall promotiv neury ail other parties of any acreage or eash contributions if may obtain in support of any well or any other operation on the Contract Area. The above provisions shall also be applicable to op-4 tional rights to earn acreage outside the Contract Area which are in support (1) a web drip ed inside the Contract Area " any party contracts for any consideration relating to disposition of such party single "I substances produced hereunder, such consideration shall not be deemed a contribution as contemplated in this Article VIII CD. - Maintenance of Louis on Increases-. 1 h 4 U.S est of the name in all leaves and couromen 1 16 . with native term of the second summary and reduction in the Contract. Mea 13 19 sale enclimbrance transfer when disposition made by any party shall be made expression aani 20 21 22 time the interest of any parts trided among and owned b 13 24 party s whate of the toint expenses, and to deal generally with and with power ٦s eed-26 woends thereof 28 29 E. Waiver of Rights to Partition: 30 34 If permitted by the laws of the state or states in which the property covered hereby is located, each party hereto owning an 32 undivided interest in the Contract Area waives any and all rights it may have to partition and have set aside to it in severality its undivided 33 interest therein 34 35 F.- Preferential Right to Purchase 36 37 Should any party desire to well all or any part of its interests der_this_agreement Area. It shall promotly give written notice to the other parties, with full information concerning its proposed sale, which shall include the 38 30 name and address of the prospective purchaser (who must be ready willing and able to purchase), the purchase price, and all other terms of the offer. The other names shall then have an optional prior right, for a period of ten (10) days after receipt of the netice, to purchase 40 on the same terms and conditions the interest which the other party proposes to sell, and, if this optional right is everyied, the purchas 41 42 me parties shall share the purchased interest in the proportions that the interest of each bears to the total interest of all purchasing par 43 Hes However, there shall be no preferential right to purchase in those cases - part+ wishes to mortgage its int 14 dispose of its interests by merger reorganization convolidation or sale of all or substantially all of its assets to a subsidiary or parent com-45 pany or to a subsidiary of a parent company, or to an - company in which any one party owns a majority of the stock. 46 47 ARTICLE IX. INTERNAL REVENUE CODE ELECTION 48 49 50 This agreement is not intended to create, and shall not be construed to create, a relationship of partnership or an association 51 for profit between or among the parties hereto. Notwithstanding any provision herein that the rights and liabilities hereinder are several 32 and not joint or collective, or that this agreement and operations hereunder shall not constitute a partnership, if, for federal income tax 53 purposes, this agreement and the operations hereunder are regarded as a partnership, each party hereby affected elects to be excluded 54 from the application of all of the provisions of Subchapter "K", Chapter 1, Subtitle "A", of the internal Revenue Code of 1986, as per-55 mitted and authorized by Section 761 of the Code and the regulations promulgated thereunder. Operator is authorized and directed to ex-56 ecute on behalf of each party hereby affected such evidence of this election as may be required by the Secretary of the Treasury of the 57 United States or the Federal Internal Revenue Service, including specifically, but not by way of limitation, all of the returns, statements, 58 and the data required by Federal Regulations 1.761. Should there be any requirement that each party hereby affected give further 59 evidence of this election, each such party shall execute such documents and furnish such other evidence as may be required by the 60 Federal Internal Revenue Service or as may be necessary to evidence this election. No such party shall give any notices or take any other 61 action inconsistent with the election made hereby. If any present or future income tax laws of the state or states in which the Contract 62 Area is located or any tuture income tax laws of the United States contain provisions similar to those in Subchapter 'K", Chapter 1, 63 Subtitle "A", of the Internal Revenue Code of 1986, under which an election similar to that provided by Section 761 of the Code is per-64 mitted, each party hereby affected shall make such election as may be permitted or required by such laws. In making the foregoing elec-65 tion, each such party states that the income derived by such party from operations hereunder can be adequately determined without the 66 computation of partnership taxable income. 67 68 69 70

	ARTICLE X	
-	MISCELLANE	OUS
1 * 'e	This agreement shall be binding upon and stationare to the benef- stal representatives, successors and assigns	it of the parties nereto and to their respective heirs, devisees,
-	This instrument may be executed in any primper of chapterparts, each	 of which shall be considered an original for all purposes
· ·	NWITNESS WHEREOF, this agreement shall be effective as of	
	who has prepared and circula	that this form for execution renderents and warrants that the form
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ні в 14 —	units of the second s	
15 E		
te -	OPERATO	UR
×		TMBR/SHARP DRILLING, INC.
1.7		
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22		By: Jeffrey D. Phillips, President
23		
14 25		
26	$\land \bigcirc \land \lor \bigcirc PERA$	ATORS
27		
28	VATES PETROLEUM CORPORATION	VATES DRILLING COMPANY
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34		
32 33 i	Printed Name:	By: Printed Name:
	Printed Title:	Printed Title:
35	MYCO INDUSTRIES, INC.	ABO PETROLEUM CORP
36 37		
:8		
- 39 - 40 - 1	0.1	By:
	Printed Name: Printed Title:	Printed Name: Printed Title:
43		
- 43 + - 44 (CHE94PEAKE ENERGY CORP. Chesapeake Exploration_Limited Partnershi	i n
45		- F
46	1 million 1	Bv:
	Printed Name: Henry J. Hood	Printed Name:
44	Printed Title: Senior Vice President-Land and	Printed Title:
90 - 1	Legal of Chesapeake Operating, I	
51 52	General Partner of Chesapeake Ex Limited Partnership	<pre>kpioration</pre>
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STATE OF TEXAS SCOUNTY OF MIDLAND

This instrument was acknowledged before me on the 20^m day of April 2002 by Jeffrey D. Phillips. President of TMBR/Sharp Drilling, Inc., a Texas corporation, on behalf of said corporation.

.

	Notary Public, State of
	Printed Name: Commission Expires:
	Commission Expires:
STATE OF § COUNTY OF §	
COUNTY OF §	
This instrument was acknowledged be	fore me on theday of2002 by
of	a
corporation, on bet	alf of said corporation.
	Notary Public, State of
	Printed Name: Commission Expires:
STATE OF § COUNTY OF §	
COUNTY OF §	
This instrument was acknowledged be	efore me on theday of2002 by
of	, a
corporation, on be	half of said corporation.
	Notary Public, State of
	Printed Name: Commission Expires:
STATE OF §	
COUNTY OF §	
This instrument was acknowledged be	efore me on theday of2002 by
	Notary Public, State of Printed Name:
	Commission Expires:
STATE OF §	
COUNTY OF OKLAHOMA	
This instrument was asknowledged b	afore many and a May 2002 by
Henry J. Hondun Senior Vice Preside	efore me on the ^{21st} day of ^{May} 2002 by nt - Land and Legal of Chesapeake Operating, Inc.,
General Ballink of Chesapeake Expl	oration Limited Partnership.
PUPUP	Notary Public, State of Oklahoma
WAND FOR	Printed Name: Sandra L. Mathis
E Transie	Commission Expires: May 5, 2006 Commission Number: 02007791
General Bartine Chesapeake Expl PUBLIC NAME OF STATE OF STATE OF STATE OF MAN ON MAN ON	
and the second second second	

2	Exploration Limited Chesaneake Laerger op Partnership
2 4	Chesancake l.nerg.comp . Partnership
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n -	By:
· · · · · · · · · · · · · · · · · · ·	Type or Print Name Title: Henry JHood, Senior Vice President -
.0	-Home- Land and Legal of Chesapeake Operating,
11	-xduras Inc., General Partner of Chesapeake Exploration Limited Partnership
6	Date: May 21, 2002
(4 15	Address: P.O. Box 18496
с- 16	Oklahoma City, OK 73154-0496
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STATE OF TEXAS COUNTY OF MIDLAND

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This instrument was acknowledged before me on the 20^m day of April, 2002 by Jeffrey D. Phillips. President of TMBR/Sharp Drilling. Inc., a Texas corporation, on behalf of said corporation.

. .

	Notary Public. State of Printed Name:
	Commission Expires:
STATE OF § COUNTY OF §	
This instrument was acknowledged before	ore me on theday of2002 by
	a
corporation, on beha	alf of said corporation.
	Notary Public. State of Printed Name: Commission Expires:
STATE OF	
This instrument was acknowledged bet	fore me on theday of2002 by
of	a
corporation, on beh	alf of said corporation.
STATE OF § COUNTY OF §	Notary Public, State of Printed Name: Commission Expires:
This instrument was acknowledged be	fore me on theday of2002 by
STATE OF OKLAHOMA §	Notary Public, State of Printed Name: Commission Expires:
STATE OF OKLAHOMA § COUNTY OF OKLAHOMA §	
This instrument was acknowledged be Henry J. Hood, Senior Vice Presiden General Partner of Chesapeake Explo	fore me on the ^{21st} day of ^{May} 2002 by t - Land and Legal of Chesapeake Operating, Inc., pration Limited Partnership. <u>7377777777777777777777777777777777777</u>

ATTACHED TO AND MADE A PART OF THAT CERTAIN OPERATING AGREEMENT DATED APRIL 20. 2002. BY TMBR/SHARP DRILLING, INC., OPERATOR,

¹. Operator shall produce and maintain, at all times while conducting operations under this Agreement, the following insurance coverages with limits not less than those specified below:

А.	Worker's Compensation Employer's Liability	Statutory \$100,000 each accident
В.	Comprehensive General Liability including: (a) property damage and bodily injury liability including, but not limited to, losses resulting from explosion, collapse, underground damage; and	
	(b) contractual liability assumed under this Agreement.	\$1.000.000 Combined single limit
C.	Comprehensive Automobile Liability covering owned, non-owned and hired vehicles.	\$1.000.000 Combined single limit
D.	Umbrella Liability in excess of A (except Worker's	\$20,000.000
E.	Compensation), B and C above Cost of Well Control and Operator's Extra Expense, including Care, Custody, and Control Coverage	Combined single unit \$5,000,000 OEE and Well Control \$250,000 CCC

2. The insurance described in Labove shall be carried at the joint expense of the parties hereto and all premiums and other costs and expenses related thereto shall be charged to the Joint Account in accordance with the Accounting Procedure attached as Exhibit "C" to this Agreement.

3. Operator shall use every reasonable effort to have its contractors and subcontractors comply with applicable Worker's Compensation laws, rules, and regulations and carry such insurance as Operator may deem necessary, unless a Non-Operator provides evidence that it will provide $it(\tau + w)$ coverage.

1/L

4. Operator shall not be liable to Non-Operator for loss suffered because of insufficiency of the insurance procured and maintained for the Joint Account nor shall Operator be liable to Non-Operator for any loss occurring by reason of Operator's inability to procure or maintain the insurance provided for herein, and if at any time during the term of this Agreement. Operator is unable to procure or maintain said insurance. Operator shall promptly so notify Non-Operator in writing.

5. In the event of loss not covered by the insurance provided for herein, such loss shall be charged to the Joint Account and borne by the parties in accordance with their respective percentage of participation as determined by this Agreement.

6. Any party hereto may individually and at its own expense procure such additional insurance as it desires; provided, however, that such party shall obtain waivers by t he insurer of all right of subrogation in favor of the other parties.

U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only; No Assurfance Coverage Provided) ARTESIA, NM 88210

лі G						
m	Postage	\$	3.50	UNIT ID: 0708		
207	Certified Fee		2.10			
	Return Receipt Fee (Endorsement Required)	· 	1.50	Postmark Here		
0002	Restricted Delivery Fee (Endorsement Required)			Clerk: KHGFOG		
	Total Postage & Fees	\$	7.10	05/04/02		
	Sent To Yates Petroleum Corp. etal					
7002	Street, Apt. No.;		th 4th			
1		tesia		8210		
	PS Form 3800, Janua	ry 2001		See Reverse for Instructions		

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY		
 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. Article Addressed to: YATES PETROLEUM CORP ETAL 105 SOUTH 4TH STREET 	A. Signature X Agent Addressee B. Received by (<i>Printed Harry AY</i>) C. Gale UC elivery D. Is delivery address different from item 1? Yes If YES, enter delivery address below: No		
ARTESIA, NM 88210	3. Service Type Ø Certified Mail Express Mail Registered Return Receipt for Merchandise Insured Mail C.O.D. 4. Restricted Delivery? (Extra Fee) Yes		
2. Article Number (Transfer from service label) 7002 0460	0002 0073 5288		
PS Form 3811 August 2001	atura Pacaiat		

Domestic Return Receipt

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105 South Fourth Street Artesia, NM 88210

June 21, 2002

TMBR/Sharp Drilling, Inc. Drawer 10970 Midland, TX 79702-7970

RE: Blue Fin "25" No. 1 1913' FNL & 924' FWL Sec 25, T16S-R35E Lea County, New Mexico

Gentlemen:

Please find enclosed your AFE and JOA signature pages to the captioned well which have been fully executed by Yates Petroleum Corporation, Yates Drilling Company, Abo Petroleum Corporation and Myco Industries, Inc.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

hert Buller

Robert Bullock Landman

RB:bn enclosure(s)

TMBR/Sharp

Drilling, Inca

Crawer 10970 Midland, Texas 79702-7970 115-699-5050

a -

May 3, 2002

CERTIFIED MAIL/RRR

Yates Petroleum Corporation (70%) Yates Drilling Company (10%) MYCO Industries, Inc. (10%) Abo Petroleum Corp. (10%) 105 South 4th Street Artesia, New Mexico 88210

Re: Well Proposal – Blue Fin "25" No. 1 (the "Well") 1913 Feet FNL, 924 Feet FWL, Section 25, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico

Proposed Total Depth -13.200 feet subsurface or to a depth sufficient to test the Mississippian Formation, whichever is the lesser depth.

Gentlemen:

TMBR/Sharp Drilling, Inc. ("TMBR") proposes the drilling of the Well at the indicated location to an approximate depth of 13,200' subsurface, or to a depth sufficient to test the Mississippian Formation, whichever is the lesser depth. Site preparation and drilling operations will be commenced in the next few days. An Authority for Expenditure ("AFE") is enclosed detailing estimated anticipated expenditures for the drilling, testing, casing, competing, stimulation and equipping of the Well.

The Real Estate Records of Lea County, New Mexico indicate that you are presently vested with ownership rights in the E/2 NE/4 of said Section 25 in 0.25000 net mineral acres, or 0.3125%, for a N/2 unit participation of 0.078125%.

The leases owned by you and the associated ownership rights are set forth in greater detail on Exhibit "A", attached hereto. A proposed form of Operating Agreement is enclosed for your consideration.

Yates Petroleum Corporation et al May 3, 2002 Page Two

Please indicate your desire to participate in the proposed Well by executing this letter in the appropriate space(s) below and returning one original signature page to the undersigned within thirty (30) days of receipt of this letter with a check for the appropriate percentage of the costs estimated on the AFE and the executed signature pages to the Operating Agreement. The failure to respond to this proposal in the allowed time will be treated as an election not to participate in the Well, and your ownership rights will be recognized as would a non-participating co-tenant, and appropriate action will be taken with the New Mexico Oil Conservation Division to consolidate these interests into the N/2 spacing unit for the Well. As an alternative, should you with to farmout or enter into a term assignment of your leasehold interest we would be happy to discuss such a trade with you.

If there are any questions, comments or additional information needed, please contact Lonnie Arnold or the undersigned. Thank you for your consideration of our proposal.

Yours truly,

TMBR/SHARP DRILLING, INC.

Dennis J. Hopkins, CPL Land Manager

AGREED AND ACCEPTED THIS _____ DAY OF _____, 2002, for participation in the Well for the 0.078125% ownership vested in Yates Petroleum Corporation, Yates Drilling Company, MYCO Industries, Inc., and Abo Petroleum Corp.

By:		
Name:		
Title:		

Attached to that certain Well Proposal Letter Agreement dated May 3, 2002 between TMBR/Sharp Drilling, Inc. and Yates Petroleum Corporation, et al as to lands located in the N/2 of Section 25-16S-35E, N.M.P.M., Lea County, New Mexico.

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Lease Dated:	October 30, 2001
Recorded:	Book 1115. Page 603
Lessor:	Larry Hunnicutt, Custodian
Lessee:	Yates Petroleum Corporation et al
Legal Description:	Township 16 South, Range 35 East, N.M.P.M.
	Section 25: E/2 NE/4

se Name • Fin 25 Voot	e	FION FOR EXPEN	DITURE	Well No.1.	
e Fin 25 Veet Jode		Frote			
veet 'ode			CountyPansh Location: Lea 1913' FNL & 924' FWL, Sec. 25, T16S, R		2355
ode	ويسين مسترجعة بالمرجعة المتركة المتحد ومعاد	New Mexico	COST TO	COMPLETION	TOTAL
	INTANGIBLE DESC	RIPTION	CASING POINT	COST	WELL COST
	Surveys Permits / Bonds		1200		1,200
2	Roads: Location/Damages		30000		30,000
3	Mob/demob		27000		27,000
4	Drilling Contract-	-			
-		-	400440	25.560	426.000
5	Footage		<u></u>		
-	Completion Unit: 15 days At S	2000-day		30,000	30.000
1	Mud Chemicals	-	35000	2 000	35,000
	Water Cement/Cementing Services	-	<u>18000</u>	3.000	<u>21,000</u> 56,000
	Fuel/Electricity/Generator/lights	<u> </u>	28200	1,800	30,000
	Bits	-	65000	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	65,000
	Reamers/ stabilizers	F	15000		15,000
1	Service Equipment	T I	2000	5,000	7,000
	Equipment rentals	F	10000	35,000	45,000
1	Wire line Unit	ŀ			
	Mud Logging/Paleo/Bioassay	Ţ	18000		18,000
18	Open Hole Logging		25000	25,000	50,000
19	Drill Stem Testing and coring	[20000		20,000
	Tubular Inspection/Testing		3000	1,500	4,500
	Transportation (land)	ŀ	3000	2,000	5,000
i	Equipment inspection/testing	Ļ	2500	2,000	4,500
	Casing Crews/Tongs	-	4500	5,000	9,500
	Drilling Overhead	-	6500	1,500	8,000
	Supervision Cased Hole Logging & Perf		2750	5,500	<u> </u>
	Stimulation	f		100,000	100,000
	Production Testing	ł		10,000	10,000
	Completion Fluids	ł		2,500	2,500
	Fishing Tools, Supervisor	ļ	5000		5,000
	Contract labor		2500	3,000	5,500
32	Insurance	-	8756	2,919	11,675
33	Plug and Abandon		15000		15,000
34	Contingency (7%)		53784	21195	\$74,979
	L INTANGIBLE ESTIMATED (OST	\$822,130	\$323,974	\$1,146,104
	IBLE DESCRIPTION				
35		Conductor			
36		Surface Casing	7,750		7,750
37 38	5000" of 9 5/8" 40# @ 13.00/FT	Intermediate Csg	65,000		65,000
39		Intermediate Csg Intermediate Csg			<u>}</u>
40		Production Csg		143,750	143,750
41	1500' of 4 1 2" 11.60# @ 5.75'ft.	Liner		8,625	8.625
42		Tubing	······································	44,160	44,160
43		Tubing	······································		<u> </u>
44		Tubing			<u> </u>
45	Wellhead Equipment		4,200	9.000	13,200
46	Float Equipment		4,000	7.000	11,000
	Liner Equipment	· [12,000	12,000
	Pumping Unit / Base / Engine				
49	Sucker rods, Polished Rods				
	Producing Equipment, Tank Bat	•		60,000	60,000
	Flowlines, Vavles, Fittings/Conr			8.000	8,000
	Packers & Other Subsurface Too	sis		6,500	6,500
	Compressor				
	Miscelaneous Sale Items Contingency (7%)		5,667	5,000	5,000
	L TANGIBLE ESTIMATED CC	ST.	\$86,617	21,282 \$325,317	<u>26,949</u> \$411,934
	L AFE ESTIMATED COST		\$908,747	\$649,291	\$1,558,038
	ROVAL AND ACCEPTANCE		ويستتب والمناوية والمتراجع والتناوي	ED THAT AMOUNTS HEREIN ARE ESTIMATES ON	ومسين ومسيرهم التوني ستهذلت التهني المستثن
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s J	Petroleum Corporation	0.0	354687% Abo Petr	oleum Corporation	0.007813%
	THANK 11 INT	n -	4.50.02 By: M	4. A. Mit I	Det an
لمکت	mpin pacy	Date:	<u>6 20 - 02</u> By: fr(- yours p	Date: <u>6 70 02</u>
• '	Drilling Company	0.0	007813% Myco Inc	lustries, Inc.	0.007813%
31	PIAL AIT 11-			CILX (P	
_ 1	CAMER ALT	Date	: 6 . 2 02 By: 1.00	up ffair p	Date: 6-20-02

Attached to and made a part of that certain Model Form Recording Supplement to Operating Agreement and Financing Statement dated effective April 20, 2002, by TMBR/Sharp Drilling, Inc., Operator.

Lands subject to this Agreement:

Township 16 South, Range 35 East, N.M.P.M. Section 25: The North Half (N/2), containing 320 acres, more or less

Lea County, New Mexico

Parties subject to this Agreement and their respective percentages of interest:

Total:	100.00000%
Abo Petroleum Corp.	0.07813%
MYCO Industries, Inc.	0.07813%
Yates Drilling Company	0.07813%
Yates Petroleum Corporation	0.54687%
Chesapeake Energy Corp.	0.70312%
TMBR/Sharp Drilling, Inc.	98.51562%

Addresses of the parties to this Agreement:

TMBR/Sharp Drilling, Inc. Attn: Jeffrey D. Phillips P. O. Box 10970 Midland, Texas 79702-7970

Chesapeake Energy Corp. P. O. Box 18496 Oklahoma City, Oklahoma 73154-0496

Yates Petroleum Corporation Yates Drilling Company MYCO Industries, Inc. Abo Petroleum Corp. 105 South 4th Street Artesia, New Mexico 88210-2122 STATE OF TEXAS COUNTY OF MIDLAND

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This instrument was acknowledged before me on the 20th day of April. 2002 by Jeffrey D. Phillips, President of TMBR/Sharp Drilling, Inc., a Texas corporation, on behalf of said corporation.

Notary Public, State of	
Printed Name:	
Commission Expires:	

STATE OF NEW MEXICO

COUNTY OF EDDY

The foregoing instrument was acknowledged before me this <u>20th</u> day of <u>June</u>, 2002 by PEYTON YATES, Attorney-in-Fact for YATES PETROLEUM CORPORATION and YATES DRILLING COMPANY, by JOHN A. YATES, JR., Attorney-in-Fact for ABO PETROLEUM CORPORATION and by FRANK YATES, JR., Attorney-in-Fact for MYCO INDUSTRIES, INC., all New Mexico corporations, on behalf of said corporations.

My commission expires: 1-8-2004

Notary Public, State of New Mexico Barbara Nelson

nas prepared and circulated this form for execution, represents and warrants ention(s) insted belowis identical to the AAPI, Form 61/RS-1989 Model
rement-and Financing Statement, as published in computerized form by
or modifications, other than those made by strikethrough and or insertion
ticles, have been made to the form-
e effective as of the 20th day of
OPERATOR
FMBR Sharp Drillling, Inc.
Ву
Type or Print Name
Title: Jeffery D. Phillips, President
Date:
Address. P O Box 10970, Midland, Texas 79702-7970
NON-OPERATORS
Vates Petroleum Corporation
La colletto o
By By By
Type or Print Name
Date:
Address is the chiller wife in fill atting
Votes Delling Company
Yates Drilling Company
By After Parter Paylon liates
By:
Title' Attenden Fiet
Date: 10 ⁻² (1 ⁻²
Address: 15 South alth, totesia, 611 35210
MYCO Industries, Inc.
- t kin
By Frank (Kithing h. trank latis Jr.
Type or Print Name
Title: <u>Alton un en trait</u>
Address 16 5 South of the Arlesia V. 88310
Address: 16 5 South day, tylesia, X.1 88210
Abo Petroleum Corp.
Л
By: with A. Jelis /
Type or Print Name when y atis, w.
Title:
Address 55 South 4th tites in 26216

	ARTICLE X MISCELLAN	
4	This agreement shall be binding upon and shall inure to the bene legal representatives, successors and assigns	it of the parties hereto and to their respective neurs, devisees,
-	This instrument may be executed in any number of counterparts, each	of which shall be considered an original for all purposes.
`. .1	IN WITNESS WHEREOF, this agreement shall be effective as of	20th Jay of <u>April</u> (year) <u>2002</u>
.0 11	who has prepared and circul	ated this form for execution, represents and warrants that the form
12	was printed from and with the exception listed below, is identical to th	e A.APL Form-610-1982 Model Form Operating Agreement. as
13 14	published in diskette form by Forms On-A. Disk, Inc. No changes, alteration	ns. or modifications, other than those in Articles
15		
16 17	O P E R A T	
18		TMBR/SHARP DRILLING, INC.
19 20		
21 22		By:
23		Jeffrey D. Phillips, President
24 25		
26	NON-OPER /	ATORS
27 28		
-0 29	VATES PETROLEUM CORPORATION	YATES ORILLING COMPANY
30 31		2
32	attrail this	By: Silon' Atri
33 34	Printed trames	Printed Name: I there was a
35	Printed Title:	
36	MYCO INDUSTRIES, INC.	ABO PETROLEUM CORP
37 38 39	Frank Uato h	Br: John a - Chiliph
40	Printed Name: Education of the and the second	Printed Name: June 1 Maria M
41 42	Printed Title: The many second states	Pristed Title: storragierie tatt
43	CHESAPEAKE ENERGY CORP.	
44 45		
46		By:
47 48	Printed Name:	Printed Name:
49	Printed Title:	Printed Title:
50 51		
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STATE OF TEXAS COUNTY OF MIDLAND

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This instrument was acknowledged before me on the 20th day of April. 2002 by Jeffrey D. Phillips. President of TMBR/Sharp Drilling, Inc., a Texas corporation, on behalf of said corporation.

lotary Public, State of	
rinted Name:	
Commission Expires:	

STATE OF NEW MEXICO

COUNTY OF EDDY

The foregoing instrument was acknowledged before me this <u>20th</u> day of <u>June</u>, 2002 by PEYTON YATES, Attorney-in-Fact for YATES PETROLEUM CORPORATION and YATES DRILLING COMPANY, by JOHN A. YATES, JR., Attorney-in-Fact for ABO PETROLEUM CORPORATION and by FRANK YATES, JR., Attorney-in-Fact for MYCO INDUSTRIES, INC., all New Mexico corporations, on behalf of said corporations.

*

My commission expires: <u>1-8-2004</u>

200-

Notary Public, State of New Mexico Barbara Nelson

Attached to and made a part of that certain Model Form Recording Supplement to Operating Agreement and Financing Statement dated effective April 20, 2002, by TMBR/Sharp Drilling, Inc., Operator.

Lands subject to this Agreement:

Township 16 South. Range 35 East, N.M.P.M. Section 25: The North Half (N/2), containing 320 acres, more or less

Lea County, New Mexico

Parties subject to this Agreement and their respective percentages of interest:

Total:	100.00000%
Abo Petroleum Corp.	0.07813%
MYCO Industries, Inc.	0.07813%
Yates Drilling Company	0.07813%
Yates Petroleum Corporation	0.54687%
Chesapeake Energy Corp.	0.70312%
TMBR/Sharp Drilling, Inc.	98.51562%

Addresses of the parties to this Agreement:

TMBR/Sharp Drilling, Inc. Attn: Jeffrey D. Phillips P. O. Box 10970 Midland, Texas 79702-7970

Chesapeake Energy Corp. P. O. Box 18496 Oklahoma City. Oklahoma 73154-0496

Yates Petroleum Corporation Yates Drilling Company MYCO Industries, Inc. Abo Petroleum Corp. 105 South 4th Street Artesia, New Mexico 88210-2122

U.S. Postal Service CERTIFIED MAIL RECEIP: (Domestic Mail-Only; No Insurance Coverage Provided)

a						
534°						
ш	Postage	\$	3.10	UNIT ID: 0708		
207	Certified Fee		2.10			
20	Return Receipt Fee (Endorsement Required)		1.50	Postmark Here		
	Restricted Delivery Fee (Endorsement Required)			Clerk: KHGFOG		
9	Total Postage & Fees	\$	6.70	05/04/02		
DH	Branex Resources, Inc.					
	City. State, ZIP+ 4 Roswell, NM 88202 2320					
7						
	PS Form 3800, January 2001 See Reverse for Instructions					

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
 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. Article Addressed to: BRANEX RESOURCES, INC. P. O. BOX 2328 ROSWELL, NM 88202-2328 	A. Signature X Agent B. Received by (<i>Printed Name</i>) D. Is delivery address different from item 1? If YES, enter delivery address below: No
KOSWEEL, NW 86202-2326	3. Service Type Image: Service Type </th
2. Article Number (Transfer from service label) 7002 0460	0002 0073 5349

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BRANEX RESOURCES, INC. POST OFFICE 50X 1323 ROSWELL, NEW MEXICO (H3202-1328 (505) 627-0612 (Fix (505) 427-3353)

May 6, 2002

Dennis J. Hopkins, CPL Land Manager TMBR/Sharp Drawer 10970 Midland, Texas 79702-7970

Re: Your AFE, JOA and Well Proposal dated May 3, 2002 and covering your "Blue Fin 25 No. 1 Well" to be located 1913' FNL & 924' FWL, Section 25, T16S-R35E, NMPM Lea County, New Mexico

Gentlemen:

The above items constitute the third well proposal that we have received or been notified about in Section 25, T16S-R35E, NMPM and it appears that the NMOCD still has to rule on certain items. I prefer to wait and see what final determinations that the NMOCD makes before I make a decision as to what we will do. As you are probably aware under NMOCD regulations, we have thirty (30) days after we receive a copy of the approved compulsory pooling order in order to either (a) participate with our interest in and to the subject well; or (b) simply be bound by the terms of the order. I do not desire to be uncooperative with TMBR/Sharp but I do think I am being prudent in awaiting the final orders of the NMOCD prior to my making a decision in this matter. Thank you.

Sincerely,

F. Andrew Grooms, President Branex Resources, Inc.

cc. Jim Bruce



awer 10970 1 diand 15,kas 19702-7910 15-699-5050

May 3, 2002

CERTIFIED MAIL/RRR

Branex Resources, Inc. P. O. Box 2328 Roswell, New Mexico 88202-2328

Re: Well Proposal – Blue Fin "25" No. 1 (the "Well") 1913 Feet FNL, 924 Feet FWL, Section 25, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico

Proposed Total Depth -13,200 feet subsurface or to a depth sufficient to test the Mississippian Formation, whichever is the lesser depth.

Dear Mineral Owner:

TMBR/Sharp Drilling, Inc. ("TMBR") proposes the drilling of the Well at the indicated location to an approximate depth of 13,200' subsurface, or to a depth sufficient to test the Mississippian Formation, whichever is the lesser depth. Site preparation and drilling operations will be commenced in the next few days. An Authority for Expenditure ("AFE") is enclosed detailing estimated anticipated expenditures for the drilling, testing, casing, competing, stimulation and equipping of the Well.

The Real Estate Records of Lea County, New Mexico indicate that you are presently vested with ownership rights in the W/2 NE/4 of said Section 25 in 2.2500 net mineral acres, or 2.8125%, for a N/2 unit participation of 0.7031%.

A proposed form of our Operating Agreement is enclosed for your review and consideration.

Please indicate your desire to participate in the proposed Well by executing this letter in the appropriate space(s) below and returning one original signature page to the undersigned within thirty (30) days of receipt of this letter with a check for the appropriate percentage of the costs estimated on the AFE and the executed signature pages to the Operating Agreement

Branex Resources, Inc. May 3, 2002 Page Two

The failure to respond to this proposal in the allowed time will be treated as an election not to participate in the Well, and your ownership rights will be recognized as would a non-participating co-tenant, and appropriate action will be taken with the New Mexico Oil Conservation Division to consolidate these interests into the N/2 spacing unit for the Well. As an alternative, should you with to enter into an oil and gas covering your mineral interest we would be happy to discuss such a transaction with you.

If there are any questions, comments or additional information needed, please contact Lonnie Arnold or the undersigned. Thank you for your consideration of our proposal.

Yours truly,

TMBR/SHARP DRILLING, INC.

Dennis J. Hopkins, CPL Land Manager

AGREED AND ACCEPTED THIS _____ DAY OF _____, 2002, for participation in the Well for the 0.8928% ownership vested in Branex Resources, Inc.

By:	
Name:	
Title:	

DALLAS, IX 75219 Postage \$ 3,10 UNIT ID: 0708				
DALLAS. TX 75219 Postage \$ 3.10 UNIT ID: 0708				
Fostage 5	i			
~				
Certified Fee 2.10				
Return Receip: Fee 1.50 Postmark Here (Endorsement Required)				
Heturn Heceloi Fee 1.30 Here (Endorsement Required) Clerk: KHGF0G (Endorsement Required)				
Total Postage & Fees \$ 6.70 05/04/02				
Sent To Robert M. Edsel				
CU Street Apt. No.: or PO Box No. 3111 Welborn, No. 1604				
□ City, State. 2/P+4 □ Dallas, TX 75219-5023 PS Form 3800; January 2001. # See Reverse for Instru-				

SENDER: COMPLETE THIS SECTION	A. Signature Agent X Agent X Agent X Addressee B. Received by (Printed Name) C. Date of Delivery YL/-HAMMA Address different from item 1? YES, enter delivery adcress below: No	
 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: ROBERT M. EDSEL 3111 WELBORN, NO. 1604 		
DALLAS, TX 75219-5023	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 (Transfer from service labe 7002 0460 00	02 0073 5318	
PS Form 3811, August 2001 Domestic Ref	turn Receipt 102595-01-M-2509	

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Cawer 10970 Latano Dekas 79702-1910 15-549-3050

May 3, 2002

CERTIFIED MAIL/RRR

Robert M. Edsel 3111 Welborn, No. 1604 Dallas, Texas 75219-5023

Re: Well Proposal – Blue Fin "25" No. 1 (the "Well") 1913 Feet FNL, 924 Feet FWL, Section 25, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico

Proposed Total Depth -13,200 feet subsurface or to a depth sufficient to test the Mississippian Formation, whichever is the lesser depth.

Dear Mineral Owner:

TMBR/Sharp Drilling, Inc. ("TMBR") proposes the drilling of the Well at the indicated location to an approximate depth of 13,200' subsurface, or to a depth sufficient to test the Mississippian Formation, whichever is the lesser depth. Site preparation and drilling operations will be commenced in the next few days. An Authority for Expenditure ("AFE") is enclosed detailing estimated anticipated expenditures for the drilling, testing, casing, competing, stimulation and equipping of the Well.

The Real Estate Records of Lea County, New Mexico indicate that you are presently vested with ownership rights in the NW/4 NE/4 of said Section 25 in 0.5000 net mineral acres, or 1.2500%, for a N/2 unit participation of 0.1562%.

A proposed form of our Operating Agreement is enclosed for your review and consideration.

Please indicate your desire to participate in the proposed Well by executing this letter in the appropriate space(s) below and returning one original signature page to the undersigned within thirty (30) days of receipt of this letter with a check for the appropriate percentage of the costs estimated on the AFE and the executed signature pages to the Operating Agreement

Robert M. Edsel May 3, 2002 Page Two

The failure to respond to this proposal in the allowed time will be treated as an election not to participate in the Well, and your ownership rights will be recognized as would a non-participating co-tenant, and appropriate action will be taken with the New Mexico Oil Conservation Division to consolidate these interests into the N/2 spacing unit for the Well. As an alternative, should you with to enter into an oil and gas covering your mineral interest we would be happy to discuss such a transaction with you.

If there are any questions, comments or additional information needed, please contact Lonnie Arnold or the undersigned. Thank you for your consideration of our proposal.

Yours truly,

TMBR/SHARP DRILLING, INC.

um///h/m

Dennis J. Hopkins, CPL Land Manager

AGREED AND ACCEPTED THIS _____ DAY OF _____, 2002, for participation in the Well for the 0.8928% ownership vested in Robert M. Edsel.

By:		 	
Name:			
Title:			

1	ARTICLE	XVI.			
2	MISCELLAN	EOUS			
3					
4	This agreement shall be binding upon and shall inure to the benefit of the parties bereto and to their respective hoirs, devisees,			tive hors, devisees,	
	legal representatives, successors and assigns	•			
-	The instrument marks accurate a new number of sourcements and	المرحية والمرجعة والمر	all bu con closed	un original for	all numerosas
х	This instrument may be executed in any number of counterparts, each	n of which sh	an ne considered	an original to	an purposes
ÿ	IN WITNESS WHEREOF, this agreement shall be effective as of	20+6	las ut	toril	(Lease) 2002
10	1 v writesis writeknort uns agreenen shar be encenve as br	<u></u>	uayon	<u></u>	
11	who has prepared and circu	lated this form	a tor execution. re	enrecente and u	arrants that the form
12	was printed from and with the exception listed below. is identical to th				
13	published in diskette form by Forms On-A-Disk. Inc. No changes, alteratic				
14	published in deaced form by round (a) in the roo enalges, dictate				
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16	O P E R A T	OR			
17				6 D.C	
18		EMBR/SF	TARP DRILLIN	G. INC.	
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21		By:			
22			Jeffrey D. Phill	ips. President	
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26	NON-OPER	ATORS			
27 28					
-0 29		BRANEX	RESOURCES,	INC.	
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Attached to and made a part of that certain Joint Operating Agreement dated effective April 20, 2002, by TMBR/Sharp Drilling, Inc., Operator.

A. Lands subject to this Agreement:

Township 16 South, Range 35 East, N.M.P.M. Section 25: The North Half (N/2), containing 320 acres, more or less

Lea County, New Mexico

B. Restrictions as to depth:

None

C. Parties subject to this Agreement and their respective percentages of interest:

Total:	100.00000%
Branex Resources. Inc.	0.70312%
TMBR/Sharp Drilling, Inc.	99.29688%

D. Addresses of the parties to this Agreement:

TMBR/Sharp Drilling, Inc. Attn: Jeffrey D. Phillips P. O. Box 10970 Midland, Texas 79702-7970 Telephone: (915) 699-5050 Facsimile: (916) 699-5085

Branex Resources. Inc. P. O. Box 2328 Roswell, New Mexico 88202 Telephone: Facsimile:

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	o has prepared and circulated this form for execution, represents and warrants
	xception(s) listed below, is identical to the AXPL Form 610RS-1989 Model greement and Financing Statement, as published in computerized form by
	section and rinancing statement, as published in computerized form by
	Articles, have been made to the form.
IN WITNESS WHEREOF this agreement shall	be effective as of the <u>20th</u> day of <u>April</u>
ar <u>2002</u> .	
TTEST OR WITNESS:	OPERATOR
	TMBR Sharp Drilling, Inc.
	By By Type or Print Name
	Title: Jefferv D. Phillips, President
	Date:
	Address: P O Box 10970, Midland, Texas 79702-7970
TTEST OR WITNESS:	NON-OPERATORS
	Branex Resources, Inc.
	By:
	Type or Print Name
	Title: Date:
	Address:
TTEST OR WITNESS:	
	By:
	Type or Print Name
	Title:
	Date: Address:
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TTEST OR WITNESS:	
	Type or Print Name Title:
	Date:
	Address:
TTEET OB WITNESS.	
ATTEST OR WITNESS:	
	D
	By: Type or Print Name
	Title:
	-
	Address:

- 3 -

Attached to and made a part of that certain Model Form Recording Supplement to Operating Agreement and Financing Statement dated effective April 20, 2002, by TMBR/Sharp Drilling, Inc., Operator.

Lands subject to this Agreement:

Township 16 South. Range 35 East. N.M.P.M. Section 25: The North Half (N/2), containing 320 acres, more or less

Lea County, New Mexico

Parties subject to this Agreement and their respective percentages of interest:

Total:	100.00000%
Branex Resources, Inc.	0.70312%
TMBR/Sharp Drilling. Inc.	99.29688%

Addresses of the parties to this Agreement:

TMBR/Sharp Drilling, Inc. Attn: Jeffrey D. Phillips P. O. Box 10970 Midland, Texas 79702-7970

Branex Resources, Inc. P. O. Box 2328 Roswell, New Mexico 88202

l	ARTIC	CLE XVI.
2	MISCEL	LANEOUS
3		
L	this agreement shar be obtaining upon and shar bute to the benefit of the parties hereto and to their respective rens, devisees.	
5	legal representatives, successors and assigns	
8	This instrument may be executed in any number of counterpart	s, each of which shall be considered an original for all purposes
2 - 4		
.ч .ч	IN WHATSS WHEREOF, this agreement shall be effective as	of day of (year)
11	uhu ha manana an	circulated this form for execution, represents and warrants that the form
12		Circulated this form for execution, represents and warrants that the form
13		terations, or modifications, other than those in Articles
14		have been made to the form.
15		
16	OPE	RATOR
17		
18		TMBR/SHARP DRILLING, INC.
19		
20		
21		By: Jeffrey D. Phillips, President
22		Jeffrey D. Phillips, President
23		
24		
25		
26	N O N - O F	PERATORS
27 28		
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30		
31		
32		By:
33	Printed Name:	Printed Name: Robert M. Edsel
34	Printed Title:	Printed Title:
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38		By:
39	Printed Name:	Printed Name:
40	Printed Title:	Printed Title:
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Attached to and made a part of that certain Joint Operating Agreement dated effective April 20, 2002, by TMBR/Sharp Drilling, Inc., Operator.

A. Lands subject to this Agreement:

Township 16 South. Range 35 East. N.M.P.M. Section 25: The North Half (N/2), containing 320 acres, more or less

Lea County, New Mexico

B. Restrictions as to depth:

None

C. Parties subject to this Agreement and their respective percentages of interest:

.

Total:	100.00000%
Robert M. Edsel	015625%
TMBR/Sharp Drilling, Inc.	99.84375%

D. Addresses of the parties to this Agreement:

TMBR/Sharp Drilling, Inc. Attn: Jeffrey D. Phillips P. O. Box 10970 Midland, Texas 79702-7970 Telephone: (915) 699-5050 Facsimile: (916) 699-5085

Robert M. Edsel 3111 Welborn. No. 1604 Dallas, Texas 75219 Telephone: Facsimile:

	prepared and circulated this form for execution, represents and warrants
hat the form was printed from-and, with the except	ion(s) listed below, is identical to the AAPL Form 610RS-1989 Model
orm Recording Supplement to Operating Agreen	ent and Financing Statement, as published in computerized form by
	modifications, other than those made by strikethrough and or insertion
na mai are crearly recognizable as changes in Arnei	es nave been made to the form.
IN WITNESS WHEREOF, this agreement shall be ef-	fective as of the 20th day of
<u>2002</u> .	
ATTEST OR WITNESS:	OPERATOR
	TMBR Sharp Drillling, Inc.
	By
	Type or Print Name
	Title. Jeffery D. Phillips, President
	Address: P O Box 10970, Midland, Texas 79702-7970
ATTEST OR WITNESS:	NON-OPERATORS
	By
	Type or Print Name
	Title:-Robert M. Edsel
	Date Address:
ATTEST OR WITNESS:	
	By
	Type or Print Name Title:
	Date:
	Address:
ATTEST OR WITNESS:	
	By: Type or Print Name
	Title:
	Address:
ATTECT OD WITNESS.	
ATTEST OR WITNESS:	
	By
	By By Type or Print Name
	ByType or Print Name Title:
	ByType or Print Name Title:

Attached to and made a part of that certain Model Form Recording Supplement to Operating Agreement and Financing Statement dated effective April 20, 2002, by TMBR/Sharp Drilling, Inc., Operator.

Lands subject to this Agreement:

Township 16 South, Range 35 East, N.M.P.M. Section 25: The North Half (N/2), containing 320 acres, more or less

Lea County, New Mexico

Parties subject to this Agreement and their respective percentages of interest:

Total:	100.00000%
Robert M. Edsel	0.15625%
TMBR/Sharp Drilling, Inc.	99.84375%

Addresses of the parties to this Agreement:

TMBR/Sharp Drilling, Inc. Attn: Jeffrey D. Phillips P. O. Box 10970 Midland, Texas 79702-7970

Robert M. Edsel 3111 Welborn, No. 1604 Dallas, Texas 75219

U.S. Postal Service (Domestic Mail Only; No Insurance Coverage Provided) SBDL RDSWELL, NH 88202 3.10 UNIT ID: 0708 E700 Postage s 2.10 Certified Fee Postmark 1.50 Return Receipt Fee (Endorsement Required) 2000 Here Clerk: KHGFOG Restricted Delivery Fee (Endorsement Required) 6.70 05/04/02 \$ 0460 Total Postage & Fees Sent To Harle, Inc. Street. Apt. No.; or PO Box No. гu P. O. Box 2608 City, State, ZIP+ 4 88202-2608 Roswell, NM See Reverse for Instructions PS Form 3800, January 2001

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
 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. 	A. Signature	
1. Article Addressed to: HARLE, INC. P. O. BOX 2608	☐ D. Is delivery address different from item 1? ☐ Yes If YES, enter delivery address below: ☐ No	
ROSWELL, NM 88202-2608	3. Service Type Image: Certified Mail Express Mail Image: Certified Mail Return Receipt for Merchandise Image: Insured Mail C.O.D. 4. Restricted Delivery? (Extra Fee) Yes	
2. Article Number (Transfer from service laber 7002 0460 0	ם2 0073 5301	

PS Form 3811, August 2001

Domestic Return Receipt



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May 3, 2002

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CERTIFIED MAIL/RRR

Harle, Inc. P. O. Box 2608 Roswell, New Mexico 88202-2608

Re: Well Proposal – Blue Fin "25" No. 1 (the "Well") 1913 Feet FNL, 924 Feet FWL, Section 25, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico

Proposed Total Depth -13,200 feet subsurface or to a depth sufficient to test the Mississippian Formation, whichever is the lesser depth.

Dear Mineral Owner:

TMBR/Sharp Drilling, Inc. ("TMBR") proposes the drilling of the Well at the indicated location to an approximate depth of 13,200' subsurface, or to a depth sufficient to test the Mississippian Formation, whichever is the lesser depth. Site preparation and drilling operations will be commenced in the next few days. An Authority for Expenditure ("AFE") is enclosed detailing estimated anticipated expenditures for the drilling, testing, casing, competing, stimulation and equipping of the Well.

The Real Estate Records of Lea County, New Mexico indicate that you are presently vested with ownership rights in the E/2 NE/4 of said Section 25 in 0.2500 net mineral acres, or 0.3125%, for a N/2 unit participation of 0.0781%.

A proposed form of our Operating Agreement is enclosed for your review and consideration.

Please indicate your desire to participate in the proposed Well by executing this letter in the appropriate space(s) below and returning one original signature page to the undersigned within thirty (30) days of receipt of this letter with a check for the appropriate percentage of the costs estimated on the AFE and the executed signature pages to the Operating Agreement

Harle, Inc. May 3, 2002 Page Two

The failure to respond to this proposal in the allowed time will be treated as an election not to participate in the Well, and your ownership rights will be recognized as would a non-participating co-tenant, and appropriate action will be taken with the New Mexico Oil Conservation Division to consolidate these interests into the N/2 spacing unit for the Well. As an alternative, should you with to enter into an oil and gas covering your mineral interest we would be happy to discuss such a transaction with you.

If there are any questions, comments or additional information needed, please contact Lonnie Arnold or the undersigned. Thank you for your consideration of our proposal.

Yours truly,

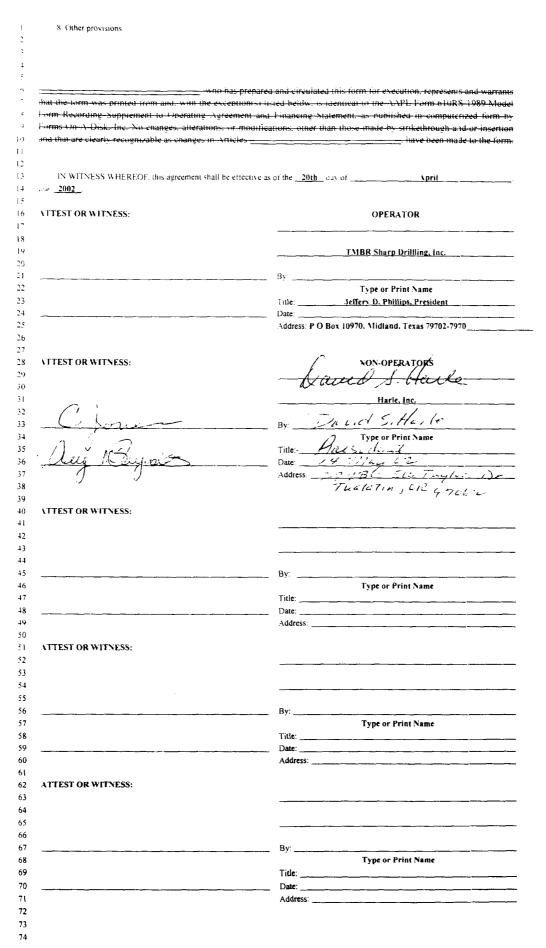
TMBR/SHARP DRILLING, INC.

Dennis J. Høpkins, CPL Land Manager

AGREED AND ACCEPTED THIS / DAY OF _____, 2002, for participation in the Well for the $\overline{0.0281\%}$ ownership vested in Harle, Inc.

Title: "RESCOLNT

AAPL - FORM 610RS - 1989



STATE OF TEXAS COUNTY OF MIDLAND Ş

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This instrument was acknowledged before me on the 20th day of April, 2002 by Jeffrey D. Phillips. President of TMBR/Sharp Drilling. Inc., a Texas corporation, on behalf of said corporation.

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		Notor: Public State of
		Notary Public. State of
		Printed Name:Commission Expires:
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		-de constantes anno 1
This instrument	was acknowledged t	before me on the day of 2002 by
	of ite.	sie inc
		behalf of said corporation.
		Cleur R. R. Seringias
DEFICIAL	<u> </u>	
AMY M. MC		Notary Public. State of <u>breach</u> Printed Name: Arry M. McReynold
NOTARY PUBL		Commission Expires: 115 2004
COMMISSION MY COMMISSION EXPIRE	S NOV 15 2004	commission expires. <u>MOISCOT</u>
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	of	
· · · · · · · · · · · · · · · · · · ·		behalf of said corporation.
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		Notary Public, State of
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This instrument	was acknowledged	before me on theday of 2002 by
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COUNTY OF	§	
i his instrumen	i was acknowledged	before me on the day of 2002 by
		Notary Public, State of
		Printed Name:
		Commission Expires:

I	ARTICLE	XVI.
2	MISCELLAN	NEOUS
	This agreement shall be binding upon and shall inure to the ber legal representatives, successors and assigns	netit, of the parties hereto and to their respective heirs, devisees,
-	This instrument may be executed in any number or counterparts, eac	ch of which shall be considered an original for all purposes
8 4	IN WITNESS WHEREOF, this agreement shall be effective as of $_$	
19		
11	who has prepared and circu	
13	was printed from and with the exception itsled below. is identical to it published in diskette form by Forms On A-Disk. Inc. No changes, alterati	· · · ·
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16 17	OPERA	
18		TMBR/SHARP DRILLING, INC.
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21		Bv:
22		Jeffrey D. Phillips, President
23		
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26	N O N - O P E R	ATORS
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31		Xlaud (build
32		By: Dana Strave
33 34	Printed Name: Printed Title:	Printed Name: David 5. Horle
35		Printed Title: President
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STATE OF TEXAS COUNTY OF MIDLAND 11.20

This instrument was acknowledged before me on the 20th day of April. 2002 by Jeffrey D. Phillips. President of TMBR/Sharp Drilling. Inc., a Texas corporation, on behalf of said corporation.

:

	Notary Public, State of
	Printed Name:
	Commission Expires:
STATE OF <u>Creaco</u> § COUNTY OF <u>Creation 115</u> §	
This instrument was acknowledge	ed before me on the day of 2002 by
Davia S. Herle	<u>arle lync</u> , a
News mexico corporation o	in behalf of said corporation.
	And A Africanto
OFFICIAL SEAL	Notary Public. State of
NOTARY PUBLIC-CREGON	Printed Name: Any M. McReynolds
COMMISSION NO 340390 MY COMMISSION FRAMES NOW 15, 2004	Commission Expires: 111510004
and the second se	
STATE OF	
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This instrument was acknowledge	ed before me on theday of2002 by
of	
corporation, c	
	Notary Public. State of
	Printed Name:
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STATE OF COUNTY OF	\$ \$
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This instrument was acknowledg	ed before me on theday of 2002 by
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	Notary Public, State of
	Printed Name:
STATE OF	Printed Name: Commission Expires:
	Printed Name: Commission Expires:
COUNTY OF	Printed Name: Commission Expires:
COUNTY OF	Printed Name: Commission Expires:
COUNTY OF	Printed Name: Commission Expires: § § ged before me on theday of2002 by
COUNTY OF	Printed Name: Commission Expires:

	TMBR/ Sharp Drilling, II			AFE Number = 1 23-Apr-		
AUTHORIZATION FOR EXPEN					Well No.1. Location: 1913' FNU & 924' FWL , Sec. 25. F16S, R 35E	
ame State n 25 New Mexico			County Parish Lea			
			COST TO	COMPLETION	TOTAL	
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	ads Location Damages	Ļ	30000		30.000	
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4 Co	ontingency (7%)	_	53784	21195	\$74,979	
ΑL Π	NTANGIBLE ESTIMATED (COST	\$822,130	\$323,974	\$1,146,104	
GIBI	LE DESCRIPTION					
5		Conductor				
	00' of 13 3/8" 54.5 @15.50/FT	Surface Casing	7,750		7,750	
1		Surree Cusing				
	000' of 9 5/8" 40# @ 13.00/FT	Intermediate Csg	65,000		65,000	
50	000' of 9 5/8" 40# @ 13.00/FT	- +				
7 50 8 9	-	Intermediate Csg Intermediate Csg Intermediate Csg			65,000	
7 50 8 9 9 12	2.500' of 7" 26# @ 11.50/FT	Intermediate Csg Intermediate Csg Intermediate Csg Production Csg		143,750	65,000	
7 50 8 9 1 12 1 150	2.500° of 7* 26#@ 11.50/FT 00° of 4 € 2″ € 60# ເຜີ 5.35%.	Intermediate Csg Intermediate Csg Intermediate Csg Production Csg Liner		8,625	65,000 143,750 8,625	
7 50 8 9 9 12 1 150 2 13	2.500' of 7" 26# @ 11.50/FT	Intermediate Csg Intermediate Csg Intermediate Csg Production Csg Liner Tubing			65,000	
7 50 3 1 0 12 1 150 2 13	2.500° of 7* 26#@ 11.50/FT 00° of 4 € 2″ € 60# ເຜີ 5.35%.	Intermediate Csg Intermediate Csg Intermediate Csg Production Csg Liner Tubing Tubing		8,625	65,000 143,750 8,625	
7 50 8 9 9 12 1 159 2 13 3 4	2.500' of 7" 26# @ 11.50/FT 90' o(4 €2" €60# @ 5.75")). 3800' of 2 7/8" 6.50# @3.20/FT	Intermediate Csg Intermediate Csg Intermediate Csg Production Csg Liner Tubing	65,000	8,625 44.160	65,000 143,750 8,625 44,160	
7 50 8 9 1 12 1 150 2 10 3 4 5 W	2.500° of 7° 26# @ 11.50/FT 90° of 4 1.2° 11.60# @ 5.75°N 3800° of 2.7/8° 6.50# @3.20/FT /ellhead Equipment	Intermediate Csg Intermediate Csg Intermediate Csg Production Csg Liner Tubing Tubing	65,000 4,200	8,625 44,160 9,000	65,000 143,750 8,625 44,160 13,200	
5 V 5 F	2.500° of 7° 26# @ 11.50/FT 90° of 4 1.2° 11.60# @ 5.75°N 3800° of 2.7/8° 6.50# @3.20/FT /ellhead Equipment toat Equipment	Intermediate Csg Intermediate Csg Intermediate Csg Production Csg Liner Tubing Tubing	65,000	8,625 44,160 9,000 7,000	65,000 143,750 8,625 44,160 13,200 11,000	
7 50 3 12 1 156 2 13 3 4 4 5 W 6 FI 7 Li	2.500° of 7° 26# @ 11.50/FT 00° of 4 1.2° 11.60# @ 5.75°N 3800° of 2.7/8° 6.50# @3.20/FT /ellhead Equipment loat Equipment iner Equipment	Intermediate Csg Intermediate Csg Intermediate Csg Production Csg Liner Tubing Tubing	65,000 4,200	8,625 44,160 9,000	65,000 143,750 8,625 44,160 13,200	
7 50 8 9 9 12 1 159 2 10 3 3 4 4 5 W 6 FI 8 PL	2.500° of 7° 26# @ 11.50/FT 607 of 4 1.2° 11.60# @ 5.75°N 3800° of 2.7/8° 6.50# @3.20/FT /ellhead Equipment loat Equipment iner Equipment umping Unit / Base / Engine	Intermediate Csg Intermediate Csg Intermediate Csg Production Csg Liner Tubing Tubing	65,000 4,200	8,625 44,160 9,000 7,000	65,000 143,750 8,625 44,160 13,200 11,000	
5 50 12 1 159 1 159	2.500° of 7° 26# @ 11.50/FT 607° of 4 1.2° 11.60# @ 5.75° N. 3800° of 2.7/8° 6.50# @3.20/FT /ellhead Equipment loat Equipment iner Equipment umping Unit / Base / Engine ucker rods. Polished Rods	Intermediate Csg Intermediate Csg Intermediate Csg Production Csg Liner Tubing Tubing Tubing Tubing	65,000 4,200	8,625 44,160 9,000 7,000 12,000	65,000 143,750 8,625 44,160 13,200 11,000 12,000	
50 12 150 13 13 13 13 13 14 14 15 15 15 15 15 15 15 15 15 15 15 15 15	2.500° of 7° 26# @ 11.50/FT 100° of 4 1.2° 11.60# روز 5.75° ۱۱. 3800° of 2.7/8° 6.50# @3.20/FT /ellhead Equipment loat Equipment iner Equipment umping Unit / Base / Engine ucker rods. Polished Rods roducing Equipment, Tank Bat	Intermediate Csg Intermediate Csg Intermediate Csg Production Csg Liner Tubing Tubing Tubing Tubing	65,000 4,200	8,625 44,160 9,000 7,000 12,000 60,000	65,000 143,750 8,625 44,160 13,200 11,000 12,000 60,000	
7 50 8 9 9 12 1 156 2 13 3 4 4 5 W 6 Fl 7 Li 8 PL 9 SL 9 SL 9 SL 9 SL 9 SL	2.500° of 7° 26# @ 11.50/FT 00° of 4 1 2° 11 60# ش 5.75° ۱۱. 3800° of 2 7/8° 6.50# @3.20/FT /ellhead Equipment loat Equipment iner Equipment umping Unit / Base / Engine ucker rods. Polished Rods roducing Equipment, Tank Bat lowlines, Vavles, Fittings/Conr	Intermediate Csg Intermediate Csg Intermediate Csg Production Csg Liner Tubing Tubing Tubing Tubing	65,000 4,200	8,625 44,160 9,000 7,000 12,000 60,000 8,000	65,000 143,750 8,625 44,160 13,200 11,000 12,000 60,000 8,000	
7 50 8 9 9 12 1 159 2 13 3 4 5 W 6 FH 7 Li 8 PL 9 SU 9 SU 9 SU 9 SU 9 PT 1 FI 2 Pa	2.500° of 7° 26# @ 11.50/FT 100° of 4 1.2° 11.60# @ 5.75°11. 3800° of 2.7/8° 6.50# @3.20/FT /ellhead Equipment loat Equipment iner Equipment umping Unit / Base / Engine ucker rods. Polished Rods roducing Equipment, Tank Bat lowlines, Vavles, Fittings/Conr ackers & Other Subsurface Too	Intermediate Csg Intermediate Csg Intermediate Csg Production Csg Liner Tubing Tubing Tubing Tubing	65,000 4,200	8,625 44,160 9,000 7,000 12,000 60,000	65,000 143,750 8,625 44,160 13,200 11,000 12,000 60,000	
7 50 8 9 9 12 1 150 2 15 3 4 4 5 W 6 FL 7 Li 8 PL 9 SU 9 SU	2.500° of 7° 26# @ 11.50/FT 60° of 4 1.2° 11.60# @ 5.75°N. 3800° of 2.7/8° 6.50# @3.20/FT /ellhead Equipment loat Equipment iner Equipment umping Unit / Base / Engine ucker rods. Polished Rods roducing Equipment, Tank Bat lowlines, Vavles, Fittings/Conr ackers & Other Subsurface Too fompressor	Intermediate Csg Intermediate Csg Intermediate Csg Production Csg Liner Tubing Tubing Tubing Tubing	65,000 4,200	8,625 44,160 9,000 7,000 12,000 60,000 8,000 6,500	65,000 143,750 8,625 44,160 13,200 11,000 12,000 60,000 8,000 6,500	
7 50 8 9 9 12 1 150 2 10 3 4 4 5 W 6 Fl 7 Li 8 PL 9 SL 9 SL	2.500° of 7° 26# @ 11.50/FT 60° of 4 1.2° 11.60# @ 5.75°N. 3800° of 2.7/8° 6.50# @3.20/FT /ellhead Equipment loat Equipment iner Equipment umping Unit / Base / Engine ucker rods. Polished Rods roducing Equipment, Tank Bat lowlines. Vavles, Fittings/Conr ackers & Other Subsurface Too formpressor fiscelaneous Sale Items	Intermediate Csg Intermediate Csg Intermediate Csg Production Csg Liner Tubing Tubing Tubing Tubing	65,000 4,200 4,000	8,625 44,160 9,000 7,000 12,000 60,000 8,000 6,500 5,000	65,000 143,750 8,625 44,160 13,200 11,000 12,000 60,000 8,000 6,500 5,000	
7 50 9 12 1 159 2 13 3 4 5 W 6 Fl 7 Li 8 PL 9 SL 9 SL 9 SL 9 SL 9 SL 9 SL 9 SL 9 S	2.500' of 7" 26# @ 11.50/FT OUT of 4 1 2" 11.60# @ 5.75"1. 3800' of 2 7/8" 6.50# @ 3.20/FT /ellhead Equipment loat Equipment iner Equipment umping Unit / Base / Engine ucker rods. Polished Rods roducing Equipment, Tank Bat lowlines. Vavles. Fittings/Conr ackers & Other Subsurface Too formpressor fiscelaneous Sale Items fontingency (7%)	Intermediate Csg Intermediate Csg Intermediate Csg Production Csg Liner Tubing Tubing Tubing Tubing tery, flowline tections	65,000 4,200 4,000 5,667	8,625 44,160 9,000 7,000 12,000 60,000 8,000 6,500 5,000 21,282	65,000 143,750 8,625 44,160 13,200 11,000 12,000 60,000 8,000 6,500 5,000 26,949	
7 50 9 12 1 154 2 15 2 15 3 4 4 5 W 5 Fl 6 Fl 7 Li 8 PL 9 SL 9 SL	2.500' of 7" 26# @ 11.50/FT 00' of 4 1 2" 11.60# @ 5.75'1). 3800' of 2 7/8" 6.50# @ 3.20/FT /ellhead Equipment loat Equipment iner Equipment umping Unit / Base / Engine ucker rods. Polished Rods roducing Equipment, Tank Bat lowlines. Vavles. Fittings/Conr ackers & Other Subsurface Too formpressor fiscelaneous Sale Items fontingency (7%) TANGIBLE ESTIMATED CO	Intermediate Csg Intermediate Csg Intermediate Csg Production Csg Liner Tubing Tubing Tubing Tubing tery, flowline tections	65,000 4,200 4,000 5,667 \$86,617	8,625 44,160 9,000 7,000 12,000 60,000 8,000 6,500 5,000 21,282 \$325,317	65,000 143,750 8,625 44,160 13,200 11,000 12,000 60,000 8,000 6,500 5,000 26,949 \$411,934	
7 50 9 12 1 159 2 10 2 10 3 4 4 5 W 6 Fl 7 Li 8 PL 9 SL 9 SL 9 SL 9 SL 9 SL 9 SL 9 SL 9 AL 1 Fl 2 Pa 3 Co AL 1 AL 4 M AL 4 M	2.500' of 7" 26# @ 11.50/FT OUT of 4 1 2" 11.60# @ 5.75"1. 3800' of 2 7/8" 6.50# @ 3.20/FT /ellhead Equipment loat Equipment iner Equipment umping Unit / Base / Engine ucker rods. Polished Rods roducing Equipment, Tank Bat lowlines. Vavles. Fittings/Conr ackers & Other Subsurface Too formpressor fiscelaneous Sale Items fontingency (7%)	Intermediate Csg Intermediate Csg Intermediate Csg Production Csg Liner Tubing Tubing Tubing Tubing tery, flowline tections	65,000 4,200 4,000 5,667 \$86,617 \$908,747	8,625 44,160 9,000 7,000 12,000 60,000 8,000 6,500 5,000 21,282 5,000 21,282 \$325,317 \$649,291	65,000 143,750 8,625 44,160 13,200 11,000 12,000 60,000 8,000 6,500 5,000 26,949 \$411,934 \$1,558,038	
7 50 9 12 1 150 2 13 3 4 5 W 6 Fl 7 Li 8 PL 9 Su 9 Su 9 Su 9 Su 9 Su 9 Su 1 Fl 2 Pa 3 Co 4 M 5 Co AL 7 AL 7 8 PL 8 PL 8 PL 9 Su 9 S	2.500' of 7" 26# @ 11.50/FT OUT of 4 1 2" 11.60# @ 5.75'11. 3800' of 2 7/8" 6.50# @ 3.20/FT /ellhead Equipment loat Equipment iner Equipment umping Unit / Base / Engine ucker rods. Polished Rods roducing Equipment, Tank Bat lowlines. Vavles. Fittings/Conr ackers & Other Subsurface Too fiscelaneous Sale Items 'ontingency (7%) TANGIBLE ESTIMATED COST VAL AND ACCEPTANCE	Intermediate Csg Intermediate Csg Intermediate Csg Production Csg Liner Tubing Tubing Tubing Tubing tery, Flowline tections Sis	65,000 4,200 4,000 4,000 5,667 \$86,617 \$908,747 гт із RECOGNI	8,625 44,160 9,000 7,000 12,000 60,000 8,000 6,500 5,000 21,282 \$325,317	65,000 143,750 8,625 44,160 13,200 11,000 12,000 60,000 8,000 6,500 5,000 26,949 \$411,934 \$1,558,038 LY AND APPEOVAL	
7 50 9 12 1 156 2 13 4 5 W 5 W 6 Fl 7 Li 8 PL 9 St 9 St 9 St 9 St 9 St 9 St 9 St 9 St 8 PL 9 St 8 St 9 St	2.500' of 7" 26# @ 11.50/FT 00' of 4 1 2" 11.60# @ 5.75'11. 3800' of 2 7/8" 6.50# @ 3.20/FT /ellhead Equipment iner Equipment iner Equipment umping Unit / Base / Engine ucker rods. Polished Rods roducing Equipment, Tank Bat lowlines, Vavles, Fittings/Conr ackers & Other Subsurface Too iompressor fiscelaneous Sale Items iontingency (7%) TANGIBLE ESTIMATED COST	Intermediate Csg Intermediate Csg Intermediate Csg Production Csg Liner Tubing Tubing Tubing Tubing tery, Flowline tections Sis	65,000 4,200 4,000 5,667 \$86,617 \$908,747 IT IS RECOONL OF THIS AUTH	8,625 44,160 9,000 7,000 12,000 60,000 8,000 6,500 5,000 21,282 5,000 21,282 5325,317 \$649,291 IZED THAT AMOUNTS HEREEN ARE ESTIMATES ON	65,000 143,750 8,625 44,160 13,200 11,000 12,000 60,000 6,500 6,500 26,949 \$411,934 \$1,558,038 LY AND APPROVAL TS INCURRED IN	

L______CONT______ le____President______ gnature_______C___/Kerlie_____

_____ I DO NOT Wish to be covered by TMBR/Sharp's blow out insurance.

Date 14 11/1000 00