

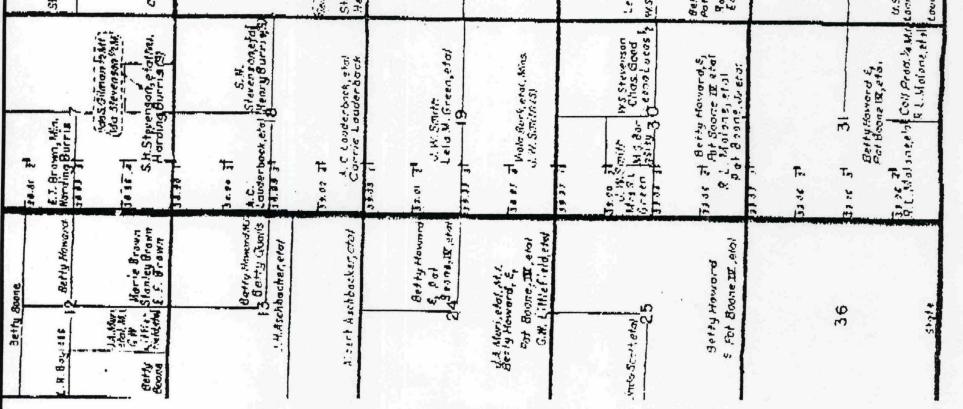
MAP of OIL and GAS FIELDS of SOUTHEASTERN NEW MEXICO Dec. 1986

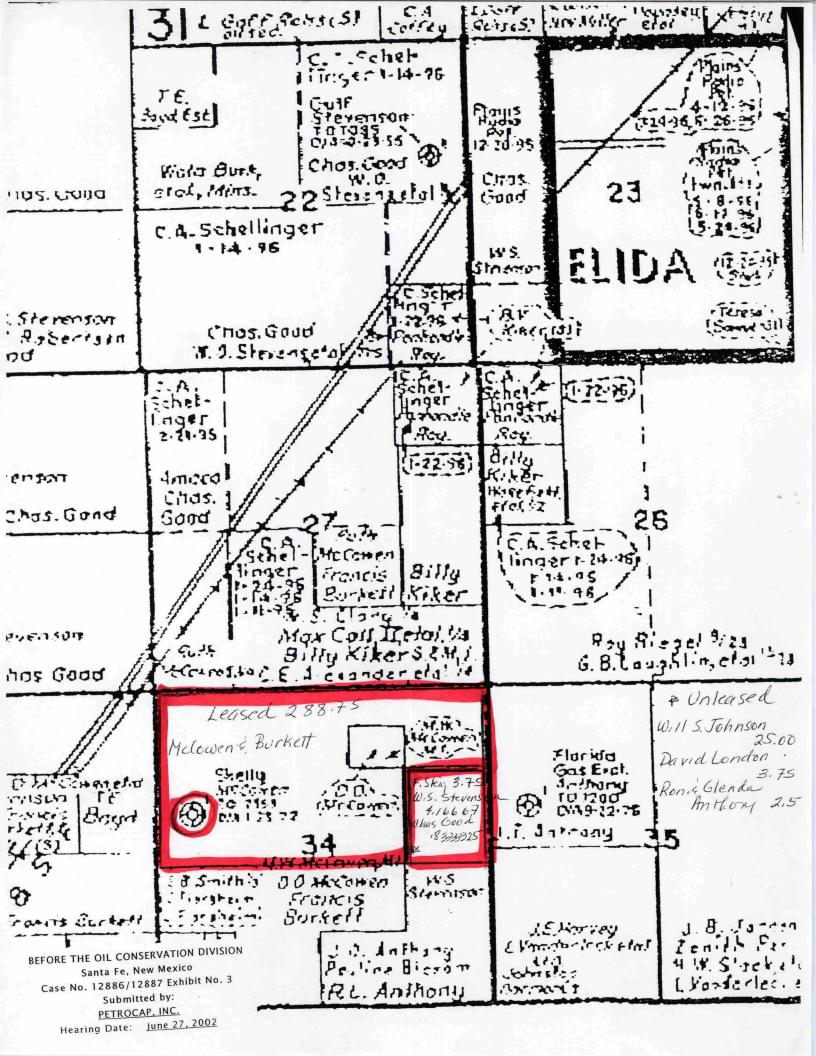
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SCALE IN MILES 0 6 12 16 Maps for the Oil Industry:

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**PROSPECT:** ELIDA

**DESCRIPTION:** Southeast of Northeast quarter, East half of Southeast quarter and Southwest quarter of Southeast quarter of Southeast quarter of Section 34, Township 4 South, Range 31 East, N.M.P.M., Roosevelt County, New Mexico (160.00 acres)

**DATE:** July 20, 2001

OWNERSHIP	INTEREST	NET ACRE	CS LEASE	STATUS	
Will S. Johnson P.O. Box 292 Truth or Consequences, New Mexico	5/8	100.00000	OPEN	Z& 1) E	3540
W.S. Stevenson, a/k/a S. Scott Stevenson a/k/a Scott Stevenson 800 E. 40th Silver City, New Mexico (505)388-4357	5/48	16.66667	OPEN	<b>3</b> 5N& 4	12627 L
David A. London, ssp 3601 Julia Blvd. Amarillo, Texas 79104	3/32	15.00000	OPEN	94 N E.	3.75
Fred Allen Stieg, ssp Conchas Dam, New Mexico	3/32	15.00000	OPEN	Sa/N9	290 L
Ronald L. Anthony & Glenda C. Anthony, 3261 S. Roosevelt RD 24 Elida, New Mexico 88116	1/16	10.00000	OPEN	SE/NE 6	1.5
Charles Good & Doris Good husband and wife P.O. Box 36 Elida, New Mexico 88116	1/240	0.66667	OPEN	38/NG	18333251
Cynthia Boone, Trustees P.O. Box 10 Elida, New Mexico 88116	1/240	0.66667	OPEN	:	
Tyler Jay Boone Trust, Pat Boone & Cynthia Boone, Trustees P.O. Box 10 Elida, New Mexico 88116	1/240	0.66667	OPEN		
Patrick Henry Boone Trust, Pat Boone & Cynthia Boone, Trustees P.O. Box 10 Elida, New Mexico 88116	1/240	0.66666	OPEN		
Sarah Lyn Boone Trust, Pat Boone & Cynthia Boone, Trustees P.O. Box 10 Elida, New Mexico 88116	1/240	0.66666	OPEN		
	Will S. Johnson P.O. Box 292 Truth or Consequences, New Mexico W.S. Stevenson, a/k/a S. Scott Stevenson a/k/a Scott Stevenson 800 E. 40th Silver City, New Mexico (505)388-4357 David A. London, ssp 3601 Julia Blvd. Amarillo, Texas 79104 Fred Allen Stieg, ssp Conchas Dam, New Mexico Ronald L. Anthony & Glenda C. Anthony, 3261 S. Roosevelt RD 24 Elida, New Mexico 88116 Charles Good & Doris Good husband and wife P.O. Box 36 Elida, New Mexico 88116 Charles Chance Boone Trust, Pat Boone & Cynthia Boone, Trustees P.O. Box 10 Elida, New Mexico 88116 Tyler Jay Boone Trust, Pat Boone & Cynthia Boone, Trustees P.O. Box 10 Elida, New Mexico 88116 Patrick Henry Boone Trust, Pat Boone & Cynthia Boone, Trustees P.O. Box 10 Elida, New Mexico 88116 Sarah Lyn Boone Trust, Pat Boone & Cynthia Boone, Trustees P.O. Box 10 Elida, New Mexico 88116	Will S. Johnson5/8P.O. Box 292Truth or Consequences, New MexicoW.S. Stevenson, a/k/a S. Scott Stevenson5/48a/k/a Scott Stevenson800 E. 40thSilver City, New Mexico5/50388-4357David A. London, ssp3/323601 Julia Blvd.3/32Amarillo, Texas 791047Fred Allen Stieg, ssp3/32Conchas Dam, New Mexico3/32Ronald L. Anthony & Glenda C. Anthony,1/163261 S. Roosevelt RD 241/240Elida, New Mexico 881161/240Charles Good & Doris Good1/240husband and wife5/8P.O. Box 361/240Elida, New Mexico 881161/240Cynthia Boone, Trust, Pat Boone & 1/240Cynthia Boone, TrusteesP.O. Box 10Elida, New Mexico 88116Sarah Lyn Boone Trust, Pat Boone & 1/240Cynthia Boone, TrusteesP.O. Box 10Elida, New Mexico 88116Sarah Lyn Boone Trust, Pat Boone & 1/240Cynthia Boone, TrusteesP.O. Box 10Elida, New Mexico 88116Sarah Lyn Bo	Will S. Johnson5/8100.00000P.O. Box 292Truth or Consequences, New Mexico16.66667a/k/a Scott Stevenson800 E. 40th16.66667a/k/a Scott Stevenson800 E. 40th16.66667Silver City, New Mexico5/3388-435715.00000David A. London, ssp3/3215.000003601 Julia Blvd.3/3215.00000Amarillo, Texas 7910471610.00000Fred Allen Stieg, ssp3/3215.00000Conchas Dam, New Mexico3/3215.00000Ronald L. Anthony & Glenda C. Anthony,1/1610.000003261 S. Roosevelt RD 2411/2400.66667Lida, New Mexico 881161/2400.66667Charles Good & Doris Good1/2400.66667Lusband and wife1/2400.66667P.O. Box 36Elida, New Mexico 881161/240Charles Chance Beome Trust, Pat Boone & 1/2400.66667Cynthia Boone, Trustees1/2400.66667P.O. Box 10Elida, New Mexico 881161/240Elida, New Mexico 881161/2400.66666Cynthia Boone, Trust, Pat Boone & 1/2400.66666Cynthia Boone, Trust, Pat Boone & 1/2400.66666<	Will S. Johnson5/8100.0000OPENP.O. Box 292Truth or Consequences, New Mexico5/4816.66667OPENa/k/a Scott Stevenson800 E. 40th800 E. 40th15.00000OPENs00 E. 40th3/3215.00000OPEN3601 Julia Blvd.3/3215.00000OPEN3601 Julia Blvd.3/3215.00000OPEN3601 Julia Blvd.3/3215.00000OPEN3601 Julia Blvd.3/3215.00000OPENStilver City, New Mexico3/3215.00000OPENConchas Dam, New Mexico3/3215.00000OPENSold L. Anthony & Glenda C. Anthony,1/1610.00000OPEN3261 S. Roosevelt RD 24Elida, New Mexico 881160.66667OPENCharles Good & Doris Good1/2400.66667OPENNusband and wifeP.O. Box 361/2400.66667OPENP.O. Box 10Elida, New Mexico 881161/2400.66667OPENCynthia Boone, Trust, Pat Boone & 1/2400.66667OPENOPENCynthia Boone, TrusteesP.O. Box 101/2400.66666OPENElida, New Mexico 881161/2400.66666OPENOPENP.O. Box 10Elida, New Mexico 881161/2400.66666OPENSarah Lyn Boone Trust, Pat Boone & 1/2400.66666OPENCynthia Boone, TrusteesP.O. Box 10Elida, New Mexico 88116Sarah Lyn Boone Trust, Pat Boone & 1/2400.66666OPENCynthia Boone, TrusteesP.	Will S. Johnson $5/8$ 100.0000 <b>OPEN</b> $22.47\%$ P.O. Box 292Truth or Consequences, New Mexico $5/48$ 16.66667 <b>OPEN</b> $95.1\%$ <td< td=""></td<>

NOTE: Takeoff based upon the records of Graham Title Company

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Case No. 12886/12887 Exhibit No. 4 Submitted by: <u>PETROCAP, INC.</u> Hearing Date: <u>June 27, 2002</u>

**PROSPECT:** ELIDA

**DESCRIPTION:** North half of Northeast quarter and Southwest quarter of Northeast quarter, Northwest quarter, North half of Southwest quarter, Southeast quarter of Southwest quarter and Northwest quarter of Southeast quarter of Section 34, Township 4 South, Range 31 East, N.M.P.M., Roosevelt County, New Mexico (440.00 acres)

DATE: July 20, 2001 (Updated)

OWNERSHIP INTERES		NET ACRES LEASE STATUS			
Francis Elizabeth Burkett 3609 Earlmont Place Clovis, New Mexico 88101	1/3	146.66667	OPEN	n/a	9 (D
Richard H. McCowen P.O. Box 538 Mesilla, New Mexico 88046	1/3	146.66667	OPEN		
Michael W. McCowen P.O. Box 128 Elida, New Mexico 88116	1/6	73.33333	OPEN		
Patricia R. Rosales P.O. Box 128 Elida, New Mexico 88116	1/6	73.33333	OPEN		

<b>PROSPECT:</b>	ELIDA						
DESCRIPTION:		East 16 acres of Southwest quarter of Southwest quarter of Section 34, Township 4 South, Range 31 East, N.M.P.M., Roosevelt County, New Mexico (16.00 acres)					
DATE:	July 20, 2001 (Updated)						
OWNERSHIP		INTEREST	NET ACRES	S LEASE STATUS			
Homer E. Gieringer, Of the Estate of Char 12906 West 93 <sup>rd</sup> Lanexa, Kansas 662		e 1/3	5.33333	OPEN			
Jacob Florsheim Esta 12906 West 93 <sup>rd</sup> Lanexa, Kansas 662		1/3	5.33333	OPEN			
George W. Meyer c/o Meyer, Smith & H 415 Argyle Building Kansas City, Missour		1/6	2.66667	OPEN			
Edmund B. Smith & Husband & Wife, as J c/o Meyer, Smith & H 415 Argyle Building Kansas City, Missour	Joint Tenants Bott	1/6	2.66667	OPEN			

**PROSPECT:** ELIDA

**DESCRIPTION:** West 24 acres of Southwest quarter of Southwest quarter of Section 34, Township 4 South, Range 31 East, N.M.P.M., Roosevelt County, New Mexico (24.00 acres)

DATE: July 20, 2001 (Updated)

OWNERSHIP	INTEREST	NET ACRES LEASE STATUS		
Ruby W. Mears, a widow P.O. Box 923	1/4	6.00000	OPEN	
Portales, New Mexico 88130				
Thomas Eldridge Mears, ssp P.O. Box 923 Portales, New Mexico 88130	3/8	9.00000	OPEN	
Carol W. Stephens, ssp P.O. Box 923 Portales, New Mexico 88130	3/8	9.00000	OPEN	

November 26, 2001

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Case No. 12886/12887 Exhibit No. 5 Submitted by: <u>PETROCAP, INC.</u> Hearing Date: <u>June 27, 2002</u>

Ronald L. Anthony & Glenda C. Anthony 3261 S. Roosevelt RD 24 Elida, New Mexico 88116

RE: SE/4 NE/4 Section 34-4S-31E & the E/2 SE/4 & SW/4 SE4-4S-31E Roosevelt County, New Mexico

Dear Mineral Owner:

A recent check of the records in Roosevelt County indicate that you are the owner of 10.00 net mineral acres in the above described tract. Glenn Resources Corp. is interested in leasing your mineral acres for a three year period at \$25.00 an acre for lease bonus and \$1.00 an acre per year for delay rentals.

A copy of the proposed Paid-up Oil and Gas Lease is attached for your review. Should you choose to accept our offer, please advise Glenn Resources, P. O. Box 2099, McKinney, Texas 75070. We will forward the completed document to you and upon receipt of the executed form, we will forward a check to you in the amount of \$270.00.

If you have any questions, please call Victoria Irwin at 214-871-0999, Extension 29 or John Howard at 972-562-3448.

Very truly yours,

Victoria P. Irwin Landman

enclosures

P. O. BOX 2099, MCKINNEY, TEXAS 75070 TELEPHONE 972/562-3448

November 26, 2001

David A. London 3601 Julia Blvd. Amarillo, Texas 79104

RE: SE/4 NE/4 Section 34-4S-31E & the E/2 SE/4 & SW/4 SE4-4S-31E Roosevelt County, New Mexico

Dear Mineral Owner:

A recent check of the records in Roosevelt County indicate that you are the owner of 15.00 net mineral acres in the above described tract. Glenn Resources Corp. is interested in leasing your mineral acres for a three year period at \$25.00 an acre for lease bonus and \$1.00 an acre per year for delay rentals.

A copy of the proposed Paid-up Oil and Gas Lease is attached for your review. Should you choose to accept our offer, please advise Glenn Resources, P. O. Box 2099, McKinney, Texas 75070. We will forward the completed document to you and upon receipt of the executed form, we will forward a check to you in the amount of \$405.00.

If you have any questions, please call Victoria Irwin at 214-871-0999, Extension 29 or John Howard at 972-562-3448.

Very truly yours,

Victoria P. Irwin Landman

November 26, 2001

Will S. Johnson P. O. Box 292 Truth or Consequences, New Mexico

RE: SE/4 NE/4 Section 34-4S-31E & the E/2 SE/4 & SW/4 SE4-4S-31E Roosevelt County, New Mexico

Dear Mineral Owner:

A recent check of the records in Roosevelt County indicate that you are the owner of 100.00 net mineral acres in the above described tract. Glenn Resources Corp. is interested in leasing your mineral acres for a three year period at \$25.00 an acre for lease bonus and \$1.00 an acre per year for delay rentals.

A copy of the proposed Paid-up Oil and Gas Lease is attached for your review. Should you choose to accept our offer, please advise Glenn Resources, P. O. Box 2099, McKinney, Texas 75070. We will forward the completed document to you and upon receipt of the executed form, we will forward a check to you in the amount of \$2700.00.

If you have any questions, please call Victoria Irwin at 214-871-0999, Extension 29 or John Howard at 972-562-3448.

Very truly yours,

Victoria P. Irwin Landman

#### KESTREL RESOURCES, INC. 2626 COLE AVENUE, SUITE 501 DALLAS, TEXAS 214-871-0999

AUTHORITY FOR EXPENDITURE

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Case No. 12886/12887 Exhibit No. 6 Submitted by: <u>PETROCAP, INC.</u> Hearing Date: <u>June 27, 2002</u>

WELL: ALTERNATIVE WELL PROSPECT: ELIDA DEPTH: 7,250' LOCATION: SECTION 22 OR 34 T45S R31E SURVEY: ABSTRACT: COUNTY: ROOSEVELT STATE: NEW MEXICO AFE NO. DATE: 4-11-02 DESCRIPTION: DRILL & COMPLETE GRANITE WASH GAS WELL

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INTANGIBLE COSTS	DRILLING	COMPLETION	TOTAL
LOCATION COSTS:			
SURVEY	1,000		1,000
DAMAGES	2,500		2,500
ROAD & LOCATION	3,500	2,000	5,500
LOCATION CLEAN UP	2,500		2,500
DRILLING COSTS:			
PERMIT	500		500
MI-RU-RD-MO	35,000		35,000
FOOTAGE	,		0
DAYWORK @ \$7,000/DAY	112,000	14,000	126,000
FUEL \$600/DAY	9,000	1,200	10,200
WATER	2,500	500	3,000
DRILLING & COMPLETION FLUIDS	12,000		12,000
DRILL BITS	19,500	750	20,250
CEMENTING SERVICES	21,500	14,500	36,000
CASING CREWS	2,000	3,500	5,500
CASING INSPECTION			0
TUBULAR TESTING			0
EQUIPMENT RENTAL & SERVICES	5,000	3,500	8,500
DIRECTIONAL DRILLING SERVICES			0
			0
LABOR PLUGGING COST	20,000		0
PEUGGING COST	20,000		20,000
EVALUATION:			
OPEN HOLE LOGGING	21,000		21,000
MUD LOGGING	9,500		9,500
CORE EVALUATION			0
DRILL STEM TESTING			0
COMPLETION COSTS:			
COMPLETION RIG @ \$2500/DAY		17,500	17,500
BOND LOG & PERFORATING		5,000	5,000
WELL TESTING		5,000	5,000
STIMULATION		110,000	110,000
FRAC TANK RENTAL		3,500	3,500
FRAC WATER		2,500	2,500
MISC. COSTS:			
TITLE OPINION	7,500		7,500
OVERHEAD	3,500	1,500	5,000
SUPERVISION-OPERATIONS	16,000	8,500	24,500
SUPERVISION-GEOLOGICAL	2,000		2,000
	500		500
WELL CONTROL INSURANCE	2,250		2,250
CONTINGENCIES-10%	31,000	19,000	50,000
TOTAL INTANGIBLES	341,750	212,450	554,200

#### AUTHORITY FOR EXPENDITURE

WELL: ELIDA PROSPECT AFE NO.

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TANGIBLE COSTS	DRILLING	COMPLETION	TOTAL
WELLHEAD EQUIPMENT: CASING HEAD CHRISTMAS TREE	3,500	1,750	3,500 1,750
TUBULARS:         CONDUCTOR         SURFACE       13 3/8" @ 300'         INTERMEDIATE       8 5/8" @ 3,000'         LINER         PRODUCTION       4 1/2" @ 7,250'         TUBING       2 3/8" J-55 @ 7,250'	1,500 6,000 29,000	25,000 16,000	1,500 6,000 29,000 0 25,000 16,000
DOWNHOLE EQUIPMENT: LINER HANGER PACKER		1,500	0 1,500
SURFACE PRODUCTION EQUIPMENT: TANKS 2 X 210 BBL SALT WATER TANK 1 X 210 BBL SEPARATOR HEATER TREATER DEHYDRATOR GAS METER FLOW LINE MISC. VALVES & FITTINGS FENCE INSTALLATION COST		4,000 3,800 3,500 4,500 9,500 2,000 1,500 3,500 7,500	4,000 3,800 3,500 4,500 9,500 2,000 1,500 3,500 0 7,500
ARTIFICAL LIFT: PUMPING UNIT ELECTRIC MOTOR & CONTROLLER RODS PUMP INSTALL ELECTRICITY			0 0 0 0
CONTINGENCIES-10%	4,000	7,400	11,400
TOTAL TANGIBLE COSTS	44,000	91,450	<u>135,450</u>
GRAND TOTAL	385,750	303,900	689,650

APPROVAL

COMPANY:

NAME:

SIGNATURE:

DATE:

FEDERAL TAX ID NO .:

NOTE:

THIS AFE IS AN ESTIMATE OF COSTS ONLY. APPROVAL OF THE AFE IS A COMMITMENT TO PAY YOUR PROPORTIONATE SHARE OF THE ACTUAL COSTS IN DRILLING TO THE OBJECTIVE DEPTH OR COMPLETE THE WORK SPECIFIED.

#### KESTREL RESOURCES, INC. 2626 COLE AVENUE, SUITE 501 DALLAS, TEXAS 214-871-0999

#### AUTHORITY FOR EXPENDITURE

WELL: H. C. MCCOWEN NO. 1 PROSPECT: ELIDA DEPTH: 7,358' LOCATION: 1980' FNL 660' FWL SEC 34 T45S R31E SURVEY: ABSTRACT: COUNTY: ROOSEVELT STATE: NEW MEXICO AFE NO. DATE: 4-11-02 DESCRIPTION: RE-ENTER & COMPLETE GRANITE WASH WELL

INTANGIBLE COSTS	DRILLING	COMPLETION	TOTAL
LOCATION COSTS:			
SURVEY	1,000		1,000
DAMAGES	2,500		2,500
ROAD & LOCATION	3,500	2,000	5,500
LOCATION CLEAN UP	2,500		2,500
DRILLING COSTS:			
PERMIT & BONDING	3,500		3,500
MI-RU-RD-MO	35,000		35,000
FOOTAGE			0
DAYWORK @ \$7,000/DAY	49,000	14,000	63,000
FUEL \$600/DAY	4,200	1,200	5,400
WATER	2,500	500	3,000
DRILLING & COMPLETION FLUIDS	7,500		7,500
DRILL BITS	2,500	750	3,250
CEMENTING SERVICES		8,500	8,500
		3,000	3,000
			0
TUBULAR TESTING EQUIPMENT RENTAL & SERVICES	2 500	3 500	0
DIRECTIONAL DRILLING SERVICES	2,500	2,500	5,000 0
HAULING & FREIGHT			0
LABOR (DIG OUT SURF CSG, WELDER)	5,000		5,000
PLUGGING COST	20,000		20,000
EVALUATION:			
OPEN HOLE LOGGING			0
MUD LOGGING			ŏ
CORE EVALUATION			Ō
DRILL STEM TESTING			0
COMPLETION COSTS:			
COMPLETION RIG @ \$2500/DAY		17,500	17,500
BOND LOG & PERFORATING		5,000	5,000
WELL TESTING		5,000	5,000
STIMULATION		110,000	110,000
FRAC TANK RENTAL		3,500	3,500
FRAC WATER		2,500	2,500
MISC. COSTS:			
TITLE OPINION	7,500		7,500
OVERHEAD	3,500	1,500	5,000
SUPERVISION-OPERATIONS	9,500	8,500	18,000
SUPERVISION-GEOLOGICAL			0
	500		500
WELL CONTROL INSURANCE	2,250		2,250
CONTINGENCIES-10%	16,000	19,000	35,000
TOTAL INTANGIBLES	180,450	204,950	385,400

#### KESTREL RESOURCES, INC. 2626 COLE AVENUE, SUITE 501 DALLAS, TEXAS 214-871-0999

#### AUTHORITY FOR EXPENDITURE

WELL: H. C. MCCOWEN NO. 1 AFE NO.

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TANGIBLE COSTS	DRILLING	COMPLETION	TOTAL
WELLHEAD EQUIPMENT: CASING HEAD CHRISTMAS TREE	3,500	7,000	3,500 7,000
TUBULARS: CONDUCTOR SURFACE INTERMEDIATE LINER PRODUCTION 4 1/2" @ 7,358' TUBING 2 3/8" J-55 @ 7,358'		26,000 16,500	0 0 0 26,000 16,500
DOWNHOLE EQUIPMENT: LINER HANGER PACKER		1,500	0 1,500
SURFACE PRODUCTION EQUIPMENT: TANKS 2 X 210 BBL SALT WATER TANK 1 X 210 BBL SEPARATOR HEATER TREATER DEHYDRATOR GAS METER FLOW LINE MISC. VALVES & FITTINGS FENCE INSTALLATION COST		4,000 3,800 3,500 4,000 9,500 2,000 1,500 5,000 7,500	4,000 3,800 3,500 4,000 9,500 2,000 1,500 5,000 0 7,500
ARTIFICAL LIFT: PUMPING UNIT ELECTRIC MOTOR & CONTROLLER RODS PUMP INSTALL ELECTRICITY			0 0 0 0 0
CONTINGENCIES-10%	400	9,000	9,400
TOTAL TANGIBLE COSTS	3,900	100,800	104,700
GRAND TOTAL	184,350	305,750	490,100

APPROVAL

COMPANY:

NAME:

SIGNATURE:

#### DATE:

FEDERAL TAX ID NO .:

NOTE:

THIS AFE IS AN ESTIMATE OF COSTS ONLY. APPROVAL OF THE AFE IS A COMMITMENT TO PAY YOUR PROPORTIONATE SHARE OF THE ACTUAL COSTS IN DRILLING TO THE OBJECTIVE DEPTH OR COMPLETE THE WORK SPECIFIED.

## BEFORE THE OIL CONSERVATION DIVISION NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

CASE NO. / 2886

APPLICATION OF PETROCAP, INC. FOR COMPULSORY POOLING OF ALL MINERAL INTERESTS IN SECTION 34, TOWNSHIP 4 SOUTH, RANGE 31 EAST, NMPM, ROOSEVELT COUNTY, NEW MEXICO.

#### **AFFIDAVIT**

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

William F. Carr, attorney in fact and authorized representative of Petrocap, Inc., the Applicant herein, being first duly sworn, upon oath, states that notice has been given to all interested persons entitled to receive notice of this application under Oil Conservation Division rules, and that notice has been given at the addresses shown on Exhibit "A" attached hereto.

Carr

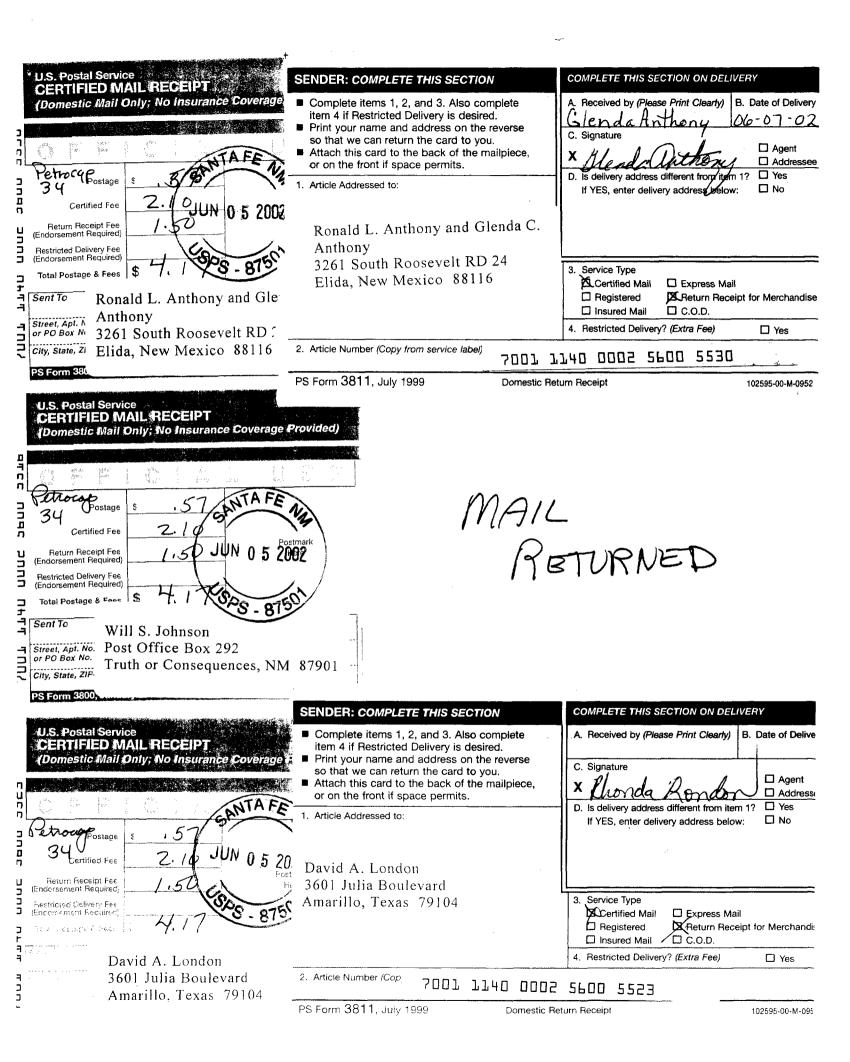
SUBSCRIBED AND SWORN to before me this 5th day of June 2002.

Marua Notary 'Public

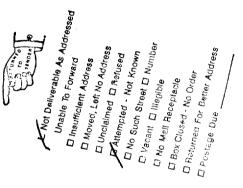
My Commission Expires:

aug. 23, 2005

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Case No. 12886/12887 Exhibit No. 7 Submitted by: <u>PETROCAP, INC.</u> Hearing Date: <u>June 27, 2002</u>







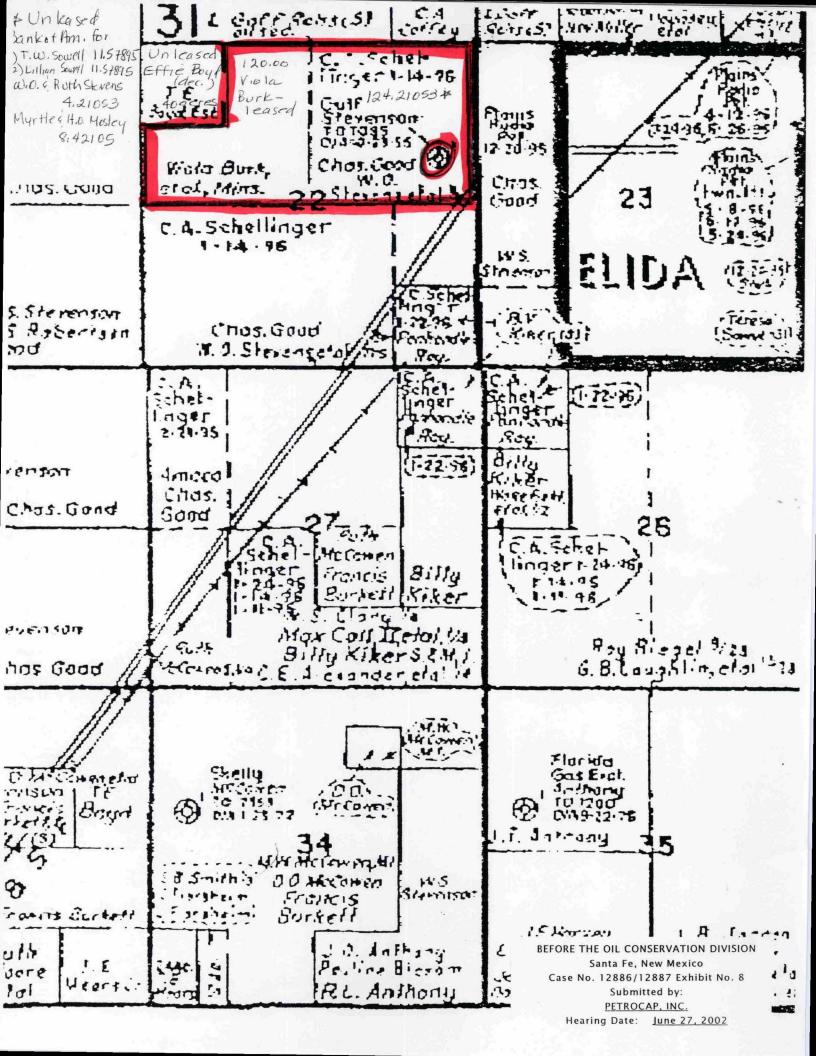
# HOLLAND & HART LLP ATTORNEYS AT LAW

P.O. BOX 2208) SANTAFE, NEW MEXICO 87504-2208 110 NORTH GUADALUPE, SUITE 1 SANTA FE, NEW MEXICO 87501-6525 Will S. Johnson Post Office Box 292 Treet



**WH 07 2002** 

BOLCO.



<b>PROSPECT:</b>	ELIDA
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- **DESCRIPTION:** Northeast quarter of Section 22, Township 4 South, Range 31 East, N.M.P.M., Roosevelt County, New Mexico (160.00 acres)
- **DATE:** July 20, 2001 (Updated)

OWNERSHIP	INTEREST	NET ACRE	ES LEASE STATUS
W.S. Stevenson, a/k/a S. Scott Stevenson a/k/a Scott Stevenson 800 E. 40th Silver City, New Mexico (505)388-4357	1/3	53.33334	OPEN
W.O. Stevens & Ruth C. Stevens husband and wife P.O. Box 28188 Dallas, Texas 75228	1/38	4.21053	OPEN
Toreador Royalty Corporation 530 Preston Commons West 8117 Preston Road Dallas, Texas 76225 (See Note #1)	1/38	4.21053	OPEN
Myrtle D. Mosley & H.O. Mosley, wife and husband Spanish Trace Apt #437 Athens, Texas 75751	1/19	8.42105	OPEN
Bank of America, Trustee u/w/o T.W. Sowell, deceased P.O. Box 830308 Dallas, Texas 75283	11/152	11.57895	OPEN
Bank of America, Trustee of the Lillian Kangerga Sowell Trust P.O. Box 830308 Dallas, Texas 75283	11/152	11.57895	OPEN
Lisa Glasson 1101 N.W. 7 <sup>th</sup> Andrews, Texas 79714	1/8	20.00000	OPEN
Charles Good & Doris Good husband and wife P.O. Box 36 Elida, New Mexico 88116	7/120	9.33333	OPEN
Charles Chance Boone Trust, Pat Boone & Cynthia Boone, Trustees P.O. Box 10 Elida, New Mexico 88116	7/120	9.33333	OPEN

Tyler Jay Boone Trust, Pat Boone & Cynthia Boone, Trustees P.O. Box 10 Elida, New Mexico 88116	7/120	9.33333	OPEN
Patrick Henry Boone Trust, Pat Boone & Cynthia Boone, Trustees P.O. Box 10 Elida, New Mexico 88116	7/120	9.33333	OPEN
Sarah Lyn Boone Trust, Pat Boone & Cynthia Boone, Trustees P.O. Box 10 Elida, New Mexico 88116	7/120	9.33333	OPEN

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NE/4 Section 22 cont.

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**NOTE #1:** According to the previous takeoff, this interest was owned by John R. Scott, etux. A deed was filed from NationsBank, as Trustee under the will of John R. Scott. No probate materials were found for the Scott Estate. It is assumed that all of the interest was conveyed to Toreador.

# **PROSPECT:** ELIDA

**DESCRIPTION:** East half of Northwest quarter and Southwest quarter of Northwest quarter of Section 22, Township 4 South, Range 31 East, N.M.P.M., Roosevelt County, New Mexico (120.00 acres)

DATE: July 20, 2001 (Updated)

OWNERSHIP	INTEREST	NET ACRE	CS LEASE STATUS	
Viola Burk 2705 Chrysler Drive <del>Roswell,</del> New Mexico 88201 Clovis or Portates	1/2	60.00000	OPEN	
Ruby Boyd & Viola Burk, Trustees of the Ruby Boyd Trust 2705 Chrysler Roswell, New Mexico 88201 (505)623-3810 Soco	1/2	60.00000	OPEN	

PROSPECT:	ELIDA				
DESCRIPTION:	Northwest quarter of Northwest quarter of Section 22, Township 4 South, Range 31 East, N.M.P.M., Roosevelt County, New Mexico (40.00 acres)				
DATE:	July 20, 2001 (Updated)				
OWNERSHIP		INTEREST	NET ACRES	S LEASE STATUS	
Effie Boyd, a widow 4924 9 <sup>th</sup> Street Lubbock, Texas 794	16	8/8	40.00000	OPEN	

Northeast quarter of Southwest quarter of Section 22, Township 4 South, **DESCRIPTION:** Range 31 East, N.M.P.M., Roosevelt County, New Mexico (40.00 acres) July 20, 2001 (Updated) DATE: **NET ACRES LEASE STATUS OWNERSHIP** INTEREST **OPEN** W.S. Stevenson, a/k/a S. Scott Stevenson 1/410.00000 a/k/a Scott Stevenson 800 E. 40th Silver City, New Mexico (505)388-4357 1/19 2.10526 **OPEN** W.O. Stevens & Ruth C. Stevens husband and wife P.O. Box 28188 Dallas, Texas 75228 Toreador Royalty Corporation 1/19 2.10526 **OPEN** 530 Preston Commons West 8117 Preston Road Dallas, Texas 76225 (See Note #1) Myrtle D. Mosley & H.O. Mosley, 2/194.21052 **OPEN** wife and husband Spanish Trace Apt #437 Athens, Texas 75751 Bank of America, Trustee u/w/o T.W. 11/76 5.78948 **OPEN** Sowell, deceased P.O. Box 830308 Dallas, Texas 75283 Bank of America, Trustee of the Lillian 11/765.78948 **OPEN** Kangerga Sowell Trust P.O. Box 830308 Dallas, Texas 75283 Charles Good & Doris Good 1/410.00000 **OPEN** husband and wife P.O. Box 36 Elida, New Mexico 88116

**ELIDA** 

**PROSPECT:** 

**NOTE #1:** According to the previous takeoff, this interest was owned by John R. Scott, etux. A deed was filed from NationsBank, as Trustee under the will of John R. Scott. No probate materials were found for the Scott Estate. It is assumed that all of the interest was conveyed to Toreador.

#### **PROSPECT:** ELIDA

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**DESCRIPTION:** West half of Southwest quarter, Southeast quarter of Southwest quarter and West half of Southeast quarter of Section 22, Township 4 South, Range 31 East, N.M.P.M., Roosevelt County, New Mexico (200.00 acres)

DATE: July 20, 2001 (Updated)

OWNERSHIP	INTEREST	NET ACRE	S LEASE STATUS
W.S. Stevenson, a/k/a S. Scott Stevenson a/k/a Scott Stevenson 800 E. 40th Silver City, New Mexico (505)388-4357	13/48	54.16666	OPEN
W.O. Stevens & Ruth C. Stevens husband and wife P.O. Box 28188 Dallas, Texas 75228	1/19	10.52632	OPEN
Toreador Royalty Corporation 530 Preston Commons West 8117 Preston Road Dallas, Texas 76225 (See Note #1)	1/19	10.52632	OPEN
Myrtle D. Mosley & H.O. Mosley, wife and husband Spanish Trace Apt #437 Athens, Texas 75751	2/19	21.05263	OPEN
Bank of America, Trustee u/w/o T.W. Sowell, deceased P.O. Box 830308 Dallas, Texas 75283	11/76	28.94736	OPEN
Bank of America, Trustee of the Lillian Kangerga Sowell Trust P.O. Box 830308 Dallas, Texas 75283	11/76	28.94736	OPEN
Charles Good & Doris Good husband and wife P.O. Box 36 Elida, New Mexico 88116	11/240	9.16667	OPEN
Charles Chance Boone Trust, Pat Boone & Cynthia Boone, Trustees P.O. Box 10 Elida, New Mexico 88116	11/240	9.16667	OPEN
Tyler Jay Boone Trust, Pat Boone & Cynthia Boone, Trustees P.O. Box 10 Elida, New Mexico 88116	11/240	9.16667	OPEN

## W/2 SW/4, SE/4 SW/4 & W/2 SE/4 Section 22 cont.

**.**\*

Patrick Henry Boone Trust, Pat Boone & Cynthia Boone, Trustees P.O. Box 10 Elida, New Mexico 88116	11/240	9.16667	OPEN
Sarah Lyn Boone Trust, Pat Boone & Cynthia Boone, Trustees P.O. Box 10 Elida, New Mexico 88116	11/240	9.16667	OPEN

**NOTE #1:** According to the previous takeoff, this interest was owned by John R. Scott, etux. A deed was filed from NationsBank, as Trustee under the will of John R. Scott. No probate materials were found for the Scott Estate. It is assumed that all of the interest was conveyed to Toreador.

PROSPECT:	ELIDA				
DESCRIPTION:	Northeast quarter of Southeast quarter of Section 22, Township 4 South, Range 31 East, N.M.P.M., Roosevelt County, New Mexico (40.00 acres)				
DATE:	July 20, 2001 (Upda	ted)			
OWNERSHIP		INTEREST	NET ACRE	S LEASE STATUS	
W.S. Stevenson, a/k/a a/k/a Scott Stevenson 800 E. 40th Silver City, New Mez (505)388-4357	1	13/48	10.83333	OPEN	
Samedan Royalty Co 110 W. Broadway Ardmore, Oklahoma	•	7/16	17.50000	OPEN	
Randolph M. Richard Butcher Royalty Trus P.O. Box 819 Roswell, New Mexic (505)622-8801	st u/t/a/d 9/20/95	1/16	2.50000	OPEN	
Charles Good & Dori husband and wife P.O. Box 36 Elida, New Mexico 8		11/240	1.83333	OPEN	
Charles Chance Boor Cynthia Boone, Trust P.O. Box 10 Elida, New Mexico S		11/240	1.83333	OPEN	
Tyler Jay Boone Trus Cynthia Boone, Trust P.O. Box 10 Elida, New Mexico 8	ees	11/240	1.83333	OPEN	
Patrick Henry Boone Cynthia Boone, Trust P.O. Box 10 Elida, New Mexico 8	ees	11/240	1.83334	OPEN	
Sarah Lyn Boone Tru Cynthia Boone, Trust P.O. Box 10 Elida, New Mexico 8	ees	11/240	1.83334	OPEN	

PROSPECT:	ELIDA				
<b>DESCRIPTION:</b>	Southeast quarter of Southeast quarter of Section 22, Township 4 South, Range 31 East, N.M.P.M., Roosevelt County, New Mexico (40.00 acres)				
DATE:	July 20, 2001 (Upda	ted)			
OWNERSHIP	INTEREST NET ACRES LEASE STATUS				
Panhandle Royalty C 5400 N.W. Grand Bl Oklahoma City, Okla	vd., suite 210	3/8	15.00000	OPEN	
Sophia E. Steckelme 239 Sequoia Dr. San Antonio, Texas		1/4	10.00000	OPEN	
Devon Energy Corpo 20 N. Broadway, Sui Oklahoma City, Okla	te 1500	1/8	5.00000	OPEN	
Jane Johnson Wilson Independent Executri Charles F. Wilson, de 2005 Shell Midland, Texas 7976	ix of the Estate of eceased	1/32	1.25000	OPEN	
Clyde W. Turner P.O. Box 45 Midland, Texas 7970	)2	1/20	2.00000	OPEN	
H.Y. McClure Rt. 4, Box 178 Decatur, Texas 7623	4	9/160	2.25000	OPEN	
Helen M. Hilseweck, M. Hilsewick Trust P.O. Box 12749 Dallas, Texas 75225	Trustee of the Helen	1/20	2.00000	OPEN	
Fred W. Shield and C 1442 Milam Building San Antonio, Texas		1/16	2.50000	OPEN	

November 26, 2001

Effie Boyd 4924 9th St. Lubbock, TX 79416

RE: NW/4 NW/4 Section 22-4S-31E Roosevelt County, New Mexico

Dear Mineral Owner:

A recent check of the records in Roosevelt County indicate that you are the owner of 40.00 net mineral acres in the above described tract. Glenn Resources Corp. is interested in leasing the minerals in the NW/4 NW/4 of Section 22 for a three year period at \$25.00 an acre for lease bonus and \$1.00 an acre per year for delay rentals.

A copy of the proposed Paid-up Oil and Gas Lease is attached for your review. Should you choose to accept our offer, please advise Glenn Resources, P. O. Box 2099, McKinney, Texas 75070. We will forward the completed document to you and upon receipt of the executed form, we will forward a check to you in the amount of \$1080.00.

If you have any questions, please call Victoria Irwin at 214-871-0999, Extension 29.

Very truly yours,

Victoria P. Irwin Landman

enclosure

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Case No. 12886/12887 Exhibit No. 10 Submitted by: <u>PETROCAP, INC.</u> Hearing Date: <u>June 27, 2002</u>

P. O. BOX 2099, MCKINNEY, TEXAS 75070

**TELEPHONE 972/562-3448** 

November 26, 2001

Bank of America, Trustee of the Lillian Kangerga Sowell Trust P. O. Box 830308 Dallas, TX 75283

RE: NE/4; NE/4 SW/4; W/2 SW/4, SE/4 SW/4 and the W/2 SE/4 Section 22-4S-31E Roosevelt County, New Mexico

Dear Mineral Owner:

A recent check of the records in Roosevelt County indicate that you are the owner of 46.31579 net mineral acres in the above described tracts. Glenn Resources Corp. is interested in leasing your 46.31579 acres for a three year period at \$25.00 an acre for lease bonus and \$1.00 an acre per year for delay rentals..

A copy of the proposed Paid-up Oil and Gas Lease is attached for your review. Should you choose to accept our offer, please advise Glenn Resources, P. O. Box 2099, McKinney, Texas 75070. We will forward the completed document to you and upon receipt of the executed form, we will forward a check to you in the amount of \$1250.53.

If you have any questions, please call Victoria Irwin at 214-871-0999, Extension 29 or John Howard at 972-562-3448.

Very truly yours,

Victoria P. Irwin Landman

November 26, 2001

Bank of America, Trustee u/w/o/ T.W. Sowell, Deceased P. O. Box 830308 Dallas, TX 75283

RE: NE/4; NE/4 SW/4; W/2 SW/4, SE/4 SW/4 and the W/2 SE/4 Section 22-4S-31E Roosevelt County, New Mexico

Dear Mineral Owner:

A recent check of the records in Roosevelt County indicate that you are the owner of 46.31579 net mineral acres in the above described tracts. Glenn Resources Corp. is interested in leasing your 46.31579 acres for a three year period at \$25.00 an acre for lease bonus and \$1.00 an acre per year for delay rentals.

A copy of the proposed Paid-up Oil and Gas Lease is attached for your review. Should you choose to accept our offer, please advise Glenn Resources, P. O. Box 2099, McKinney, Texas 75070. We will forward the completed document to you and upon receipt of the executed form, we will forward a check to you in the amount of \$1250.53.

If you have any questions, please call Victoria Irwin at 214-871-0999, Extension 29 or John Howard at 972-562-3448.

Very truly yours,

Victoria P. Irwin Landman

November 26, 2001

Myrtle D. Mosley & H.O.Mosley (972-288-3788) 1728 Longview St. Mesquite, TX 75149

RE: NE/4; NE/4 SW/4; W/2 SW/4, SE/4 SW/4 and the W/2 SE/4 Section 22-4S-31E Roosevelt County, New Mexico

Dear Mineral Owner:

A recent check of the records in Roosevelt County indicate that you are the owner of 33.6842 net mineral acres in the above described tract. Glenn Resources Corp. is interested in leasing your 33.6842 acres for a three year period at \$25.00 an acre for lease bonus and \$1.00 an acre for delay rentals..

A copy of the proposed Paid-up Oil and Gas Lease is attached for your review. Should you choose to accept our offer, please advise Glenn Resources, P. O. Box 2099, McKinney, Texas 75070. We will forward the completed document to you and upon receipt of the executed form, we will forward a check to you in the amount of \$909.48.

If you have any questions, please call Victoria Irwin at 214-871-0999, Extension 29 or John Howard at 972-562-3448.

Very truly yours,

Victoria Jum

Victoria P. Irwin Landman

enclosure

P. O. BOX 2099, MCKINNEY, TEXAS 75070 TELEPHONE 972/562-3448

November 26, 2001

Myrtle D. Mosley & H.O.Mosley (972-288-3788) 1728 Longview St. Mesquite, TX 75149

RE: NE/4; NE/4 SW/4; W/2 SW/4, SE/4 SW/4 and the W/2 SE/4 Section 22-4S-31E Roosevelt County, New Mexico

Dear Mineral Owner:

A recent check of the records in Roosevelt County indicate that you are the owner of 33.6842 net mineral acres in the above described tract. Glenn Resources Corp. is interested in leasing your 33.6842 acres for a three year period at \$25.00 an acre for lease bonus and \$1.00 an acre for delay rentals..

A copy of the proposed Paid-up Oil and Gas Lease is attached for your review. Should you choose to accept our offer, please advise Glenn Resources, P. O. Box 2099, McKinney, Texas 75070. We will forward the completed document to you and upon receipt of the executed form, we will forward a check to you in the amount of \$909.48.

If you have any questions, please call Victoria Irwin at 214-871-0999, Extension 29 or John Howard at 972-562-3448.

Very truly yours,

Victoria P. Irwin Landman

December 10, 2001

Myrtle D. Mosley & H.O.Mosley 1728 Longview St. Mesquite, TX 75149

RE: NE/4; NE/4 SW/4; W/2 SW/4, SE/4 SW/4 and the W/2 SE/4 Section 22-4S-31E Roosevelt County, New Mexico

Dear Mineral Owner:

A recent check of the records in Roosevelt County indicate that you are the owner of 33.6842 net mineral acres in the above described tract. Glenn Resources Corp. is interested in leasing your 33.6842 acres for a three year period at \$25.00 an acre for lease bonus and \$1.00 an acre for delay rentals.

A copy of the proposed Paid-up Oil and Gas Lease is attached for your review. Should you choose to accept our offer, please advise Glenn Resources, P. O. Box 2099, McKinney, Texas 75070. We will forward the completed document to you and upon receipt of the executed form, we will forward a check to you in the amount of \$909.48.

If you have any questions, please call Victoria Irwin at 214-871-0999, Extension 29 or John Howard at 972-562-3448.

Very truly yours,

Victoria P. Irwin Landman

November 26, 2001

W.O. Stevens and Ruth C. Stevens P.O. Box 28188 Dallas, TX 75228

RE: NE/4; NE/4 SW/4; W/2 SW/4, SE/4 SW/4 and the W/2 SE/4 Section 22-4S-31E Roosevelt County, New Mexico

Dear Mineral Owner:

A recent check of the records in Roosevelt County indicate that you are the owner of 16.84211 net mineral acres in the above described tracts. Glenn Resources Corp. is interested in leasing your 16.84211 net acres for a three year period at \$25.00 an acre lease bonus and \$1.00 an acre per year for delay rentals.

A copy of the proposed Paid-up Oil and Gas Lease is attached for your review. Should you choose to accept our offer, please advise Glenn Resources, P. O. Box 2099, McKinney, Texas 75070. We will forward the completed document to you and upon receipt of the executed form, we will forward a check to you in the amount of \$454.73.

If you have any questions, please call Victoria Irwin at 214-871-0999, Extension 29 or John Howard at 972-562-3448.

Very truly yours,

Victoria P. Irwin Landman

December 3, 2001

W.O. Stevens and Ruth C. Stevens 3310 Fairmount, Apt. P 1-C Dallas, TX 75201

RE: NE/4; NE/4 SW/4; W/2 SW/4, SE/4 SW/4 and the W/2 SE/4 Section 22-4S-31E Roosevelt County, New Mexico

Dear Mineral Owner:

A recent check of the records in Roosevelt County indicate that you are the owner of 16.84211 net mineral acres in the above described tracts. Glenn Resources Corp. is interested in leasing your 16.84211 net acres for a three year period at \$25.00 an acre lease bonus and \$1.00 an acre per year for delay rentals.

A copy of the proposed Paid-up Oil and Gas Lease is attached for your review. Should you choose to accept our offer, please advise Glenn Resources, P. O. Box 2099, McKinney, Texas 75070. We will forward the completed document to you and upon receipt of the executed form, we will forward a check to you in the amount of \$454.73.

If you have any questions, please call Victoria Irwin at 214-871-0999, Extension 29 or John Howard at 972-562-3448.

Very truly yours,

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Victoria P. Irwin Landman

#### KESTREL RESOURCES, INC. 2626 COLE AVENUE, SUITE 501 DALLAS, TEXAS 214-871-0999

#### AUTHORITY FOR EXPENDITURE

BEFORE THE OIL CONSERVATION DIVISION. Santa Fe, New Mexico Case No. 12886/12887 Exhibit No. 11 Submitted by: <u>PETROCAP, INC.</u> Hearing Date: <u>June 27, 2002</u>

WELL: ALTERNATIVE WELL PROSPECT: ELIDA DEPTH: 7,250' LOCATION: SECTION 22 OR 34 T45S R31E SURVEY: ABSTRACT: COUNTY: ROOSEVELT STATE: NEW MEXICO AFE NO. DATE: 4-11-02 DESCRIPTION: DRILL & COMPLETE GRANITE WASH GAS WELL

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INTANGIBLE COSTS	DRILLING	COMPLETION	TOTAL
LOCATION COSTS:			
SURVEY	1,000		1,000
DAMAGES	2,500		2,500
ROAD & LOCATION	3,500	2,000	5,500
LOCATION CLEAN UP	2,500		2,500
DRILLING COSTS:			
PERMIT	500		500
MI-RU-RD-MO	35,000		35,000
FOOTAGE DAYWORK @ \$7,000/DAY	112 000	14.000	0
DATAORA @ \$1,000/DAT	112,000	14,000	126,000
FUEL \$600/DAY	9,000	1,200	10,200
WATER	2,500	500	3,000
DRILLING & COMPLETION FLUIDS	12,000		12,000
DRILL BITS	19,500	750	20,250
CEMENTING SERVICES	21,500	14,500	36,000
CASING CREWS	2,000	3,500	5,500
CASING INSPECTION			0
TUBULAR TESTING			0
EQUIPMENT RENTAL & SERVICES	5,000	3,500	8,500
DIRECTIONAL DRILLING SERVICES			0
HAULING & FREIGHT LABOR			0
PLUGGING COST	20,000		0
PLUGGING COST	20,000		20,000
EVALUATION:			
OPEN HOLE LOGGING	21,000		21,000
MUD LOGGING	9,500		9,500
CORE EVALUATION			Ó
DRILL STEM TESTING			0
COMPLETION COSTS:			
COMPLETION RIG @ \$2500/DAY		17,500	17,500
BOND LOG & PERFORATING		5,000	5,000
WELL TESTING		5,000	5,000
STIMULATION		110,000	110,000
FRAC TANK RENTAL		3,500	3,500
FRAC WATER		2,500	2,500
MISC. COSTS:			
TITLE OPINION	7,500		7,500
OVERHEAD	3,500	1,500	5,000
SUPERVISION-OPERATIONS	16,000	8,500	24,500
SUPERVISION-GEOLOGICAL	2,000	0,000	2,000
LIABILITY INSURANCE	500		500
WELL CONTROL INSURANCE	2,250		2,250
CONTINGENCIES-10%	31,000	19,000	50,000
TOTAL INTANGIBLES	244 750	212 450	EE 4 200
TOTAL INTANGIDLES	341,750	212,450	554,200

#### AUTHORITY FOR EXPENDITURE

WELL: ELIDA PROSPECT AFE NO.

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TANGIBLE COSTS	DRILLING	COMPLETION	TOTAL
WELLHEAD EQUIPMENT: CASING HEAD CHRISTMAS TREE	3,500	1,750	3,500 1,750
TUBULARS:         CONDUCTOR         SURFACE       13 3/8" @ 300'         INTERMEDIATE       8 5/8" @ 3,000'         LINER         PRODUCTION       4 1/2" @ 7,250'         TUBING       2 3/8" J-55 @ 7,250'	1,500 6,000 29,000	25,000 16,000	1,500 6,000 29,000 0 25,000 16,000
DOWNHOLE EQUIPMENT: LINER HANGER PACKER		1,500	0 1,500
SURFACE PRODUCTION EQUIPMENT: TANKS 2 X 210 BBL SALT WATER TANK 1 X 210 BBL SEPARATOR HEATER TREATER DEHYDRATOR GAS METER FLOW LINE MISC. VALVES & FITTINGS FENCE INSTALLATION COST		4,000 3,800 3,500 4,500 9,500 2,000 1,500 3,500 7,500	4,000 3,800 3,500 4,500 9,500 2,000 1,500 3,500 0 7,500
ARTIFICAL LIFT: PUMPING UNIT ELECTRIC MOTOR & CONTROLLER RODS PUMP INSTALL ELECTRICITY			0 0 0 0 0
CONTINGENCIES-10%	4,000	7,400	11,400
TOTAL TANGIBLE COSTS	44,000	<u>91,450</u>	<u>135,450</u>
GRAND TOTAL	385,750	303,900	689,650

APPROVAL

COMPANY:

NAME:

SIGNATURE:

DATE:

FEDERAL TAX ID NO .:

NOTE:

THIS AFE IS AN ESTIMATE OF COSTS ONLY. APPROVAL OF THE AFE IS A COMMITMENT TO PAY YOUR PROPORTIONATE SHARE OF THE ACTUAL COSTS IN DRILLING TO THE OBJECTIVE DEPTH OR COMPLETE THE WORK SPECIFIED.

#### KESTREL RESOURCES, INC. 2626 COLE AVENUE, SUITE 501 DALLAS, TEXAS 214-871-0999

#### AUTHORITY FOR EXPENDITURE

WELL: STEVENSON NO. 1 PROSPECT: ELIDA DEPTH: 7,358' LOCATION: 1980' FNL 660' FEL SEC 22 T45S R31E SURVEY: ABSTRACT: COUNTY: ROOSEVELT STATE: NEW MEXICO AFE NO. DATE: 4-11-02 DESCRIPTION: RE-ENTER & COMPLETE GRANITE WASH WELL

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INTANGIBLE COSTS	DRILLING	COMPLETION	TOTAL
LOCATION COSTS:			
SURVEY	1,000		1,000
DAMAGES	2,500		2,500
ROAD & LOCATION	3,500	2,000	5,500
LOCATION CLEAN UP	2,500		2,500
DRILLING COSTS:			
PERMIT & BONDING	3,500		3,500
MI-RU-RD-MO	35,000		35,000
	40,000	44.000	0
DAYWORK @ \$7,000/DAY	49,000	14,000	63,000
FUEL \$600/DAY	4,200	1,200	5,400
WATER	2,500	500	3,000
DRILLING & COMPLETION FLUIDS	7,500		7,500
DRILL BITS	2,500	750	3,250
CEMENTING SERVICES		8,500	8,500
CASING CREWS		3,000	3,000
			0
			0
EQUIPMENT RENTAL & SERVICES	2,500	2,500	5,000
			0
	5 000		0
LABOR (DIG OUT SURF CSG, WELDER) PLUGGING COST	5,000 20,000		5,000 20,000
EVALUATION:			•
OPEN HOLE LOGGING			0
MUD LOGGING CORE EVALUATION			0 0
DRILL STEM TESTING			0
			Ū
COMPLETION COSTS:			
COMPLETION RIG @ \$2500/DAY		17,500	17,500
BOND LOG & PERFORATING		5,000	5,000
WELL TESTING		5,000	5,000
		110,000	110,000
FRAC TANK RENTAL		3,500	3,500
FRAC WATER		2,500	2,500
MISC. COSTS:			
TITLE OPINION	7,500		7,500
OVERHEAD	3,500	1,500	5,000
SUPERVISION-OPERATIONS	9,500	8,500	18,000
SUPERVISION-GEOLOGICAL			0
LIABILITY INSURANCE	500		500
WELL CONTROL INSURANCE	2,250		2,250
CONTINGENCIES-10%	16,000	19,000	35,000
TOTAL INTANGIBLES	180,450	204,950	385,400

#### KESTREL RESOURCES, INC. 2626 COLE AVENUE, SUITE 501 DALLAS, TEXAS 214-871-0999

#### AUTHORITY FOR EXPENDITURE

WELL: STEVENSON NO. 1 AFE NO.

TANGIBLE COSTS	DRILLING	COMPLETION	TOTAL
WELLHEAD EQUIPMENT: CASING HEAD CHRISTMAS TREE	3,500	7,000	3,500 7,000
TUBULARS: CONDUCTOR SURFACE INTERMEDIATE LINER PRODUCTION 4 1/2" @ 7,358'		26,000	0 0 0 26,000
TUBING 2 3/8" J-55 @ 7,358'		16,500	16,500
DOWNHOLE EQUIPMENT: LINER HANGER PACKER		1,500	0 1,500
SURFACE PRODUCTION EQUIPMENT: TANKS 2 X 210 BBL SALT WATER TANK 1 X 210 BBL SEPARATOR HEATER TREATER DEHYDRATOR GAS METER FLOW LINE MISC. VALVES & FITTINGS FENCE INSTALLATION COST		4,000 3,800 3,500 4,000 9,500 2,000 1,500 5,000 7,500	4,000 3,800 3,500 4,000 9,500 2,000 1,500 5,000 0 7,500
ARTIFICAL LIFT: PUMPING UNIT ELECTRIC MOTOR & CONTROLLER RODS PUMP INSTALL ELECTRICITY			0 0 0 0 0
CONTINGENCIES-10%	400	9,000	9,400
TOTAL TANGIBLE COSTS	3,900	100,800	104,700
GRAND TOTAL	184,350	305,750	490,100

APPROVAL

COMPANY:

NAME:

SIGNATURE:

DATE:

FEDERAL TAX ID NO .:

NOTE:

THIS AFE IS AN ESTIMATE OF COSTS ONLY. APPROVAL OF THE AFE IS A COMMITMENT TO PAY YOUR PROPORTIONATE SHARE OF THE ACTUAL COSTS IN DRILLING TO THE OBJECTIVE DEPTH OR COMPLETE THE WORK SPECIFIED.

### BEFORE THE OIL CONSERVATION DIVISION NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

CASE NO. 12887

APPLICATION OF PETROCAP, INC. FOR COMPULSORY POOLING OF ALL MINERAL INTERESTS IN SECTION 22, TOWNSHIP 4 SOUTH, RANGE 31 EAST, NMPM, ROOSEVELT COUNTY, NEW MEXICO.

### AFFIDAVIT

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

William F. Carr, attorney in fact and authorized representative of Petrocap, Inc., the Applicant herein, being first duly sworn, upon oath, states that notice has been given to all interested persons entitled to receive notice of this application under Oil Conservation Division rules, and that notice has been given at the addresses shown on Exhibit "A" attached hereto.

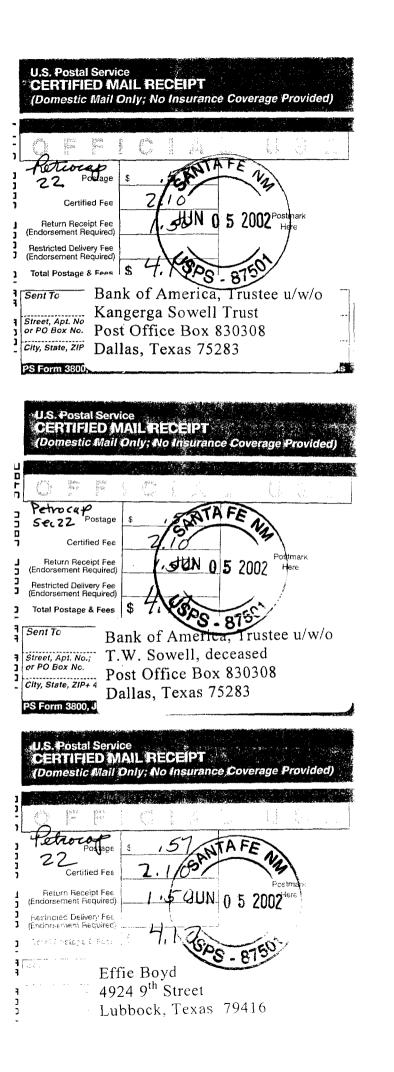
SUBSCRIBED AND SWORN to before me this 5th day of June 2002.

Notary/Public

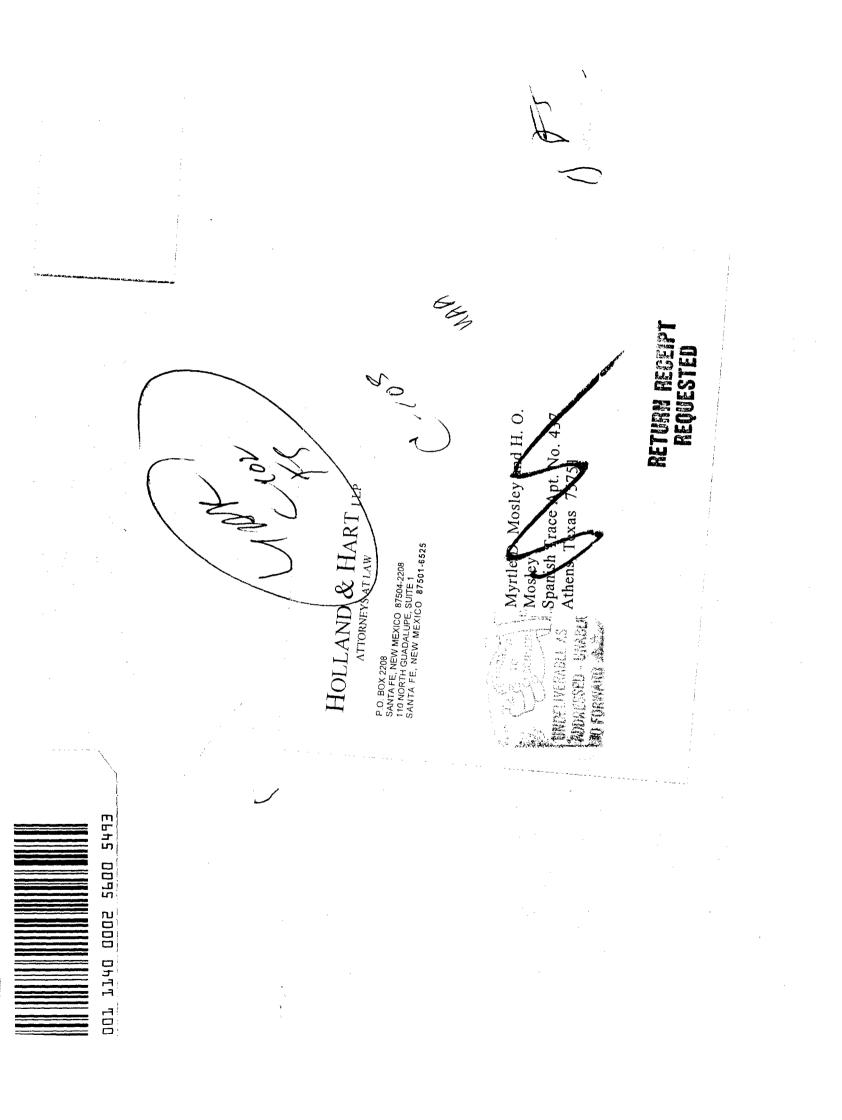
My Commission Expires:

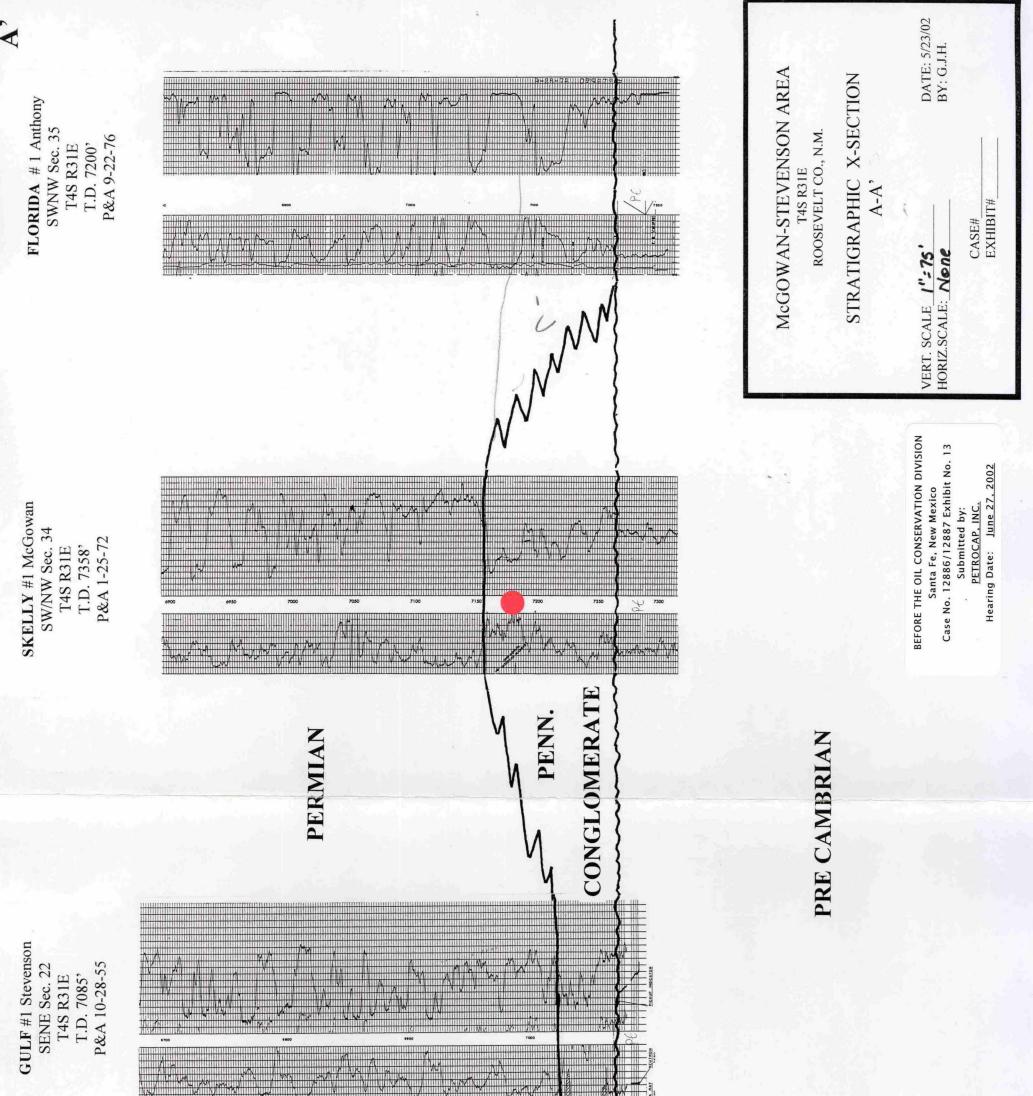
<u>aug 23, 2005</u>

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Case No. 12886/12887 Exhibit No. 12 Submitted by: <u>PETROCAP, INC.</u> Hearing Date: <u>June 27, 2002</u>



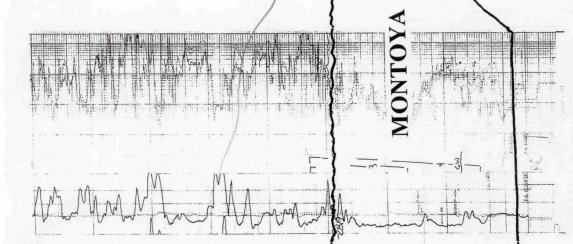
U.S. Postal Service CERTIFIED MAIL RECEIPT Domestic Mail Only: No Insurance Coverage Definition of the Insurance Coverage Postage 22 Certified Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required) Total Postage & Fees Sent To Sent To Sirreet, Apt. No.; Or PO Box No. City, State, 2IP+ Athens, Texas 75751 PS Form X800A	D2 stimark Here O.	IL TURNED
U.S. Postal Service CERTIFIED MAIL RECEIPT Domestic Mail Only: No Insurance Coveras Totocop 22 rostage Certified Fee Return Receipt Fee	<ul> <li>SENDER: COMPLETE THIS SECTION</li> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> <li>Article Addressed to:</li> <li>W. O. Stevens and Ruth C. Stevens</li> <li>2210 P it</li> </ul>	COMPLETE THIS SECTION ON DELIVERY         A. Received by (Please Print Clearly)         B. Date of Delivery         B. Date of Delivery
(Endorsement Required) Restricted Delivery Fee (Encorsement Required) Take: Fostage & Fees W. O. Stevens and Ruth C	3310 Fairmount, Apt. P 1C Dallas, Texas 75201	<ul> <li>3. Service Type</li> <li>Certified Mail</li> <li>Registered</li> <li>Insured Mail</li> <li>C.O.D.</li> <li>4. Restricted Delivery? (Extra Fee)</li> <li>Yes</li> </ul>
Stevens 3310 Fairmount, Apt. P 10 Dallas, Texas 75201	2. Article Number (C         7001 1140 0002           PS Form 3811, July 1999         Domestic Re	5600 5509 aturn Receipt 102595-00-M-0952

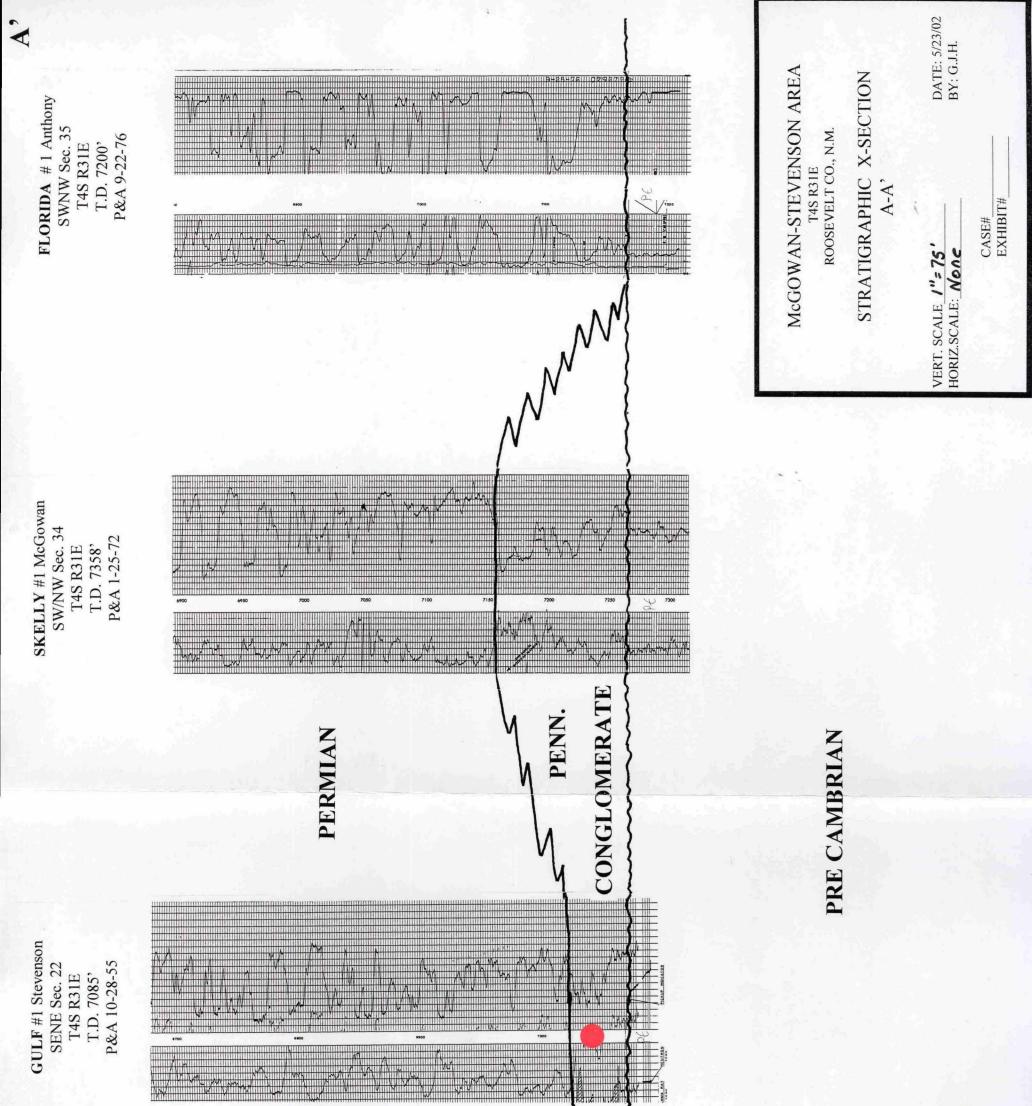




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# L & B #1 Tucker NWNW Sec. 14 T4S R31E T.D. 7326' P&A 2-14-85





# L & B #1 Tucker NWNW Sec. 14 T4S R31E T.D. 7326' P&A 2-14-85

