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JAN 23 2003

OIL CONSERVATION
DIVISION

January 20, 2003

GREAT WESTERN DRILLING COMPANY
Post Office Box 1659 • Midland, Texas 79702 • 915/682-5241

Tom Brown, Inc.
P. O. Box 12507
Midland, Texas 79702
Attn: Mr. Paul Lucas
Certified Return Receipt Requested

RE: Federal "34" Com No. 1 Well
E/2 Section 34, T15S-R34E
Lea County, NM

Gentlemen,

Great Western Drilling Ltd. ("GWD") is named Operator under that certain Compulsory Pooling Order No. R-11869 of the State of New Mexico Energy, Minerals and Natural Resources Department Oil Conservation Division ("the Order") which covers drilling the captioned well and drilling unit for such well. The BLM records and Lea County records reflect that you own an 14.36119% interest in operating rights in the S/2NE/4, N/2SE/4 of Section 34 as to depths from the surface to the base of the Morrow formation. David H. Arrington Oil and Gas Inc. ("AOG") has informed us and represented at the hearing before the NMOCD that resulted in the Order that it has acquired your interest in this unit and well under an agreement not recorded in the Lea County records.

Pursuant to the Order, AOG has elected not to participate in drilling the well. It is the position of GWD that your interest is subject to the non-consent penalty under the Order insofar as it has been acquired by AOG, however if your interest has not been acquired by AOG, please advise Great Western Drilling Ltd. immediately.

Enclosed you will find an Authority for Expenditure for the above well and a copy of the Order. If you do intend to participate in drilling the well, please execute and return one copy of the AFE and tender your share of the cost of drilling and completing the well as shown on the AFE within thirty (30) days of your receipt of this letter. If you claim this interest your share of the costs of drilling and completing the well is \$107,105.68. Please direct any questions you may have in this matter, to the attention of the undersigned.

Yours truly,
Great Western Drilling Company

F. Carter Muire
District Landman

cc: NMOCD certified return receipt requested



GREAT WESTERN DRILLING COMPANY

Post Office Box 1659 • Midland, Texas 79702 • 915/682-5241

January 20, 2003

Devon SFS Operating, Inc.
20 N. Broadway, Suite 1500
Oklahoma City, Ok 73102-
Attn: Mr. Richard Winchester
Certified Return Receipt Requested

RE: Federal "34" Com No. 1 Well
E/2 Section 34, T15S-R34E
Lea County, NM

Gentlemen,

Great Western Drilling Ltd. ("GWD") is named Operator under that certain Compulsory Pooling Order No. R-11869 of the State of New Mexico Energy, Minerals and Natural Resources Department Oil Conservation Division ("the Order") which covers drilling the captioned well and drilling unit for such well. The BLM records and Lea County records reflect that you own an 8.789625% interest in operating rights in the SW/4 SE/4 of Section 34 as to depths from the surface to the base of the Morrow formation. David H. Arrington Oil and Gas Inc. ("AOG") has informed us and represented at the hearing before the NMOCD that resulted in the Order that it has acquired your interest in this unit and well under an agreement not recorded in the Lea County records.

Pursuant to the Order, AOG has elected not to participate in drilling the well. It is the position of GWD that your interest is subject to the non-consent penalty under the Order insofar as it has been acquired by AOG, however if your interest has not been acquired by AOG, please advise Great Western Drilling Ltd. immediately.

Enclosed you will find an Authority for Expenditure for the above well and a copy of the Order. If you do intend to participate in drilling the well, please execute and return one copy of the AFE and tender your share of the cost of drilling and completing the well as shown on the AFE within thirty (30) days of your receipt of this letter. If you claim this interest your share of the costs of drilling and completing the well is \$16,387.16. Please direct any questions you may have in this matter, to the attention of the undersigned.

Yours truly,
Great Western Drilling Company

F. Carter Muire
District Landman

cc: NMOCD - certified return receipt requested

Great Western Drilling Company
Drilling Cost Estimate

Well:	Federal "34" Com. #1	Date:	5-Sep-02	ER #	
County:	Lea	State:	New Mexico	AFE #	
Location:	1700' FSL & 950' FEL, Sec. 34, T15S-R34E			Depth:	14000'

	Cost to Casing Point	Cost to Completion	Total
Landman, Legal, Insurance	5,000.00	-	\$ 5,000.00
Damages, Surveys, Permits	4,000.00	-	\$ 4,000.00
Construction - Pad, roads, pit	30,000.00	2,000.00	\$ 32,000.00
Rig Up & Tear Out/Move in & out	40,000.00	-	\$ 40,000.00
Contract - Dayrate 46 days @ \$7500/day	345,000.00	-	\$ 345,000.00
Completion Unit 12 days @ \$1800/day	-	21,600.00	\$ 21,600.00
Drill Pipe, Bits, Reamers & other tools	85,000.00	-	\$ 85,000.00
Company Drilling Supervision	28,000.00	7,000.00	\$ 35,000.00
Well Supplies & Non-Salvable Materials	2,000.00	28,000.00	\$ 30,000.00
Rentals	20,000.00	5,000.00	\$ 25,000.00
Contract services	20,000.00	15,000.00	
Cement & Cmt Services	30,000.00	25,000.00	\$ 55,000.00
Transportation	7,000.00	3,500.00	\$ 10,500.00
Mud, Water & Chemicals	55,000.00	4,000.00	\$ 59,000.00
Fuel & Utilities	40,000.00	-	\$ 40,000.00
Drill Stem Test	15,000.00	-	\$ 15,000.00
Mud Logging	20,000.00	-	\$ 20,000.00
Logging	50,000.00	4,000.00	\$ 54,000.00
Perforating	-	12,000.00	\$ 12,000.00
Treating	-	100,000.00	\$ 100,000.00
Overhead	7,500.00	2,000.00	\$ 9,500.00
Other Sub-surface Costs	-	15,000.00	\$ 15,000.00
Contingencies 5%	40,000.00	15,000.00	\$ 55,000.00
Total Intangibles	\$ 843,500.00	\$ 259,100.00	\$ 1,102,600.00
Surface Casing	8,000.00	-	\$ 8,000.00
Intermediate Casing	80,000.00	-	\$ 80,000.00
Production Casing		115,000.00	\$ 115,000.00
Wellhead	5,000.00	20,000.00	\$ 25,000.00
Tubing		51,000.00	\$ 51,000.00
Packer / Anchor		15,000.00	\$ 15,000.00
Rods		-	\$ -
Bottom Hole Pump		-	\$ -
Pumping Unit		-	\$ -
Prime Mover		-	\$ -
Tanks		15,000.00	\$ 15,000.00
Treater		30,000.00	\$ 30,000.00
Separator		-	\$ -
Flow Lines		10,000.00	\$ 10,000.00
Connections, Etc.		20,000.00	\$ 20,000.00
Miscellaneous		-	\$ -
Contingencies 5%	5,000.00	15,000.00	\$ 20,000.00
Total Tangibles	\$ 98,000.00	\$ 291,000.00	\$ 389,000.00

Total Well Costs	\$ 941,500.00	\$ 550,100.00	\$ 1,491,600.00
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Prepared By: D. Hendrix

Operator: Great Western Drilling Company

GWDC % Interest: _____

GWDC Approved By: _____

Title: _____

Date: _____

Partner: _____

Approval By: _____

Title: _____

Partner % Interest: _____

Date: _____