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OWNERSHIP - PARTICIPATION LISTING

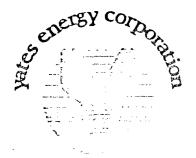
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HARVEY E. YATES COMPANY	.36853516	committed
HEYCO EMPLOYEES, LTD.	.01875000	no response was flow this
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September 1, 1989

UNDER VEREN

Rosemary T. Avery Harvey E. Yates Company One Surwest Centre Roswell, New Mexico 88201

ster E.

Re: Thornbush Prospect Section 1-18S-31E Eddy County, New Mexico

Dear Rosemary:

Yates Energy Corporation proposes to drill the Thornbush Federal Well #1 to approximately 8,800' to test the Bone Spring Formation at a legal location 330' FSL and 1980' FWL of Section 1-18S-31E, Eddy County, New Mexico. Pursuant to the terms of the Option Agreement for Corporate Separation, this exploratory well will be drilled and operated by Yates Energy Corporation.

Enclosed for your consideration and further handling please find the following:

- 1. Joint Operating Agreement covering all of Section 1-8S-31E as the Contract Area, along with an extra set of signature pages.
- 2. Two copies of the Memorandum of Joint Operating Agreement.
- 3. Two copies of an AFE covering estimated costs of the proposed well.
- 4. Copy of geological write-up prepared by Curtis A. Anderson.

Rosemary T. Avery Harvey E. Yates Company September 1, 1989 Page Two

Please notify this office within 60 days of receipt of this proposal whether HEYCO elects to participate in the cost of the proposed operation. Should you elect to participate, please return your executed signature page to the Joint Operating Agreement with executed Memorandum, and approved AFE to our office. Your attention in this matter is appreciated.

Very truly yours,

YATES ENERGY CORPORATION

laro am

Sharon R. Hamilton Landman

SRH/kee Enclosures



November 14, 1989

Explorers Petroleum Corporation Spiral, Inc. HEYCO Employees, Ltd. P. O. Box 1933 Roswell, New Mexico 88202

Attention: Shari A. Darr

Re: Thornbush Federal No. 1 330' FSL & 1980' FWL Section 1-18S-31E Eddy County, New Mexico

CHEFBUE AA

Teo contesa

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Gentlemen:

Yates Energy Corporation proposes to drill the Thornbush Federal Well #1 to approximately 8,800' to test the Bone Spring Formation at a legal location 330' FSL and 1980' FWL of Section 1-18S-31E, Eddy County, New Mexico. Enclosed for your consideration and further handling please find the following:

1. Joint Operating Agreement covering all of Section 1-8S-31E as the · · Contract Area, along with an extra set of signature pages. One copy of the Memorandum of Joint Operating Agreement and an Relative copy of 2. extra set of signature pages. · J. EXLITE SEL 0

3. F. Two copies of an AFE covering estimated costs of the proposed well.

Copy of geological write-up prepared by Curtis A. Anderson.

Should you elect to participate, please return your executed signature pages to the Joint Operating Agreement and Memorandum, along with your approved AFE to our office. Your prompt attention in this matter is appreciated.

Very truly yours,

YATES ENERGY CORPORATION

Sharon R. Hamilton Landman

Enclosures

P.O. Pox 2323, Suttwest Centre, Suite 1010, Roswell, New Mexico 88202 [505] 623-4935

LOSEE, CARSON, HAAS & CARROLL, P. A.

ERNEST L. CARROLL JOEL M. CARSON JAMES E. HAAS A. J. LOSEE

!

300 AMERICAN HOME BUILDING P. O. DRAWER 239 ARTESIA, NEW MEXICO 88211-0239

TELEPHONE (505) 746-3508 TELECOPY (505) 746-6316

November 15, 1989

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Harvey E. Yates Company Explorers Petroleum Corporation Spiral, Inc. HEYCO Employees, Ltd. P. O. Box 1933 Roswell, New Mexico 88201

> Re: Application of Yates Energy Corporation for Compulsory Pooling, Eddy County, <u>New Mexico - Thornbush Federal #1</u>

Gentlemen:

This office represents Yates Energy Corporation. I am enclosing a copy of the Application captioned above which was sent for filing with the Oil Conservation Division this date. Once a date for the hearing has been set, we will notify you.

Very truly yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.

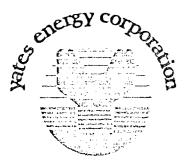
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Ernest L. Carroll

ELC:kth Enclosure

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cc: Yates Energy Corporation



December 19, 1989

GERMESIEDEVANIS RETURNEREEELAEREOUESTED

Harvey E. Yates Company Explorers Petroleum Corporation Spiral, Inc. HEYCO Employees, Inc. P. O. Box 1933 Roswell, New Mexico 88202

> Re: Application of Yates Energy Corporation for Compulsory Pooling, Eddy County, New Mexico - Thornbush Federal #1

Gentlemen:

Pursuant to notice dated November 15, 1989 from Ernest L. Carroll concerning the captioned Application, please be advised that notification has just been received from the State of New Mexico Oil Conservation Division that said Application, under Case Number 9845, is on the Docket for Examiner Hearing on Wednesday, December 27, 1989.

Yours very truly,

YATES ENERGY CORPORATION

Sharon R. Hamilton Landman

SRH/mm

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LOSEE, CARSON, HAAS & CARROLL, P. A.

ERNEST L. CARROLL JOEL M. CARSON JAMES E. HAAS A. J. LOSEE 300 AMERICAN HOME BUILDING P. O. DRAWER 239 ARTESIA, NEW MEXICO 88211-0239 TELEPHONE (505) 746-3508 TELECOPY (505) 746-6316

November 15, 1989

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Harvey E. Yates Company Explorers Petroleum Corporation Spiral, Inc. HEYCO Employees, Ltd. P. O. Box 1933 Roswell, New Mexico 88201

> Re: Application of Yates Energy Corporation for Compulsory Pooling, Eddy County, <u>New Mexico - Thornbush Federal #1</u>

Gentlemen:

This office represents Yates Energy Corporation. I am enclosing a copy of the Application captioned above which was sent for filing with the Oil Conservation Division this date. Once a date for the hearing has been set, we will notify you.

Very truly yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.

715 634 447 547(RECEIPT FOR CERTIFIED MAIL NO ASSIDANCE COVERAGE PROVIDED NOT FOR INTERNATIONAL MAIL SENDER: Complete Items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for heat and check boxies) for additional service(s) requested. (See Reverse) Sent to Street and No (Entrs diarge) (Extra tharge) 3. Article Addressed to: Article Humbor P.O., State and ZiP Cody P-916 634 447 Heyes, Explorers, Spiral 5 Type of Service: Postage P.O. Box 1933 Insured L. Registered Rortified Centred Fee Return Receipt Express Mail Special Delegity Fee Rowell, MM 88201 A hasymptotech algoature of eddressee IT agent and DATE DELIVERED. Restricted Dimperv Fige 6. Signature - Address Addressee's Address (ONLY If 8 requested and fee paid) Return Recent show no Х te whom and Oare Dervered NOV 93 1589 6. Sign Sturp - Agent June 1985 Return Reservers owing to whom Date, and Address of Delivery NODA AUTPRORY Х ÷ 7. Usto of Delivery 159 011.29 TGTAL Pestage and Fires 3800 Postmars or Date LOSSEST'S RETURN RECEIPT 20 Story 2817, Mar. 1920 4 U.S.C.P**.C. 19**28-212-233 Form 11 15 129



915687-7100

September 22, 1989

Chevron USA, Inc. P.O. Box 1150 Midland, Texas 79202

915/687-7158

Re: Thornbush Federal No. 1 330' FSL & 1980' FWL Section 1-18S-31E Eddy County, New Mexico

Gentlemen:

Yates Energy Corporation herein proposes to drill the captioned well to a depth of approximately 8800' to test the Bone Spring Formation. According to our title information, Chevron owns a 25% working interest in this property.

Enclosed for your review please find our AFE for the drilling of the captioned well. Should Chevron elect to participate, we will forward our Joint Operating Agreement, covering all of Section 1-18S-31E, for your approval.

In the event Chevron elects not to participate in said well, Yates Energy Corporation respectfully requests a farmout of Chevron's interest covering all of Section 1-18S-31E, earning 100% of Chevron's interest in the drillsite and 75% in the remaining acreage. Said farmout to deliver 75% net revenue interest, with the option to convert to a 25% back-in working interest after payout.

Please advise, at your earliest convenience, concerning your election. Your prompt attention is appreciated. Please call this office should you wish to discuss this matter further.

Very truly yours,

YATES ENERGY CORPORATION Karas Sharon R. Hamilton Landman

SRH/kee Enclosure

November 6, 1989

Chevron USA, Inc. P.O. Box 1150 Midland, Texas 79702

Attention: Mickey Cohlmia

Re: Thornbush Federal No. 1 330' FSL & 1980' FWL Section 1-18S-31E Eddy County, New Mexico

Gentlemen:

Yates Energy Corporation proposed the drilling of the captioned well, under letter dated September 22, 1989. Enclosed for your consideration and further handling please find the Joint Operating Agreement covering all of Section 1-8S-31E as the Contract Area, along with an extra set of signature pages and one copy of the Memorandum of Joint Operating Agreement and extra set of signature pages.

Under said Operating Agreement, we must be drilling by February 25, 1990. Therefore, we must proceed as necessary to guarantee drilling by that date. Chevron is the only owner who has not committed to participate.

In a telephone discussion with Lofty Quinn in your Hobbs production office, he indicated that he felt that Chevron would either participate or farmout, and suggested that I forward you the Joint Operating Agreement for your review. Should you elect to participate, please return your executed signature page to the Joint Operating Agreement with executed Memorandum, and approved AFE to our office. Your prompt attention in this matter is appreciated.

Very truly yours,

YATES ENERGY CORPORATION

Sharon R. Hamilton Landman

Enclosures

LOSEE, CARSON, HAAS & CARROLL, P. A.

ERNEST L. CARROLL JOEL M. CARSON JAMES E. HAAS A. J. LOSEE 300 AMERICAN HOME BUILDING P. O. DRAWER 239 ARTESIA, NEW MEXICO 88211-0239

TELEPHONE (505) 746-3508 TELECOPY (505) 746-6316

November 15, 1989

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Chevron U.S.A., Inc. P. O. Box 1150 Midland, Texas 79702

> Re: Application of Yates Energy Corporation for Compulsory Pooling, Eddy County, New Mexico - Thornbush Federal #1

Gentlemen:

This office represents Yates Energy Corporation. I am enclosing a copy of the Application captioned above which was sent for filing with the Oil Conservation Division this date. Once a date for the hearing has been set, we will notify you.

Very truly yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.

pent L. Canol

Ernest L. Carroll

ELC:kth Enclosure

cc: Yates Energy Corporation



November 16, 1989

Chevron USA, Inc. P.O. Box 1150 Midland, Texas 79702

Attention: Mickey Cohlmia

Re: Thornbush Federal #1 Section 1-18S-31E Eddy Co., New Mexico

Gentlemen:

Enclosed please find a revised Exhibit "A" to the Operating Agreement dated September 1, 1989 concerning the captioned acreage. Also, enclosed please find a new Exhibit "A" to the Memorandum of Joint Operating Agreement.

Please advise should you have any questions concerning said Operating Agreement.

Yours Very Truly,

YATES ENERGY CORPORATION

Sharon R. Hamilton Landman

SRH/mm

Enclosures

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December 19, 1989

TRANT

Chevron U.S.A., Inc. P. O. Box 1150 Midland, Texas 79702

Attention: Mickey F. Cohlmia

Re: Application of Yates Energy Corporation for Compulsory Pooling, Eddy County, New Mexico - Thornbush Federal #1

Gentlemen:

Pursuant to notice dated November 15, 1989 from Ernest L. Carroll concerning the captioned Application, please be advised that notification has just been received from the State of New Mexico Oil Conservation Division that said Application, under Case Number 9845, is on the Docket for Examiner Hearing on Wednesday, December 27, 1989.

Yours very truly,

YATES ENERGY CORPORATION

R. Hamillon

Sharon R. Hamilton . Landman

SRH/mm

LOSEE, CARSON, HAAS & CARROLL, P. A.

ERNEST L. CARROLL JOEL M. CARSON JAMES E. HAAS A. J. LOSEE

300 AMERICAN HOME BUILDING P. O. DRAWER 239 ARTESIA, NEW MEXICO 88211-0239

TELEPHONE (505) 746-3508 TELECOPY (505) 746-6316

November 15, 1989

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Chevron U.S.A., Inc. P. O. Box 1150 Midland, Texas 79702

> Re: Application of Yates Energy Corporation for Compulsory Pooling, Eddy County, New Mexico - Thornbush Federal #1

Gentlemen:

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Very truly yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.

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Ernest L. Carroll

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SENDER: Complete items 1 and 2 when additional 3 and 4. Put your address in the "RETURN TO" Space on the reve card from being returned to you. <u>The return receipt fee will p</u> to and the date of delivery. For additional fees the following for rees and check box(es) for additional service(s) requess 1. Show to whom delivered, data, and addressee's ad (Extra charge)	rse side. Failure to do this will prevent this rovide you the name of the person delivered services are available. Consult postmaster tad.	HECEIPT FOR CERTIFIED MAIL VO INSUBAVE COVERAGE PRIVIDED VOT FOR INTERNATIONAL MAIL ISPE Reverse) Sent 100/04/2004
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November 7, 1989 *

W. T. Wynn 1603 West Dengar Midland, Texas 79705

> Re: Thornbush Federal No. 1 330' FSL & 1980' FWL Section 1-18S-31E Eddy County, New Mexico

Dear Mr. Wynn:

Yates Energy Corporation proposes to drill the Thornbush Federal Well #1 to approximately 8,800' to test the Bone Spring Formation at a legal location 330' FSL and 1980' FWL of Section 1-18S-31E, Eddy County, New Mexico

Enclosed for your consideration and further handling please find the following:

- 1. Joint Operating Agreement covering all of Section 1-8S-31E as the Contract Area, along with an extra set of signature pages.
- 2. One copy of the Memorandum of Joint Operating Agreement and an extra set of signature pages.
- 3. Two copies of an AFE covering estimated costs of the proposed well.
- 4. Copy of geological write-up prepared by Curtis A. Anderson.

Should you elect to participate, please return your executed signature pages to the Joint Operating Agreement and Memorandum, along with your approved AFE to our office. Your attention in this matter is appreciated.

Very truly yours,

YATES ENERGY CORPORATION

ONIN haven Sharon R. Hamilton

Landman

Enclosures

LOSEE, CARSON, HAAS & CARROLL, P. A.

ERNEST L. CARROLL JOEL M. CARSON JAMES E. HAAS A. J. LOSEE 300 AMERICAN HOME BUILDING P. O. DRAWER 239 ARTESIA, NEW MEXICO 88211-0239

TELEPHONE (505) 746-3508

TELECOPY (505) 746-6316

November 15, 1989

<u>CERTIFIED MAIL</u> RETURN RECEIPT REQUESTED

Mr. W. T. Wynn 1603 W. Dengar Midland, Texas 79705

> Re: Application of Yates Energy Corporation for Compulsory Pooling, Eddy County, <u>New Mexico - Thornbush Federal #1</u>

Gentlemen:

This office represents Yates Energy Corporation. I am enclosing a copy of the Application captioned above which was sent for filing with the Oil Conservation Division this date. Once a date for the hearing has been set, we will notify you.

Very truly yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.

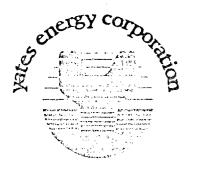
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Ernest L. Carroll

ELC:kth Enclosure

:

cc: Yates Energy Corporation



December 19, 1989

GERTIELEDS UNTER REFURNAREGE (PRERIOUESTED

Mr. W. T. Wynn 1603 W. Dengar Midland, Texas 79705

> Re: Application of Yates Energy Corporation for Compulsory Pooling, Eddy County, New Mexico - Thornbush Federal #1

Dear Mr. Wynn:

Pursuant to notice dated November 15, 1989 from Ernest L. Carroll concerning the captioned Application, please be advised that notification has just been received from the State of New Mexico Oil Conservation Division that said Application, under Case Number 9845, is on the Docket for Examiner Hearing on Wednesday, December 27, 1989.

Yours very truly,

YATES ENERGY CORPORATION

Sharon R. Hamilton Landman

SRH/mn

ч	P 299 868 6 RECEIPT FOR CERTIFIE NO INSUBANCE COVERAGE PPOV	D MAIL
4	NOT FOR INTERNATIONAL NA (See Reverse)	
80-79	Sent to W. T. Wyn	
1985-480-794	Street and No 1603W. Dugo	<u>n</u>
U.S.G.P.O.	PO State and ZIP Code Midland, DX 2	9705
U.S.G	Postage	S
*	Certified Fee	
	Special Delivery Fee	
	Restricted Delivery Fee	
1985	Return Receipt showing to whom and Date Derivered	
	Return Receipt showing to whom Date, and Address of Delivery	
June	TOTAL Postage and Fees	5
3800,	Pestmark or Date	
Form 3	12-19-89	

LOSEE, CARSON, HAAS & CARROLL, P. A. 300 American Home Building

P. O. DRAWER 239

ARTESIA, NEW MEXICO 88211-0239

ERNEST L. CARROLL JOEL M. CARSON JAMES E. HAAS A. J. LOSEE TELEPHONE (505) 746-3508 TELECOPY (505) 746-6316

November 15, 1989

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Mr. W. T. Wynn 1603 W. Dengar Midland, Texas 79705

> Re: Application of Yates Energy Corporation for Compulsory Pooling, Eddy County, New Mexico - Thornbush Federal #1

Gentlemen:

This office represents Yates Energy Corporation. I am enclosing a copy of the Application captioned above which was sent for filing with the Oil Conservation Division this date. Once a date for the hearing has been set, we will notify you.

Very truly yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.

our Th Ernest L. Carroll

ELC:kth Enclosure

. .

cc: Yates Energy Corporation

P 916 634 438

RECEIPT FOR CERTIFIED MAIL NO INSURANCE COVERAGE PROVIDED NUT FUR INTERNATIONAL MALE (Sou Reverse)

SENDER: Complete Items 1 and 2 when additiona 3 and 4. Put your address in the "RETURN TC" Space on the rev card from being returned to you. The return receipt fee will to and the date of delivery. For additional fees the followin for frees and check box(as) for edditional service(s) reque 1. ☐ Show to whom delivered, date, and addressee's a (Extra charge)	arse side. Failure to do this will prevent this provide you the name of the person delivered ing services are available. Consult postmaster isted.
3. Article Addressed to: W.T. Wyun 1603 W. Dengar Midlaud, TX 79705	4. Acticle Number P - 916 634 438 Typs of Service: Registered Insured Control Control Cont
5. Signatura - Address X 6. Signatura - Agent X 7. Dats of Cellivery	8. Soddeese St. Addpass (O.V.Y if inquested bia fee paid) 1989
: Sana CSTT, Mar. 1988 * C.C.C.P.J., 1973-93	Wester Laciente Sanual recept

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Betara Receipt, including to whitm Date, and Altaresis of Delivery	
TOTAL First general Fees	
Portmar- cr Cate	1

15

Summary - Thornbush Federal #1

Chevron USA, Inc.

9-22-89 Letter 10-13-89 Telephone call - Midland 10-25-89 Telephone call - Midland 10-26-89 Telephone call - Midland Several telephone calls to Hobbs office in November 11-6-89 Letter 11-15-89 Letter 11-16-89 Letter 12-5-89 Telephone call - Midland 12-6-89 Telephone call - Hobbs 12-8-89 Telephone call - Hobbs 12-11-89 Telephone call - Midland 12-11-89 Telephone call - Hobbs 12-12-89 Telephone call - Midland 12-13-89 Telephone call - Midland 12-19-89 Letter

Offered to Farmout one well location only, reserving a 3/16ths ORI., prefer not to accept terms. Indicated they would not oppose a standard force pooling application.

W. T. Wynn

11-7-89 Letter Telephone call 11-15-89 Letter 12-19-89 Letter

Harvey E. Yates Company, et al

9-1-89 Letter 10-13-89 Telephone call 11-14-89 Letter 11-15-89 Letter 12-14-89 Telephone call 12-19-89 Letter

Harvey E. Yates Company has signed JOA to participate, no response from Explorers Petroleum Corporation, Spiral, Inc. or HEYCO Employees, Ltd. Indicated for us to proceed with force pooling.

Yuti E 9845

YATES ENERGY CORPORATION

LEASE NAME & WELL NUMBER: THORNBUSH FEDERAL #1 LEGAL LOCATION: 330' FSL & 1980' FWL, SECTION 1 T-18S, R-31E COUNTY: EDDY STATE: NEW MEXICO DEPTH: 8800	FORMATION:	BONE SPRINGS
DRILLING & COMPLETION COSTS: INTANGIBLE DRILLING COSTS: STAKING DAMAGES & LEGAL FEES. LOCATION, RIGHT OF WAY. FOOTAGE: FEET @ \$/FOOT 8800 \$12.75 DAYWORK: DAYS & \$/DAY 2 \$3,600 SURFACE CASING CEMENTING & SERVICE. DRILLING MUD, ADDITIVES & WATER MUD LOGGING UNIT, SURVEYS, ETC. INTERMEDIATE CASING CEMENTING & SERVICES. GENERAL MISC. (BOP TEST, RATHOLEETC) RENTAL TOOLS & EQUIPMENT. COMPANY SUPERVISION MISC. BITS, TOOLS & SUPPLIES. TOTAL INTANGIBLE DRILLING COSTS.	Dry Hole Costs \$1,500 \$15,000 \$112,200 \$7,200 \$4,000 \$18,000 \$14,500 \$14,500 \$1,000 \$6,500 \$0 \$184,400	Producing Costs \$1,500 \$15,000 \$112,200 \$7,200 \$4,000 \$18,000 \$14,500 \$14,500 \$1,000 \$6,500 \$0 \$184,400
INTANGIBLE FORMATION EVALUATION: CORING, TOOLS & SERVICE DST: # DST TO RUN/ \$ CHARGE 1 \$4,000 ELECTRIC LOGS, SAMPLE SACKSETC MISC. FORMATION EVALUATION TOTAL INTANGIBLE FORMATION EVALUATION	\$0 \$4,000 \$13,000 \$0 \$17,000	\$0 \$4,000 \$13,000 \$0 \$17,000
INTANGIBLE COMPLETION COSTS: COMPLETION UNIT COST: DAYS & \$/DAY 8 \$1,500 MUD, WATER & ADDITIVES	\$8,500 \$8,500	\$12,000 \$6,500 \$20,000 \$3,500 \$6,500 \$70,000 \$4,500 \$0 \$5,000 \$16,534 \$0 \$144,534
TANGIBLE DRILLING & COMPLETION COSTS:SURFACE CASING COSTS:(SIZE & FEET) 13 3/8 350INTERMEDIATE CASING:(SIZE & FEET) 8 5/8 2350PRODUCTION CASING:(SIZE & FEET) 5 1/2 8800PRODUCTION TUBING:(SIZE & FEET) 2 3/8 8800CASING HEAD	\$13,000 \$32,000 \$12,809 \$57,809	\$13,000 \$32,000 \$77,000 \$24,000 \$3,500 \$0 \$4,000 \$1,500 \$14,000 \$1,500 \$14,500 \$1,500 \$1,500 \$1,500 \$1,500
GENERAL LEASE & BATTERY EQUIPMENT: PUMPING UNIT (PRIME MOVER)	\$0	\$40,000 \$8,000 \$9,000 \$15,000 \$4,500 \$2,000 \$78,500
TOTAL INTANGIBLE COSTS: TOTAL TANGIBLE COSTS: TOTAL LEASE & BATTERY EQUIPMENT:	\$209,900 \$57,809 \$0	\$345,934 \$179,500 \$78,500
INCURRED IN CONDUCTING THE OPERATIONS SPECIFIED,	<u>\$267,709</u> BY:	