

Nearburg Producing Company

Exploration and Production
Dallas, Texas

AUTHORITY FOR EXPENDITURE

LEASE: Cone 30 Fee WELL NUMBER: 1 PBTD: 8,700'
 LOCATION: At a legal location within the SW/4 SW/4 of Section 30, T16S, R39E, Lea County, NM
 FIELD: Garrett Drinkard Test EXPLORATORY, DEVELOPMENT, WORKOVER: E
 DESCRIPTION OF WORK: Drill to 8,700' and complete as a pumping oil producer.

DATE PREPARED: 6/6/07 EST. START DATE: 2007 EST. COMPLETION DATE: 2007
 ACCOUNTING WELL NUMBER:
 COMMUNICATIONS ACCOUNT NUMBER:

INTANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WE L
Drilling Footage 9,000 Ft @ 0.00 \$/Ft	1514.10	0	NA	0	0
Drilling Daywork 18 1 14,000 \$/day	1514.105	267,120	1515.105	15,900	283,020
Drilling Turnkey	1514.110	0	1515.110	0	0
Rig Mobilization and Demobilization	1514.115	47,700	1515.115	0	47,700
Road & Location Expense	1514.120	62,752	1515.120	5,300	68,052
Damages	1514.125	15,000	1515.125	0	15,000
Directional Drilling - Tools and Service	1514.130	0	1515.130	0	0
Drilling Fluids	1514.135	31,800	1515.135	0	31,800
Fuel, Power, and Water	1514.140	45,580	1515.140	2,120	47,700
Supplies - Bits	1514.145	33,920	1515.145	1,060	34,980
Supplies - Casing Equipment	1514.150	1,272	1515.150	7,420	8,692
Supplies - Liner Equipment	1514.155	0	1515.155	0	0
Supplies - Miscellaneous	1514.160	0	1515.160	0	0
Cement and Cmt. Services - Surface Csg	1514.165	0	NA	0	0
Cement and Cmt. Services - Int. Csg	1514.170	42,400	NA	0	42,400
Cement and Cmt. Services - Prod. Csg	NA	0	1515.170	53,000	53,000
Cement and Cmt. Services - Other	1514.175	0	1515.175	0	0
Rental - Drilling Tools and Equipment	1514.180	13,250	1515.180	0	13,250
Rental - Misc.	1514.185	20,750	1515.185	3,710	24,460
Testing - Drill Stem / Production	1514.190	15,900	1515.190	5,300	21,200
Open Hole Logging	1514.200	31,800	NA	0	31,800
Mudlogging Services	1514.210	21,200	NA	0	21,200
Special Services	1514.190	0	1515.190	0	0
Plug and Abandon	1514.215	10,000	1515.215	(10,000)	0
Pulling and/or Swabbing Unit	NA	0	1515.217	63,600	63,600
Reverse Equipment	NA	0	1515.219	5,300	5,300
Wireline Services	1514.205	0	1515.205	15,900	15,900
Stimulation	NA	0	1515.221	132,500	132,500
Pump / Vacuum Truck Services	1514.220	0	1515.220	5,944	5,944
Transportation	1514.225	5,300	1515.225	6,360	11,660
Tubular Goods - Inspection & Testing	1514.230	4,770	1515.230	5,300	10,070
Unclassified	1514.245	0	1515.245	0	0
Telephone and Radio Expense	1514.240	1,060	1515.240	795	1,855
Engineer / Geologist / Landman	1514.250	6,000	1515.250	2,000	8,000
Company Labor - Field Supervision	1514.255	26,500	1515.255	15,000	41,500
Contract Labor / Roustabout	1514.260	15,900	1515.260	15,900	31,800
Legal and Professional Service	1514.270	5,000	1515.270	0	5,000
Insurance	1514.275	7,997	1515.275	0	7,997
Overhead	1514.280	7,000	1515.280	3,500	10,500
SUBTOTAL		739,971		355,909	1,095,880
Contingencies (5%)		36,999		17,795	54,794
ESTIMATED TOTAL INTANGIBLES		776,970		373,704	1,150,674

EXHIBIT **C**

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

APPLICATION OF NEARBURG EXPLORATION
COMPANY, L.L.C. FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

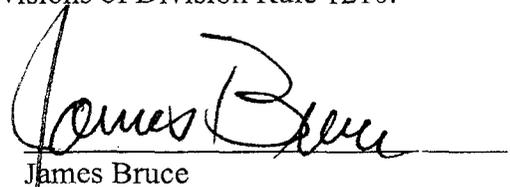
Case No. 13,967

AFFIDAVIT OF NOTICE

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

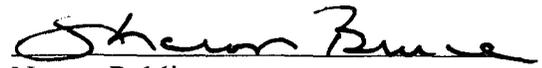
James Bruce, being duly sworn upon his oath, deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters stated herein.
2. I am an attorney for Nearburg Exploration Company, L.L.C.
3. Nearburg Exploration Company, L.L.C. has conducted a good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the application filed herein.
4. Notice of the application was provided to the proper interest owner, at his correct addresses, by certified mail. Copies of the notice letter and certified return receipt are attached hereto as Exhibit A.
5. Applicant has complied with the notice provisions of Division Rule 1210.


James Bruce

SUBSCRIBED AND SWORN TO before me this 8th day of August, 2007 by
James Bruce.

My Commission Expires: 3/14/09


Notary Public

Oil Conservation Division
Case No. _____
Exhibit No. 2

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

July 19, 2007

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

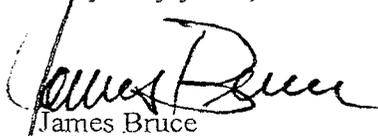
Kenneth Cone
P.O. Box 11310
Midland, Texas 79702

Ladies and gentlemen:

Enclosed is a copy of an application for compulsory pooling, filed with the New Mexico Oil Conservation Division by Nearburg Exploration Company, L.L.C., regarding the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 30, Township 16 South, Range 39 East, N.M.P.M., Lea County, New Mexico. This matter is scheduled for hearing at 8:15 a.m. on Thursday, August 9, 2007, at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. As an interest owner in the well unit, you have the right to enter an appearance and participate in the case. Failure to appear will preclude you from contesting this matter at a later date.

You are required to notify (in writing) the Division, and the undersigned, by Thursday, August 2, 2007 if you intend to participate at the hearing.

Very truly yours,


James Bruce

Attorney for Nearburg Exploration Company, L.L.C.

EXHIBIT A



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Postmark Here
79702

Sent To: Kenneth Cone
Street, Apt. No.: P.O. Box 11310
or PO Box No.: Midland, Texas 79702
City, State, ZIP+4

PS Form 3800, August 2006 See Reverse for Instructions