

Nearburg Exploration Company, L.L.C.

Exploration and Production

3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705
915/686-8235
Fax 915/686-7806

January 13, 1997

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

**New Tex Oil Company
P. O. Box 297
Hobbs, New Mexico 88240**

**Phillips Petroleum Company
4001 Penbrook
Odessa, Texas 79762**

**Michael J. Patin
7907 Meadow Park Drive, Suite 205
Dallas, Texas 75230**

**Re: Aztec 14 Federal Com #1 Well
1650' FNL and 1650' FWL of Section 14,
T-21-S, R-32-E, Lea County, New Mexico
Aztec Prospect**

Gentlemen:

Nearburg Exploration Company, L.L.C. (Nearburg) hereby proposes the drilling of the captioned well to a depth of 14,500' or to a depth sufficient to adequately test the Morrow formation. We have enclosed herewith an AFE which sets forth Nearburg's estimated costs to drill and complete this well along with our proposed form of Joint Operating Agreement (JOA) which would govern the drilling of this well.

Should you elect to participate in the drilling of this well, we ask that you please execute both copies of the AFE and both sets of the signature pages for the JOA, and return one copy of each to the undersigned.

Should you wish not to participate in the drilling of this well, we ask that you consider granting to Nearburg an acceptable farmout or term assignment.

If we can be of any further assistance, please advise.

Yours very truly,



**Duke Roush
Consulting Landman**

DR:kg

Enclosures

**BEFORE THE
OIL CONSERVATION DIVISION**
Case No. 11747 Exhibit No. **5**
Submitted By:
Nearburg Exploration Co.
Hearing Date: March 20, 1997

Sent to	11/13/97
Street and No.	
P.O., State and ZIP Code	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

PS Form 3800
Postage and Fees
 No Insurance Coverage Provided
 Do not use for International Mail
 (See Reverse)

Receipt for Certified Mail

Z 740 465 683

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- ☐ Addressee's Address
- ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Phillips Petroleum Company
 4001 Penbrook
 Odessa, Texas 79762

4a. Article Number

Z 740 465 683

4b. Service Type

- | | |
|---|---|
| <input type="checkbox"/> Registered | <input checked="" type="checkbox"/> Certified |
| <input type="checkbox"/> Express Mail | <input type="checkbox"/> Insured |
| <input type="checkbox"/> Return Receipt for Merchandise | <input type="checkbox"/> COD |

7. Date of Delivery

1-14-97

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)

Thank you for using Return Receipt Service.

Send to <i>New Tex</i>	
Street and No.	
P. O., State and ZIP Code	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

Receipt for Certified Mail
 No Insurance Coverage Provided
 Do not use for International Mail
 (See Reverse)

Z 740 465 684

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- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
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- ☐ Addressee's Address
- ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

New Tex Oil Company
 P. O. Box 297
 Hobbs, New Mexico 88240

4a. Article Number
 Z 740 465 684

4b. Service Type

☐ Registered ☒ Certified
☐ Express Mail ☐ Insured
☐ Return Receipt for Merchandise ☐ COD

7. Date of Delivery
 1-15-97

5. Received By: (Print Name)

6. Signature (Addressee or Agent)
 X *Dennis*

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

PS Form 3800, March 1993

Section 101	
Street and No.	
P.O., State and ZIP Code	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	



Receipt for Certified Mail
No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Z 740 465 685

AZTEC
1/13/97

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3 and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
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You wish to receive the following services (for an extra fee):

- ☐ Addressee's Address
- ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Michael J. Patin
7907 Meadow Park Drive, Suite 205
Dallas, Texas 75230

4a. Article Number

Z 740 465 685

4b. Service Type

- ☐ Registered ☒ Certified
☐ Express Mail ☐ Insured
☐ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

1-28-97

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Addressee or Agent)

X Michael J. Patin

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

Nearburg Producing Company

Exploration and Production
Dallas, Texas

AUTHORITY FOR EXPENDITURE

LEASE: Aztec 14 Federal WELL NUMBER: 1 TOTAL DEPTH: 14,500'
LOCATION: 1650' FNL & 1650' FWL, Section 14, T21S, R32E, Lea County, New Mexico
FIELD: Undesignated Morrow EXPLORATORY,DEVELOPMENT,WORKOVER: E
DESCRIPTION OF WORK: Drill, test, run casing, and complete as a Morrow gas well
DATE PREPARED: 1/8/97 EST. START DATE: 5/1/97 EST. COMPLETION DATE: 7/1/97
ACCOUNTING WELL NUMBER:
COMMUNICATIONS ACCOUNT NUMBER:

INTANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Drilling Footage 14,500 Ft @ 21.00 \$/Ft	1514.101	304,500	NA		304,500
Drilling Daywork 2/2days @ 4,400\$/day	1514.105	8,800	1515.105	8,800	17,600
Drilling Turnkey	1514.110		1515.110		0
Rig Mobilization and Demobilization	1514.115		1515.115		0
Road & Location Expense	1514.120	15,000	1515.123		15,000
Damages	1514.125	5,000	1515.125		5,000
Directional Drilling - Tools and Service	1514.130		1515.130		0
Drilling Fluids	1514.135	40,000	1515.132	3,000	43,000
Fuel, Power, and Water	1514.140	15,000	1515.140	3,000	18,000
Supplies - Bits	1514.145		1515.145	1,000	1,000
Supplies - Casing Equipment	1514.150	3,000	1515.150	8,000	11,000
Supplies - Liner Equipment	1514.155		1515.155		0
Supplies - Miscellaneous	1514.160	500	1515.160		500
Cement and Cmt. Services - Surface Csg	1514.165	5,000	NA		5,000
Cement and Cmt. Services - Int. Csg	1514.170	15,000	NA		15,000
Cement and Cmt. Services - Prod. Csg	NA		1515.172	30,000	30,000
Cement and Cmt. Services - Other	1514.175		1515.175		0
Rental - Drilling Tools and Equipment	1514.180	15,000	1515.180		15,000
Rental - Miscellaneous	1514.185	1,000	1515.185	5,000	6,000
Testing - 2 Drill Stem Tests/ Production	1514.195	7,000	1515.195		7,000
Open Hole Logging	1514.200	48,000	NA		48,000
Mudlogging Services	1514.210	20,000	NA		20,000
Special Services	1514.190		1515.190		0
Plug and Abandon	1514.215	15,000	1515.215	(15,000)	0
Pulling and/or Swabbing Unit	NA		1515.217	12,000	12,000
Reverse Equipment	NA		1515.219	3,000	3,000
Wireline Services(includes Perforating)	1514.205		1515.205	10,000	10,000
Stimulation	NA		1515.221	106,000	106,000
Pump / Vacuum Truck Services	1514.220		1515.220	2,500	2,500
Transportation	1514.225	500	1515.225	2,000	2,500
Tubular Goods - Inspection & Testing	1514.230		1515.230		0
Unclassified	1514.245		1515.245		0
Telephone and Radio Expense	1514.240	1,000	1515.240	750	1,750
Engineer / Geologist / Landman	1514.250	5,000	1515.250		5,000
Company Labor - Field Supervision	1514.255	10,000	1515.255	5,000	15,000
Contract Labor / Roustabout	1514.265		1515.265		0
Legal and Professional Service	1514.270	2,500	1515.270		2,500
Insurance	1514.275	32,000	1515.275		32,000
Overhead	1514.280	12,500	1515.280		12,500
SUBTOTAL		581,300		185,050	766,350
Contingencies (5%)		29,065		9,253	38,318
ESTIMATED TOTAL INTANGIBLES		610,365		194,303	804,668

Nearburg Producing Company

Exploration and Production
Dallas, Texas

AUTHORITY FOR EXPENDITURE

LEASE: Aztec 14 Federal WELL NUMBER: 1 TOTAL DEPTH: 14,500'
LOCATION: 1650' FNL & 1650' FWL, Section 14, T21S, R32E, Lea County, New Mexico
FIELD: Undesignated Morrow EXPLORATORY,DEVELOPMENT,WORKOVER: E
DESCRIPTION OF WORK: Drill, test, run casing, and complete as a Morrow gas well
DATE PREPARED: 1/8/97 EST. START DATE: 5/1/97 EST. COMPLETION DATE: 7/1/97
ACCOUNTING WELL NUMBER:
COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casing	1620.305		NA		0
Surface Csg 500 Ft @ 24.00 \$/Ft	1620.310	12,000	NA		12,000
Intermediate Csg 5,000 Ft @ 18.00 \$/Ft	1620.315	90,000	NA		90,000
Protection Csg Ft @ \$/Ft	1620.320		NA		0
Production Csg 14,500 Ft @ 11.50 \$/Ft	NA		1622.325	166,750	166,750
Protection Liner Ft @ \$/Ft	1620.330		NA		0
Production Liner Ft @ \$/Ft	NA		1622.335		0
Tubing : 2-3/8", 14,300 Ft @ 3.25 \$/Ft	NA		1622.340	46,475	46,475
Rods Ft @ \$/Ft	NA		1622.345		0
Artificial Lift Equipment	NA		1622.350		0
Tank Battery	NA		1622.355	10,000	10,000
Separators/Heater Treater/Gas Units/FWKO	NA		1622.360	20,000	20,000
Well Head Equipment & Christmas Tree	1620.365	1,500	1622.365	5,000	6,500
Subsurface Well Equipment	NA		1622.370	7,000	7,000
Flow Lines	NA		1622.375	4,000	4,000
Saltwater Disposal Pump	NA		1622.381		0
Gas Meter	NA		1622.385	3,000	3,000
Lact Unit	NA		1622.387		0
Vapor Recovery Unit	NA		1622.389		0
Other Well Equipment	NA		1622.390		0
ROW and Damages	NA		1622.393		0
Surface Equipment Installation Costs	NA		1622.395	5,000	5,000
Elect. Installation	NA		1622.397		0
ESTIMATED TOTAL TANGIBLES		103,500		267,225	370,725
ESTIMATED TOTAL WELL COSTS		713,865		461,528	1,175,393

APPROVAL OF THIS AFE CONSTITUTES APPROVAL OF THE OPERATOR'S OPTION TO CHARGE THE JOINT ACCOUNT WITH TUBULAR GOODS FROM OPERATOR'S WAREHOUSE STOCK AT THE RATES STATED ABOVE, OR LESS, UNLESS THE NON-OPERATOR GIVES NOTIFICATION ON THIS FORM OF HIS INTENT TO FURNISH HIS PROPORTIONATE SHARE IN KIND. THIS AFE IS ONLY AN ESTIMATE. BY SIGNING YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

NPC APPROVAL	DATE
PREPARED BY: CLYDE P. FINDLAY	1/8/97
REVIEWED BY: E. Scott Kimbrough	01/08/97
APPROVED BY: [Signature]	1/8/97

WI APPROVAL: COMPANY Michael J. Patin 1.176035%

BY _____

TITLE _____

DATE _____

Nearburg Producing Company

Exploration and Production

Dallas, Texas

AUTHORITY FOR EXPENDITURE

LEASE: Aztec 14 Federal WELL NUMBER: 1 TOTAL DEPTH: 14,500'

LOCATION: 1650' FNL & 1650' FWL, Section 14, T21S, R32E, Lea County, New Mexico

FIELD: Undesignated Morrow EXPLORATORY,DEVELOPMENT,WORKOVER: E

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DATE PREPARED: 1/8/97 EST. START DATE: 5/1/97 EST. COMPLETION DATE: 7/1/97

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

INTANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Drilling Footage 14,500 Ft @ 21.00 \$/Ft	1814.101	304,500	NA		304,500
Drilling Daywork 2/2days @ 4,400\$/day	1814.108	8,800	1818.108	8,800	17,600
Drilling Turnkey	1814.110		1818.110		0
Rig Mobilization and Demobilization	1814.118		1818.118		0
Road & Location Expense	1814.120	15,000	1818.123		15,000
Damages	1814.128	5,000	1818.128		5,000
Directional Drilling - Tools and Service	1814.130		1818.130		0
Drilling Fluids	1814.138	40,000	1818.132	3,000	43,000
Fuel, Power, and Water	1814.140	15,000	1818.140	3,000	18,000
Supplies - Bits	1814.148		1818.148	1,000	1,000
Supplies - Casing Equipment	1814.180	3,000	1818.180	8,000	11,000
Supplies - Liner Equipment	1814.188		1818.188		0
Supplies - Miscellaneous	1814.180	500	1818.180		500
Cement and Cmt. Services - Surface Csg	1814.188	5,000	NA		5,000
Cement and Cmt. Services - Int. Csg	1814.170	15,000	NA		15,000
Cement and Cmt. Services - Prod. Csg	NA		1818.172	30,000	30,000
Cement and Cmt. Services - Other	1814.178		1818.178		0
Rental - Drilling Tools and Equipment	1814.180	15,000	1818.180		15,000
Rental - Miscellaneous	1814.188	1,000	1818.188	5,000	6,000
Testing - 2 Drill Stem Tests/ Production	1814.198	7,000	1818.198		7,000
Open Hole Logging	1814.200	48,000	NA		48,000
Mudlogging Services	1814.210	20,000	NA		20,000
Special Services	1814.190		1818.190		0
Plug and Abandon	1814.218	15,000	1818.218	(15,000)	0
Pulling and/or Swabbing Unit	NA		1818.217	12,000	12,000
Reverse Equipment	NA		1818.219	3,000	3,000
Wireline Services(includes Perforating)	1814.208		1818.208	10,000	10,000
Stimulation	NA		1818.221	106,000	106,000
Pump / Vacuum Truck Services	1814.220		1818.220	2,500	2,500
Transportation	1814.228	500	1818.228	2,000	2,500
Tubular Goods - Inspection & Testing	1814.230		1818.230		0
Unclassified	1814.248		1818.248		0
Telephone and Radio Expense	1814.240	1,000	1818.240	750	1,750
Engineer / Geologist / Landman	1814.280	5,000	1818.280		5,000
Company Labor - Field Supervision	1814.288	10,000	1818.288	5,000	15,000
Contract Labor / Roustabout	1814.288		1818.288		0
Legal and Professional Service	1814.270	2,500	1818.270		2,500
Insurance	1814.278	32,000	1818.278		32,000
Overhead	1814.280	12,500	1818.280		12,500
SUBTOTAL		581,300		185,050	766,350
Contingencies (5%)		29,065		9,253	38,318
ESTIMATED TOTAL INTANGIBLES		610,365		194,303	804,668

Nearburg Producing Company

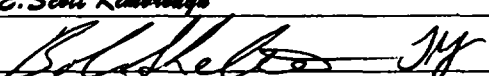
Exploration and Production
Dallas, Texas

AUTHORITY FOR EXPENDITURE

LEASE: Aztec 14 Federal WELL NUMBER: 1 TOTAL DEPTH: 14,500'
LOCATION: 1650' FNL & 1650' FWL, Section 14, T21S, R32E, Lea County, New Mexico
FIELD: Undesignated Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E
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ACCOUNTING WELL NUMBER:
COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casing	1620.305		NA		0
Surface Csg 500 Ft @ 24.00 \$/Ft	1620.310	12,000	NA		12,000
Intermediate Csg 5,000 Ft @ 18.00 \$/Ft	1620.315	90,000	NA		90,000
Protection Csg Ft @ \$/Ft	1620.320		NA		0
Production Csg 14,500 Ft @ 11.50 \$/Ft	NA		1622.325	166,750	166,750
Protection Liner Ft @ \$/Ft	1620.330		NA		0
Production Liner Ft @ \$/Ft	NA		1622.335		0
Tubing : 2-3/8", 14,300 Ft @ 3.25 \$/Ft	NA		1622.340	46,475	46,475
Rods Ft @ \$/Ft	NA		1622.345		0
Artificial Lift Equipment	NA		1622.350		0
Tank Battery	NA		1622.355	10,000	10,000
Separators/Heater Treater/Gas Units/FWKO	NA		1622.360	20,000	20,000
Well Head Equipment & Christmas Tree	1620.365	1,500	1622.365	5,000	6,500
Subsurface Well Equipment	NA		1622.370	7,000	7,000
Flow Lines	NA		1622.375	4,000	4,000
Saltwater Disposal Pump	NA		1622.381		0
Gas Meter	NA		1622.385	3,000	3,000
Lact Unit	NA		1622.387		0
Vapor Recovery Unit	NA		1622.389		0
Other Well Equipment	NA		1622.390		0
ROW and Damages	NA		1622.393		0
Surface Equipment Installation Costs	NA		1622.395	5,000	5,000
Elect. Installation	NA		1622.397		0
ESTIMATED TOTAL TANGIBLES		103,500		267,225	370,725
ESTIMATED TOTAL WELL COSTS		713,865		461,528	1,175,393

APPROVAL OF THIS AFE CONSTITUTES APPROVAL OF THE OPERATOR'S OPTION TO CHARGE THE JOINT ACCOUNT WITH TUBULAR GOODS FROM OPERATOR'S WAREHOUSE STOCK AT THE RATES STATED ABOVE, OR LESS, UNLESS THE NON-OPERATOR GIVES NOTIFICATION ON THIS FORM OF HIS INTENT TO FURNISH HIS PROPORTIONATE SHARE IN KIND. THIS AFE IS ONLY AN ESTIMATE. BY SIGNING YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

NPC APPROVAL	DATE
PREPARED BY: CLYDE P. FINDLAY	1/8/97
REVIEWED BY: E. Scott Kimbrough	01/08/97
APPROVED BY: 	1/8/97

WI APPROVAL: COMPANY Phillips Petroleum Company 12.172105
BY _____
TITLE _____
DATE _____

AUTHORITY FOR EXPENDITURE

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LOCATION: 1650' FNL & 1650' FWL, Section 14, T21S, R32E, Lea County, New Mexico
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ACCOUNTING WELL NUMBER:
COMMUNICATIONS ACCOUNT NUMBER:

INTANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Drilling Footage 14,500 Ft @ 21.00 \$/Ft	1614.101	304,500	NA		304,500
Drilling Daywork 2/2days @ 4,400\$/day	1614.106	8,800	1616.106	8,800	17,600
Drilling Turnkey	1614.110		1616.110		0
Rig Mobilization and Demobilization	1614.116		1616.116		0
Road & Location Expense	1614.120	15,000	1616.123		15,000
Damages	1614.126	5,000	1616.126		5,000
Directional Drilling - Tools and Service	1614.130		1616.130		0
Drilling Fluids	1614.136	40,000	1616.132	3,000	43,000
Fuel, Power, and Water	1614.140	15,000	1616.140	3,000	18,000
Supplies - Bits	1614.146		1616.146	1,000	1,000
Supplies - Casing Equipment	1614.160	3,000	1616.160	8,000	11,000
Supplies - Liner Equipment	1614.166		1616.166		0
Supplies - Miscellaneous	1614.160	500	1616.160		500
Cement and Cmt. Services - Surface Csg	1614.166	5,000	NA		5,000
Cement and Cmt. Services - Int. Csg	1614.170	15,000	NA		15,000
Cement and Cmt. Services - Prod. Csg	NA		1616.172	30,000	30,000
Cement and Cmt. Services - Other	1614.176		1616.176		0
Rental - Drilling Tools and Equipment	1614.180	15,000	1616.180		15,000
Rental - Miscellaneous	1614.186	1,000	1616.186	5,000	6,000
Testing - 2 Drill Stem Tests/ Production	1614.196	7,000	1616.196		7,000
Open Hole Logging	1614.200	48,000	NA		48,000
Mudlogging Services	1614.210	20,000	NA		20,000
Special Services	1614.180		1616.180		0
Plug and Abandon	1614.216	15,000	1616.216	(15,000)	0
Pulling and/or Swabbing Unit	NA		1616.217	12,000	12,000
Reverse Equipment	NA		1616.219	3,000	3,000
Wireline Services(Includes Perforating)	1614.206		1616.206	10,000	10,000
Stimulation	NA		1616.221	106,000	106,000
Pump / Vacuum Truck Services	1614.220		1616.220	2,500	2,500
Transportation	1614.226	500	1616.226	2,000	2,500
Tubular Goods - Inspection & Testing	1614.230		1616.230		0
Unclassified	1614.246		1616.246		0
Telephone and Radio Expense	1614.240	1,000	1616.240	750	1,750
Engineer / Geologist / Landman	1614.260	5,000	1616.260		5,000
Company Labor - Field Supervision	1614.266	10,000	1616.266	5,000	15,000
Contract Labor / Roustabout	1614.266		1616.266		0
Legal and Professional Service	1614.270	2,500	1616.270		2,500
Insurance	1614.276	32,000	1616.276		32,000
Overhead	1614.280	12,500	1616.280		12,500
SUBTOTAL		581,300		185,050	766,350
Contingencies (5%)		29,065		9,253	38,318
ESTIMATED TOTAL INTANGIBLES		610,365		194,303	804,668


Exploration and Production
Dallas, Texas

AUTHORITY FOR EXPENDITURE

LEASE: Aztec 14 Federal WELL NUMBER: 1 TOTAL DEPTH: 14,500'
LOCATION: 1650' FNL & 1650' FWL, Section 14, T21S, R32E, Lea County, New Mexico
FIELD: Undesignated Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E
DESCRIPTION OF WORK: Drill, test, run casing, and complete as a Morrow gas well
DATE PREPARED: 1/8/97 EST. START DATE: 5/1/97 EST. COMPLETION DATE: 7/1/97
ACCOUNTING WELL NUMBER:
COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casing	1620.305		NA		0
Surface Csg 500 Ft @ 24.00 \$/Ft	1620.310	12,000	NA		12,000
Intermediate Csg 5,000 Ft @ 18.00 \$/Ft	1620.315	90,000	NA		90,000
Protection Csg Ft @ \$/Ft	1620.320		NA		0
Production Csg 14,500 Ft @ 11.50 \$/Ft	NA		1622.325	166,750	166,750
Protection Liner Ft @ \$/Ft	1620.330		NA		0
Production Liner Ft @ \$/Ft	NA		1622.335		0
Tubing : 2-3/8", 14,300 Ft @ 3.25 \$/Ft	NA		1622.340	46,475	46,475
Rods Ft @ \$/Ft	NA		1622.345		0
Artificial Lift Equipment	NA		1622.350		0
Tank Battery	NA		1622.355	10,000	10,000
Separators/Heater Treater/Gas Units/FWKO	NA		1622.360	20,000	20,000
Well Head Equipment & Christmas Tree	1620.365	1,500	1622.365	5,000	6,500
Subsurface Well Equipment	NA		1622.370	7,000	7,000
Flow Lines	NA		1622.375	4,000	4,000
Saltwater Disposal Pump	NA		1622.391		0
Gas Meter	NA		1622.395	3,000	3,000
Lact Unit	NA		1622.397		0
Vapor Recovery Unit	NA		1622.399		0
Other Well Equipment	NA		1622.380		0
ROW and Damages	NA		1622.393		0
Surface Equipment Installation Costs	NA		1622.395	5,000	5,000
Elect. Installation	NA		1622.397		0
ESTIMATED TOTAL TANGIBLES		103,500		267,225	370,725
ESTIMATED TOTAL WELL COSTS		713,865		461,528	1,175,393

APPROVAL OF THIS AFE CONSTITUTES APPROVAL OF THE OPERATOR'S OPTION TO CHARGE THE JOINT ACCOUNT WITH TUBULAR GOODS FROM OPERATOR'S WAREHOUSE STOCK AT THE RATES STATED ABOVE, OR LESS, UNLESS THE NON-OPERATOR GIVES NOTIFICATION ON THIS FORM OF HIS INTENT TO FURNISH HIS PROPORTIONATE SHARE IN KIND. THIS AFE IS ONLY AN ESTIMATE. BY SIGNING YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

NPC APPROVAL	DATE
PREPARED BY: CLYDE P. FINDLAY	1/8/97
REVIEWED BY: E. Scott Kimbrough	01/08/97
APPROVED BY: 	1/8/97

WI APPROVAL: COMPANY New Tex Oil Co. 6.438315%

BY

TITLE

DATE