

**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

July 29, 1999

**CERTIFIED MAIL – RETURN RECEIPT REQUESTED**

Explorers Petroleum Corporation  
P. O. Box 1933  
Roswell, New Mexico 88202-1933

ATTN: Vernon Dyer

Re: Sagebrush "24" Federal Com. #1 Well  
T-19-S, R-33-E, Section 24: E/2  
660' FNL and 990' FEL  
NMOCD Order No. R-11227  
Lea County, New Mexico

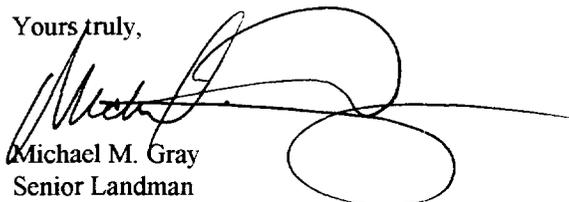
Gentlemen:

The State of New Mexico Energy Minerals and Natural Resources Department, Oil Conservation Division has issued Order No. R-11227 for the pooling of uncommitted "non-consenting working interest owners" who elect not to participate in the captioned well to be operated by Nearburg Producing Company. As provided by the Order, we are enclosing our Authority for Expenditure setting forth an itemized schedule of our estimated well costs. Under the terms of the Order, you have thirty (30) days from receipt of the enclosed AFE to pay your share of estimated well costs to the Operator and participate in the drilling of our proposed well.

If you desire to participate in our well, please signify your election to participate by executing and returning one (1) copy of the enclosed Authority for Expenditure along with your payment of \$18,688.53 representing your proportionate 1.60% of the costs of the proposed well within the thirty day period provided for in the Order.

If you have any questions, please call me.

Yours truly,

  
Michael M. Gray  
Senior Landman

MMG/dw  
encl.

# Nearburg Producing Company

Exploration and Production  
Dallas, Texas

## AUTHORITY FOR EXPENDITURE

LEASE: Sagebrush 24 Federal Com. WELL NUMBER: 1 PROPOSED TOTAL DEPTH: 13,600'  
 LOCATION: 660' FNL & 990' FEL Section 24, T19S, R33E, Lea County, New Mexico  
 FIELD: Wildcat Morrow PROSPECT: Sagebrush EXPLORATORY, DEVELOPMENT: E  
 DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.

DATE PREPARED: 4/15/99 EST. SPUD DATE: 6/15/99 EST. COMPLETION DATE: 8/1/99  
 ACCOUNTING WELL NUMBER:  
 COMMUNICATIONS ACCOUNT NUMBER:

INTANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Drilling Footage 13,600 Ft @ 20.00 \$/Ft	1514.100	272,000	NA		272,000
Drilling Daywork D/C\$/day 3 2 5200	1514.100	15,600	1514.100	10,400	26,000
Drilling Turnkey	1514.100		1514.100		0
Rig Mobilization and Demobilization	1514.110		1514.110		0
Road & Location Expense	1514.120	28,500	1514.120	2,000	30,500
Damages	1514.120	5,000	1514.120		5,000
Directional Drilling - Tools and Service	1514.130		1514.130		0
Drilling Fluids	1514.130	47,500	1514.130		47,500
Fuel, Power, and Water	1514.140	21,200	1514.140	2,000	23,200
Supplies - Bits	1514.145		1514.145	750	750
Supplies - Casing Equipment	1514.150	6,000	1514.150	7,000	13,000
Supplies - Liner Equipment	1514.155		1514.155		0
Supplies - Miscellaneous	1514.160	500	1514.160	750	1,250
Cement and Cmt. Services - Surface Csg	1514.160	4,250	NA		4,250
Cement and Cmt. Services - Int. Csg	1514.170	15,900	NA		15,900
Cement and Cmt. Services - Prod. Csg	NA		1514.170	20,000	20,000
Cement and Cmt. Services - Other	1514.170		1514.170		0
Rental - Drilling Tools and Equipment	1514.180		1514.180		0
Rental - Miscellaneous	1514.185	23,000	1514.185	3,000	26,000
Testing - Drill Stem / Production	1514.190	13,000	1514.190	2,500	15,500
Open Hole Logging	1514.200	45,000	NA		45,000
Mudlogging Services	1514.210	18,550	NA		18,550
Special Services	1514.220		1514.220		0
Plug and Abandon	1514.230	15,000	1514.230	(15,000)	0
Pulling and/or Swabbing Unit	NA		1514.240	13,800	13,800
Reverse Equipment	NA		1514.250	5,800	5,800
Wireline Services	1514.260		1514.260	18,000	18,000
Stimulation	NA		1514.270	12,000	12,000
Pump / Vacuum Truck Services	1514.280		1514.280	6,500	6,500
Transportation	1514.290	1,600	1514.290	2,500	4,100
Tubular Goods - Inspection & Testing	1514.300		1514.300	5,000	5,000
Unclassified	1514.310		1514.310		0
Telephone and Radio Expense	1514.320	1,600	1514.320	400	2,000
Engineer / Geologist / Landman	1514.330	22,500	1514.330	2,500	25,000
Company Labor - Field Supervision	1514.340	22,500	1514.340	6,000	28,500
Contract Labor / Roustabout	1514.350	2,000	1514.350	8,000	10,000
Legal and Professional Service	1514.360	10,000	1514.360	2,000	12,000
Insurance	1514.370	20,110	1514.370		20,110
Overhead	1514.380	10,500	1514.380	2,000	12,500
<b>SUBTOTAL</b>		<b>621,810</b>		<b>117,900</b>	<b>739,710</b>
Contingencies (10%)		62,181		11,790	73,971

**Nearburg Producing Company**

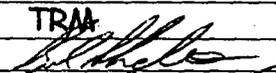
Exploration and Production  
Dallas, Texas

**AUTHORITY FOR EXPENDITURE**

LEASE: Sagebrush 24 Federal Com.      WELL NUMBER: 1      PROPOSED TOTAL DEPTH: 13,600'  
LOCATION: 660' FNL & 990' FEL Section 24, T19S, R33E, Lea County, New Mexico  
FIELD: Wildcat Morrow      PROSPECT: Sagebrush      EXPLORATORY, DEVELOPMENT: E  
DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.

DATE PREPARED: 4/15/99      EST. SPUD DATE: 6/15/99      EST. COMPLETION DATE: 8/1/99  
ACCOUNTING WELL NUMBER:  
COMMUNICATIONS ACCOUNT NUMBER:

<b>TANGIBLE COSTS:</b>	<b>CODE</b>	<b>TO CSG PT</b>	<b>CODE</b>	<b>COMPLETION</b>	<b>TOTAL WELL</b>
Conductor Casing	1520-308		NA		0
Surface Csg      400 Ft @ 24.00 \$/Ft	1520-310	9,600	NA		9,600
Intermediate Csg    5,200 Ft @ 14.00 \$/Ft	1520-312	72,800	NA		72,800
Protection Csg      Ft @      \$/Ft	1520-314	0	NA		0
Production Csg    13,600 Ft @ 10.00 \$/Ft	NA		1522-325	136,000	136,000
Protection Liner    Ft @      \$/Ft	1520-330	0	NA		0
Production Liner    Ft @      \$/Ft	NA		1520-335	0	0
Tubing              13,400 Ft @ 3.38 \$/Ft	NA		1522-340	45,292	45,292
Rods                 Ft @      \$/Ft	NA		1522-345	0	0
Artificial Lift Equipment	NA		1522-350		0
Tank Battery	NA		1522-355	15,000	15,000
Separators/Heater Treater/Gas Units/FWKO	NA		1522-360	12,000	12,000
Well Head Equipment & Christmas Tree	1520-365	5,000	1522-365	12,000	17,000
Subsurface Well Equipment	NA		1520-370	6,500	6,500
Flow Lines          1/2 mile buried @ 6.50/ft	NA		1522-375	17,160	17,160
Saltwater Disposal Pump	NA		1522-380		0
Gas Meter	NA		1515-385	3,000	3,000
Lact Unit	NA		1522-390		0
Vapor Recovery Unit	NA		1522-395		0
Other Well Equipment	NA		1522-400	2,500	2,500
ROW and Damages	NA		1522-405	2,500	2,500
Surface Equipment Installation Costs	NA		1525-410	15,000	15,000
Elect. Installation	NA		1522-415		0
<b>ESTIMATED TOTAL TANGIBLES</b>		<b>87,400</b>		<b>266,952</b>	<b>354,352</b>
<b>ESTIMATED TOTAL WELL COSTS</b>		<b>771,391</b>		<b>395,642</b>	<b>1,168,033</b>

<b>NPC APPROVAL</b>	<b>DATE</b>
PREPARED BY: <b>H. R. Willis</b>	4/15/99
APPROVED BY: <b>TRA</b>	
APPROVED BY: 	5/3/99
APPROVED BY: 	5/4/99

WI. APPROVAL:    COMPANY      Explorers Petroleum Corporation 1.60%  
BY \_\_\_\_\_  
TITLE \_\_\_\_\_  
DATE \_\_\_\_\_

# 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

July 29, 1999

## **CERTIFIED MAIL – RETURN RECEIPT REQUESTED**

Heyco Employees, Ltd.  
P. O. Box 1933  
Roswell, New Mexico 88202-1933

ATTN: Vernon Dyer

Re: Sagebrush "24" Federal Com. #1 Well  
T-19-S, R-33-E, Section 24: E/2  
660' FNL and 990' FEL  
NMOCD Order No. R-11227  
Lea County, New Mexico

Gentlemen:

The State of New Mexico Energy Minerals and Natural Resources Department, Oil Conservation Division has issued Order No. R-11227 for the pooling of uncommitted "non-consenting working interest owners" who elect not to participate in the captioned well to be operated by Nearburg Producing Company. As provided by the Order, we are enclosing our Authority for Expenditure setting forth an itemized schedule of our estimated well costs. Under the terms of the Order, you have thirty (30) days from receipt of the enclosed AFE to pay your share of estimated well costs to the Operator and participate in the drilling of our proposed well.

If you desire to participate in our well, please signify your election to participate by executing and returning one (1) copy of the enclosed Authority for Expenditure along with your payment of \$18,688.53 representing your proportionate 1.60% of the costs of the proposed well within the thirty day period provided for in the Order.

If you have any questions, please call me.

Yours truly,



Michael M. Gray  
Senior Landman

MMG/dw  
encl.

**Nearburg Producing Company**

Exploration and Production

Dallas, Texas

**AUTHORITY FOR EXPENDITURE**

LEASE: Sagebrush 24 Federal Com. WELL NUMBER: 1 PROPOSED TOTAL DEPTH: 13,600'  
 LOCATION: 660' FNL & 990' FEL Section 24, T19S, R33E, Lea County, New Mexico  
 FIELD: Wildcat Morrow PROSPECT: Sagebrush EXPLORATORY DEVELOPMENT: E  
 DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.

DATE PREPARED: 4/15/99 EST. SPUD DATE: 6/15/99 EST. COMPLETION DATE: 8/1/99  
 ACCOUNTING WELL NUMBER:  
 COMMUNICATIONS ACCOUNT NUMBER:

<b>INTANGIBLE COSTS:</b>	<b>CODE</b>	<b>TO CSG PT</b>	<b>CODE</b>	<b>COMPLETION</b>	<b>TOTAL WELL</b>
Drilling Footage 13,600 Ft @ 20.00 \$/Ft	1514 101	272,000	NA		272,000
Drilling Daywork D/C\$/day 3 2 5200	1514 102	15,600	1515 103	10,400	26,000
Drilling Turnkey	1514 104		1515 104		0
Rig Mobilization and Demobilization	1514 105		1515 105		0
Road & Location Expense	1514 120	28,500	1515 121	2,000	30,500
Damages	1514 122	5,000	1515 122		5,000
Directional Drilling - Tools and Service	1514 123		1515 123		0
Drilling Fluids	1514 130	47,500	1515 132		47,500
Fuel, Power, and Water	1514 140	21,200	1515 140	2,000	23,200
Supplies - Bits	1514 145		1515 145	750	750
Supplies - Casing Equipment	1514 150	6,000	1515 150	7,000	13,000
Supplies - Liner Equipment	1514 155		1515 155		0
Supplies - Miscellaneous	1514 160	500	1515 160	750	1,250
Cement and Cmt. Services - Surface Csg	1514 165	4,250	NA		4,250
Cement and Cmt. Services - Int. Csg	1514 170	15,900	NA		15,900
Cement and Cmt. Services - Prod. Csg	NA		1515 172	20,000	20,000
Cement and Cmt. Services - Other	1514 175		1515 175		0
Rental - Drilling Tools and Equipment	1514 180		1515 180		0
Rental - Miscellaneous	1514 185	23,000	1515 185	3,000	26,000
Testing - Drill Stem / Production	1514 195	13,000	1515 195	2,500	15,500
Open Hole Logging	1514 200	45,000	NA		45,000
Mudlogging Services	1514 205	18,550	NA		18,550
Special Services	1514 210		1515 210		0
Plug and Abandon	1514 215	15,000	1515 215	(15,000)	0
Pulling and/or Swabbing Unit	NA		1515 217	13,800	13,800
Reverse Equipment	NA		1515 218	5,800	5,800
Wireline Services	1514 220		1515 220	18,000	18,000
Stimulation	NA		1515 221	12,000	12,000
Pump / Vacuum Truck Services	1514 225		1515 225	6,500	6,500
Transportation	1514 230	1,600	1515 230	2,500	4,100
Tubular Goods - Inspection & Testing	1514 235		1515 235	5,000	5,000
Unclassified	1514 240		1515 240		0
Telephone and Radio Expense	1514 245	1,600	1515 245	400	2,000
Engineer / Geologist / Landman	1514 250	22,500	1515 250	2,500	25,000
Company Labor - Field Supervision	1514 255	22,500	1515 255	6,000	28,500
Contract Labor / Roustabout	1514 260	2,000	1515 260	8,000	10,000
Legal and Professional Service	1514 265	10,000	1515 265	2,000	12,000
Insurance	1514 270	20,110	1515 270		20,110
Overhead	1514 280	10,500	1515 280	2,000	12,500
<b>SUBTOTAL</b>		<b>621,810</b>		<b>117,900</b>	<b>739,710</b>
Contingencies (10%)		62,181		11,790	73,971
<b>ESTIMATED TOTAL INTANGIBLES</b>		<b>683,991</b>		<b>129,690</b>	<b>813,681</b>

**Nearburg Producing Company**

Exploration and Production  
Dallas, Texas

**AUTHORITY FOR EXPENDITURE**

LEASE: Sagebrush 24 Federal Com. WELL NUMBER: 1 PROPOSED TOTAL DEPTH: 13,600'  
 LOCATION: 660' FNL & 990' FEL Section 24, T19S, R33E, Lea County, New Mexico  
 FIELD: Wildcat Morrow PROSPECT: Sagebrush EXPLORATORY, DEVELOPMENT: E  
 DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.

DATE PREPARED: 4/15/99 EST. SPUD DATE: 6/15/99 EST. COMPLETION DATE: 8/1/99  
 ACCOUNTING WELL NUMBER:  
 COMMUNICATIONS ACCOUNT NUMBER:

<b>TANGIBLE COSTS:</b>	<b>CODE</b>	<b>TO CSG PT</b>	<b>CODE</b>	<b>COMPLETION</b>	<b>TOTAL WELL</b>
Conductor Casing	1830 310		NA		0
Surface Csg 400 Ft @ 24.00 \$/Ft	1840 340	9,600	NA		9,600
Intermediate Csg 5,200 Ft @ 14.00 \$/Ft	1820 310	72,800	NA		72,800
Protection Csg Ft @ \$/Ft	1830 320	0	NA		0
Production Csg 13,600 Ft @ 10.00 \$/Ft	NA		1820 320	136,000	136,000
Protection Liner Ft @ \$/Ft	1830 330	0	NA		0
Production Liner Ft @ \$/Ft	NA		1820 330	0	0
Tubing 13,400 Ft @ 3.38 \$/Ft	NA		1820 340	45,292	45,292
Rods Ft @ \$/Ft	NA		1820 340	0	0
Artificial Lift Equipment	NA		1820 350		0
Tank Battery	NA		1820 350	15,000	15,000
Separators/Heater Treater/Gas Units/FWKO	NA		1820 360	12,000	12,000
Well Head Equipment & Christmas Tree	1840 360	5,000	1820 360	12,000	17,000
Subsurface Well Equipment	NA		1820 370	6,500	6,500
Flow Lines 1/2 mile buried @ 6.50/ft	NA		1820 370	17,160	17,160
Saltwater Disposal Pump	NA		1820 380		0
Gas Meter	NA		1820 380	3,000	3,000
Lact Unit	NA		1820 390		0
Vapor Recovery Unit	NA		1820 390		0
Other Well Equipment	NA		1820 390	2,500	2,500
ROW and Damages	NA		1820 390	2,500	2,500
Surface Equipment Installation Costs	NA		1820 390	15,000	15,000
Elect. Installation	NA		1820 390		0
<b>ESTIMATED TOTAL TANGIBLES</b>		<b>87,400</b>		<b>266,952</b>	<b>354,352</b>
<b>ESTIMATED TOTAL WELL COSTS</b>		<b>771,391</b>		<b>396,642</b>	<b>1,168,033</b>

<b>APPC APPROVAL</b>	<b>DATE</b>
PREPARED BY: <b>H. R. Willis</b>	4/15/99
APPROVED BY: <b>TRM</b>	
APPROVED BY: <i>[Signature]</i>	5/3/99
APPROVED BY: <i>[Signature]</i>	5/4/99

WI. APPROVAL: COMPANY Heyco Employees, Ltd. 1.60%  
 BY \_\_\_\_\_  
 TITLE \_\_\_\_\_  
 DATE \_\_\_\_\_

**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

July 29, 1999

**CERTIFIED MAIL – RETURN RECEIPT REQUESTED**

Colkelan Corporation  
P. O. Box 1933  
Roswell, New Mexico 88202-1933

ATTN: Vernon Dyer

Re: Sagebrush "24" Federal Com. #1 Well  
T-19-S, R-33-E, Section 24: E/2  
660' FNL and 990' FEL  
NMOCD Order No. R-11227  
Lea County, New Mexico

Gentlemen:

The State of New Mexico Energy Minerals and Natural Resources Department, Oil Conservation Division has issued Order No. R-11227 for the pooling of uncommitted "non-consenting working interest owners" who elect not to participate in the captioned well to be operated by Nearburg Producing Company. As provided by the Order, we are enclosing our Authority for Expenditure setting forth an itemized schedule of our estimated well costs. Under the terms of the Order, you have thirty (30) days from receipt of the enclosed AFE to pay your share of estimated well costs to the Operator and participate in the drilling of our proposed well.

If you desire to participate in our well, please signify your election to participate by executing and returning one (1) copy of the enclosed Authority for Expenditure along with your payment of \$18,688.53 representing your proportionate 1.60% of the costs of the proposed well within the thirty day period provided for in the Order.

If you have any questions, please call me.

Yours truly,



Michael M. Gray  
Senior Landman

MMG/dw  
encl.

**Nearburg Producing Company**

Exploration and Production  
Dallas, Texas

**AUTHORITY FOR EXPENDITURE**

LEASE: Sagebrush 24 Federal Com. WELL NUMBER: 1 PROPOSED TOTAL DEPTH: 13,600'  
 LOCATION: 660' FNL & 990' FEL Section 24, T19S, R33E, Lea County, New Mexico  
 FIELD: Wildcat Morrow PROSPECT: Sagebrush EXPLORATORY, DEVELOPMENT: E  
 DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.

DATE PREPARED: 4/15/99 EST. SPUD DATE: 6/15/99 EST. COMPLETION DATE: 8/1/99  
 ACCOUNTING WELL NUMBER:  
 COMMUNICATIONS ACCOUNT NUMBER:

INTANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Drilling Footage 13,600 Ft @ 20.00 \$/Ft	1514 101	272,000	NA		272,000
Drilling Daywork D/C\$/day 3 2 5200	1514 105	15,600	1514 105	10,400	26,000
Drilling Turnkey	1514 110		1514 110		0
Rig Mobilization and Demobilization	1514 115		1514 115		0
Road & Location Expense	1514 120	28,500	1514 120	2,000	30,500
Damages	1514 125	5,000	1514 125		5,000
Directional Drilling - Tools and Service	1514 130		1514 130		0
Drilling Fluids	1514 135	47,500	1514 135		47,500
Fuel, Power, and Water	1514 140	21,200	1514 140	2,000	23,200
Supplies - Bits	1514 145		1514 145	750	750
Supplies - Casing Equipment	1514 150	6,000	1514 150	7,000	13,000
Supplies - Liner Equipment	1514 155		1514 155		0
Supplies - Miscellaneous	1514 160	500	1514 160	750	1,250
Cement and Cmt. Services - Surface Csg	1514 165	4,250	NA		4,250
Cement and Cmt. Services - Int. Csg	1514 170	15,900	NA		15,900
Cement and Cmt. Services - Prod. Csg	NA		1514 175	20,000	20,000
Cement and Cmt. Services - Other	1514 177		1514 175		0
Rental - Drilling Tools and Equipment	1514 180		1514 180		0
Rental - Miscellaneous	1514 185	23,000	1514 185	3,000	26,000
Testing - Drill Stem / Production	1514 190	13,000	1514 190	2,500	15,500
Open Hole Logging	1514 200	45,000	NA		45,000
Mudlogging Services	1514 210	18,550	NA		18,550
Special Services	1514 215		1514 215		0
Plug and Abandon	1514 217	15,000	1514 215	(15,000)	0
Pulling and/or Swabbing Unit	NA		1514 217	13,800	13,800
Reverse Equipment	NA		1514 218	5,800	5,800
Wireline Services	1514 219		1514 218	18,000	18,000
Stimulation	NA		1514 219	12,000	12,000
Pump / Vacuum Truck Services	1514 220		1514 220	6,500	6,500
Transportation	1514 225	1,600	1514 225	2,500	4,100
Tubular Goods - Inspection & Testing	1514 230		1514 230	5,000	5,000
Unclassified	1514 240		1514 240		0
Telephone and Radio Expense	1514 245	1,600	1514 245	400	2,000
Engineer / Geologist / Landman	1514 250	22,500	1514 250	2,500	25,000
Company Labor - Field Supervision	1514 255	22,500	1514 255	6,000	28,500
Contract Labor / Roustabout	1514 260	2,000	1514 260	8,000	10,000
Legal and Professional Service	1514 270	10,000	1514 270	2,000	12,000
Insurance	1514 275	20,110	1514 275		20,110
Overhead	1514 280	10,500	1514 280	2,000	12,500
<b>SUBTOTAL</b>		<b>621,810</b>		<b>117,900</b>	<b>739,710</b>
Contingencies (10%)		62,181		11,790	73,971
<b>ESTIMATED TOTAL INTANGIBLES</b>		<b>683,991</b>		<b>129,690</b>	<b>813,681</b>

**Nearburg Producing Company**

Exploration and Production

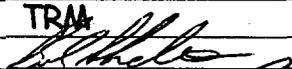
Dallas, Texas

**AUTHORITY FOR EXPENDITURE**

LEASE: Sagebrush 24 Federal Com. WELL NUMBER: 1 PROPOSED TOTAL DEPTH: 13,600'  
 LOCATION: 660' FNL & 990' FEL Section 24, T19S, R33E, Lea County, New Mexico  
 FIELD: Wildcat Morrow PROSPECT: Sagebrush EXPLORATORY, DEVELOPMENT: E  
 DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.

DATE PREPARED: 4/15/99 EST. SPUD DATE: 6/15/99 EST. COMPLETION DATE: 8/1/99  
 ACCOUNTING WELL NUMBER:  
 COMMUNICATIONS ACCOUNT NUMBER:

<b>TANGIBLE COSTS:</b>	<b>CODE</b>	<b>TO CSG PT</b>	<b>CODE</b>	<b>COMPLETION</b>	<b>TOTAL WELL</b>
Conductor Casing	1522 310		NA		0
Surface Csg 400 Ft @ 24.00 \$/Ft	1522 310	9,600	NA		9,600
Intermediate Csg 5,200 Ft @ 14.00 \$/Ft	1522 310	72,800	NA		72,800
Protection Csg Ft @ \$/Ft	1522 310	0	NA		0
Production Csg 13,600 Ft @ 10.00 \$/Ft	NA		1522 315	136,000	136,000
Protection Liner Ft @ \$/Ft	1522 310	0	NA		0
Production Liner Ft @ \$/Ft	NA		1522 315	0	0
Tubing 13,400 Ft @ 3.38 \$/Ft	NA		1522 340	45,292	45,292
Rods Ft @ \$/Ft	NA		1522 345	0	0
Artificial Lift Equipment	NA		1522 350		0
Tank Battery	NA		1522 355	15,000	15,000
Separators/Heater Treater/Gas Units/FWKO	NA		1522 360	12,000	12,000
Well Head Equipment & Christmas Tree	1522 365	5,000	1522 365	12,000	17,000
Subsurface Well Equipment	NA		1522 370	6,500	6,500
Flow Lines 1/2 mile buried @ 6.50/ft	NA		1522 375	17,160	17,160
Saltwater Disposal Pump	NA		1522 380		0
Gas Meter	NA		1522 385	3,000	3,000
Lact Unit	NA		1522 390		0
Vapor Recovery Unit	NA		1522 395		0
Other Well Equipment	NA		1522 400	2,500	2,500
ROW and Damages	NA		1522 405	2,500	2,500
Surface Equipment Installation Costs	NA		1522 410	15,000	15,000
Elect. Installation	NA		1522 415		0
<b>ESTIMATED TOTAL TANGIBLES</b>		<b>87,400</b>		<b>266,952</b>	<b>354,352</b>
<b>ESTIMATED TOTAL WELL COSTS</b>		<b>771,391</b>		<b>396,642</b>	<b>1,168,033</b>

<b>APC APPROVAL</b>	<b>DATE</b>
PREPARED BY: H. R. Willis	4/15/99
APPROVED BY: TRM	
APPROVED BY: 	5/3/99
APPROVED BY: 	5/4/99

WI. APPROVAL: COMPANY Colkelan Corporation 1.60%  
 BY \_\_\_\_\_  
 TITLE \_\_\_\_\_  
 DATE \_\_\_\_\_