

DATE PREPARED: 11/30/99 EST. START DATE: 12/15/99 EST. COMPLETION DATE: 1/25/00

INTANGIBLE COSTS:				CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Drilling Footage	Ft	@	0.00 \$/Ft	1514.101	0	NA	0	0
Drilling Daywork	30	2	5,400 \$/day	1514.105	171,720	1515.105	11,448	183,168
Drilling Turnkey				1514.110	0	1515.110	0	0
Rig Mobilization and Demobilization				1514.115	21,200	1515.115	0	21,200
Road & Location Expense				1514.120	20,935	1515.123	2,650	23,585
Damages				1514.125	5,000	1515.125	0	5,000
Directional Drilling - Tools and Service				1514.130	54,590	1515.130	0	54,590
Drilling Fluids				1514.135	31,800	1515.132	0	31,800
Fuel, Power, and Water				1514.140	12,720	1515.140	1,590	14,310
Supplies - Bits				1514.145	31,800	1515.145	795	32,595
Supplies - Casing Equipment				1514.150	1,007	1515.150	9,540	10,547
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	10,600	NA	0	10,600
Cement and Cmt. Services - Int. Csg				1514.170	0	NA	0	0
Cement and Cmt. Services - Prod. Csg				NA	0	1515.172	31,800	31,800
Cement and Cmt. Services - Other				1514.175	0	1515.175	0	0
Rental - Drilling Tools and Equipment				1514.180	1,590	1515.180	0	1,590
Rental - Misc.				1514.185	18,206	1515.185	2,650	20,856
Testing - Drill Stem / Production				1514.195	13,250	1515.195	2,120	15,370
Open Hole Logging				1514.200	26,500	NA	0	26,500
Mudlogging Services				1514.210	13,250	NA	0	13,250
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	15,264	15,264
Reverse Equipment				NA	0	1515.219	1,272	1,272
Wireline Services				1514.205	0	1515.205	15,900	15,900
Stimulation				NA	0	1515.221	75,790	75,790
Pump / Vacuum Truck Services				1514.220	0	1515.220	1,060	1,060
Transportation				1514.225	1,590	1515.225	2,650	4,240
Tubular Goods - Inspection & Testing				1514.230	2,120	1515.230	6,360	8,480
Unclassified				1514.241	530	1515.245	0	530
Telephone and Radio Expense				1514.240	954	1515.240	318	1,272
Engineer / Geologist / Landman				1514.250	15,000	1515.255	2,000	17,000
Company Labor - Field Supervision				1514.255	18,550	1515.255	7,500	26,050
Contract Labor / Roustabout				1514.265	2,438	1515.265	5,989	8,427
Legal and Professional Service				1514.270	5,000	1515.270	0	5,000
Insurance				1514.275	6,946	1515.275	0	6,946
Overhead				1514.280	6,000	1515.280	1,800	7,800
SUBTOTAL					503,295		188,496	691,791
Contingencies (10%)					50,330		18,850	69,180
ESTIMATED TOTAL INTANGIBLES					553,625		207,346	760,971

Nearburg Producing Company

Exploration and Production

Dallas, Texas

Page 2 of 2

COST ESTIMATE - DIRECTIONAL HOLE

LEASE: South Boyd 27

WELL NUMBER: 10

PTD: 9,400'

LOCATION: 510' FNL & 990' FEL, Section 27, T19S, R25E, Eddy County, New Mexico

FIELD: Dagger Draw

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Directionally drill and complete as a flowing Morow gas producer.

DATE PREPARED: 11/30/99

EST. START DATE: 12/15/99

EST. COMPLETION DATE: 1/25/00

TANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casin 0 Ft @ 0.00 \$/Ft	1520.305	0	NA	0	0
Surface Csg 1,100 Ft @ 17.00 \$/Ft	1520.310	18,700	NA	0	18,700
Intermediate Cs 0 Ft @ 0.00 \$/Ft	1520.315	0	NA	0	0
Protection Csg 0 Ft @ 0.00 \$/Ft	1520.320	0	NA	0	0
Production Csg 9,500 Ft @ 13.25 \$/Ft	NA	0	1522.325	125,875	125,875
Protection Liner 0 Ft @ 0.00 \$/Ft	1520.330	0	NA	0	0
Production Line 0 Ft @ 0.00 \$/Ft	NA	0	1522.335	0	0
Tubing 9,300 Ft @ 3.38 \$/Ft	NA	0	1522.340	31,434	31,434
Rods 0 Ft @ 0.00 \$/Ft	NA	0	1522.345	0	0
Artificial Lift Equipment	NA	0	1522.350	0	0
Tank Battery	NA	0	1522.355	10,600	10,600
Separators/Heater Treater/Gas Units/FWKO	NA	0	1522.360	12,720	12,720
* Well Head Equipment & Christmas Tree	1520.365	1,500	1522.365	9,500	11,000
Subsurface Well Equipment	NA	0	1522.370	0	0
Flow Lines	NA	0	1522.375	9,938	9,938
Saltwater Disposal Pump	NA	0	1522.380	0	0
Gas Meter	NA	0	1522.385	2,968	2,968
Lact Unit	NA	0	1522.387	0	0
Vapor Recovery Unit	NA	0	1522.389	0	0
Other Well Equipment	NA	0	1522.390	0	0
ROW and Damages	NA	0	1522.393	2,650	2,650
Surface Equipment Installation Costs	NA	0	1522.396	7,420	7,420
Elect. Installation	NA	0	1522.397	0	0
ESTIMATED TOTAL TANGIBLES		20,200		213,105	233,305
ESTIMATED TOTAL WELL COSTS		573,825		420,451	994,276

NPC APPROVAL	DATE
PREPARED BY: HRW/TRM	11/30/99
REVIEWED BY: TRM	11/30/99

COST ESTIMATE - STRAIGHT HOLE

LEASE: South Boyd 27 WELL NUMBER: 10 PTD: 9,400'
 LOCATION: 510' FNL & 990' FEL, Section 27, T19S, R25E, Eddy County, New Mexico
 FIELD: Dagger Draw EXPLORATORY, DEVELOPMENT, WORKOVER: E
 DESCRIPTION OF WORK: Drill and complete as a flowing Morow gas producer.

DATE PREPARED: 11/30/99 EST. START DATE: 12/15/99 EST. COMPLETION DATE: 1/20/99

INTANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Drilling Footage 9,500 Ft @ 16.25 \$/Ft	1514.101	163,638	NA	0	163,638
Drilling Daywork 5 2 5,400 \$/day	1514.105	28,620	1515.105	11,448	40,068
Drilling Turnkey	1514.115	0	1515.110	0	0
Rig Mobilization and Demobilization	1514.115	0	1515.115	0	0
Road & Location Expense	1514.120	20,935	1515.120	2,650	23,585
Damages	1514.125	5,000	1515.125	0	5,000
Directional Drilling - Tools and Service	1514.130	0	1515.130	0	0
Drilling Fluids	1514.135	26,500	1515.132	0	26,500
Fuel, Power, and Water	1514.140	10,600	1515.140	1,590	12,190
Supplies - Bits	1514.145	0	1515.145	795	795
Supplies - Casing Equipment	1514.150	1,007	1515.150	9,540	10,547
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	10,600	NA	0	10,600
Cement and Cmt. Services - Int. Csg	1514.170	0	NA	0	0
Cement and Cmt. Services - Prod. Csg	NA	0	1515.172	31,800	31,800
Cement and Cmt. Services - Other	1514.175	0	1515.175	0	0
Rental - Drilling Tools and Equipment	1514.180	0	1515.180	0	0
Rental - Misc.	1514.185	16,536	1515.185	2,650	19,186
Testing - Drill Stem / Production	1514.195	13,250	1515.195	2,120	15,370
Open Hole Logging	1514.200	26,500	NA	0	26,500
Mudlogging Services	1514.210	10,600	NA	0	10,600
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	15,264	15,264
Reverse Equipment	NA	0	1515.212	1,272	1,272
Wireline Services	1514.205	0	1515.205	15,900	15,900
Stimulation	NA	0	1515.221	75,790	75,790
Pump / Vacuum Truck Services	1514.220	0	1515.220	1,060	1,060
Transportation	1514.225	1,590	1515.225	2,650	4,240
Tubular Goods - Inspection & Testing	1514.230	2,120	1515.230	6,360	8,480
Unclassified	1514.245	530	1515.245	0	530
Telephone and Radio Expense	1514.240	795	1515.240	318	1,113
Engineer / Geologist / Landman	1514.250	15,000	1515.250	2,000	17,000
Company Labor - Field Supervision	1514.255	15,900	1515.255	7,500	23,400
Contract Labor / Roustabout	1514.265	2,438	1515.265	5,989	8,427
Legal and Professional Service	1514.270	5,000	1515.270	0	5,000
Insurance	1514.275	6,946	1515.275	0	6,946
Overhead	1514.280	6,000	1515.280	1,800	7,800
SUBTOTAL		400,104		188,496	588,600
Contingencies (10%)		40,010		18,850	58,860
ESTIMATED TOTAL INTANGIBLES		440,114		207,346	647,460

Nearburg Producing CompanyExploration and Production
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Page 2 of 2

COST ESTIMATE - STRAIGHT HOLE

LEASE: South Boyd 27 WELL NUMBER: 10 PTD: 9,400'
 LOCATION: 510' FNL & 990' FEL, Section 27, T19S, R25E, Eddy County, New Mexico
 FIELD: Dagger Draw EXPLORATORY, DEVELOPMENT, WORKOVER: E
 DESCRIPTION OF WORK: Drill and complete as a flowing Morow gas producer.

DATE PREPARED: 11/30/99

EST. START DATE: 12/15/99

EST. COMPLETION DATE: 1/20/99

TANGIBLE COSTS:			CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casin	0 Ft @	0.00 \$/Ft	1520.305	0	NA	0	0
Surface Csg	1,100 Ft @	17.00 \$/Ft	1520.310	18,700	NA	0	18,700
Intermediate Cs	0 Ft @	0.00 \$/Ft	1520.315	0	NA	0	0
Protection Csg	0 Ft @	0.00 \$/Ft	1520.320	0	NA	0	0
Production Csg	9,500 Ft @	13.25 \$/Ft	NA	0	1522.325	125,875	125,875
Protection Liner	0 Ft @	0.00 \$/Ft	1520.330	0	NA	0	0
Production Line	0 Ft @	0.00 \$/Ft	NA	0	1522.335	0	0
Tubing	9,300 Ft @	3.38 \$/Ft	NA	0	1522.340	31,434	31,434
Rods	0 Ft @	0.00 \$/Ft	NA	0	1522.345	0	0
Artificial Lift Equipment			NA	0	1522.350	0	0
Tank Battery			NA	0	1522.355	10,600	10,600
Separators/Heater Treater/Gas Units/FWKO			NA	0	1522.360	12,720	12,720
* Well Head Equipment & Christmas Tree			1520.365	1,500	1522.365	9,500	11,000
Subsurface Well Equipment			NA	0	1522.370	0	0
Flow Lines			NA	0	1522.375	9,938	9,938
Saltwater Disposal Pump			NA	0	1522.380	0	0
Gas Meter			NA	0	1522.385	2,968	2,968
Lact Unit			NA	0	1522.390	0	0
Vapor Recovery Unit			NA	0	1522.395	0	0
Other Well Equipment			NA	0	1522.400	0	0
ROW and Damages			NA	0	1522.393	2,650	2,650
Surface Equipment Installation Costs			NA	0	1522.395	7,420	7,420
Elect. Installation			NA	0	1522.397	0	0
ESTIMATED TOTAL TANGIBLES				20,200		213,105	233,305
ESTIMATED TOTAL WELL COSTS				460,314		420,451	880,765

NPC APPROVAL		DATE
PREPARED BY: HRW/TRM		11/30/99
REVIEWED BY: TRM		11/30/99