

AUTHORITY FOR EXPENDITURE
NADEL AND GUSSMAN PERMIAN, LLC MIDLAND, TX

PROSPECT NAME: KYLE'S CROSSING FIELD: SALT DRAW DATE: 02/14/00
 LEASE/WELL NUMBER: KYLE 34 FEDERAL 1 PREPARED BY: JF MARTIN
 LOCATION: 860' FNL AND FEL, SEC. 34-24S-28E
 COUNTY, STATE: EDDY, NM FOOTAGE CONTRACT
 PRIMARY OBJECTIVES: ATOKA SAND/ATOKA LIME/STRAWN; DST IN ATOKA SAND AND STRAWN ASSUMED
 PROJECTED TOTAL DEPTH: 12200' SINGLE ATOKA SAND COMPL ASSUMED

ASSUMES OCD APPROVES CSG PROGRAM AND PROTECTION LINER NOT NEEDED

INTANGIBLE COSTS				CASING POINT	COMPLETION COSTS
LEGAL WORK/PERMITTING/SURVEY/STAKING				2000	500
ROW					500
SITE PREPARATION/CLEAN-UP				8000	10000
RIG MOVES					
DRILLING TURN-KEY					
DRILLING DAYWORK					
DRILLING FOOTAGE					
DRILL PIPE/TOOL RENTAL - INCL IN DAYWORK B/D					
BITS					500
WATER				25000	3500
DIRECTIONAL EQUIP (MONEL COLLAR/ SINGLE SHOT)				0	0
MUD/CHEMICALS/PKR FLUID				45000	2000
MUD LOGGING				20 DAYS @ 500 /DAY	10000
OPEN HOLE LOGGING				25000	
STABILIZERS/SHOCK SUBS/ROTATING HEAD					
DIESEL - INCL IN B/D				0	1000 /DAY
DST'S 2 @ \$4000/TEST				8000	
WELDING					
CASING CREW/TOOLS					5000
CASING CEMENTING				25000	20000
SQUEEZE CMTG/PLUGGING				15000	-15000
TRANSPORTATION				2500	2500
RENTAL TOOLS/EQUIP					5000
COMPLETION RIG				8 DAYS @ 1850 /DAY	14800
PERFORATING/CASED HOLE LOGGING/CIBP/CMT					7500
BREAKDOWN					10000
FRACTURING/STIMULATION					
FRAC TANKS/WATER TRANSPORTS					5000
PIT LINER				4000	
LABOR/ROUSTABOUT CREWS				1500	5000
INSURANCE				11000	
BOP TESTING - 3RD PARTY				1200	
COLLAR INSPECTION/DAMAGES					
TREATING PACKER					
FIELD SUPERVISION				40	10
ADMINISTRATIVE SERVICES/OVERHEAD				1000	1000
CONTINGENCY				49700	9250
TOTAL INTANGIBLE COSTS				846700	103750
TANGIBLE COSTS					
20"	"	CONDUCTOR	40 FT @ 40.13 /FT	1605	
13-3/8"	"	SURFACE	500 FT @ 17.23 /FT	8614	
9-5/8"	"	INTERMEDIATE	4000 FT @ 15.00 /FT	60000	
5-1/2"	"	PRODUCTION	12200 FT @ 8.00 /FT		97600
	"	LINER	FT @ /FT		0
2-3/8"	"	TUBING	12000 FT @ 3.00 /FT		36000
	"	RODS	0 FT @ 0 /FT		0
FLOAT EQUIP, DV TOOL, ETC					
CATTLEGUARDS/GATES					
WELLHEAD				5000	7500
PACKER					7000
DOWNHOLE PUMP/TAC					
FORKLIFT/PIPE RACKS				1500	1500
STOCK TANKS/WATER TANKS					10000
SEPARATORS					
GPU/TREATER					10000
VALVES/FITTINGS					5000
FLOWLINE					2500
METER RUN, ETC					2500
MISCELLANEOUS (ROCK, FIREWALL, ETC)					3000
CONTINGENCY				650	18260
TOTAL TANGIBLE				77369	200860
TOTAL TANGIBLE/INTANGIBLE				624069	304610

TOTAL WELL COST **928679**

JOINT INTEREST APPROVAL _____

COMPANY: _____

NADEL AND GUSSMAN

BY: Jef Martin

DATE: 2, 14, 2000

EXHIBIT