

LF

FASKEN OIL AND RANCH, LTD.
303 West Wall, Suite 1800
Midland, Texas 79701
915/687-1777
fax 915/687-0669

April 7, 2000

Nearburg Exploration Company L.L.C.
3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705

Attention: Mark Wheeler

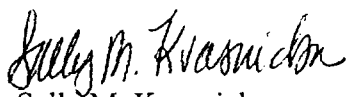
RE: White Tip "12" Federal #1
660' FSL & 710' FEL
Section 12, T-22-S, R-25-E
Eddy County, New Mexico

Gentlemen:

Fasken Oil and Ranch, Ltd. has executed Nearburg Exploration Company LLC's Authority for Expenditure for the drilling of the White Tip "12" Federal #1 Well. Fasken's participation is subject to approval of title and negotiation of a mutually agreeable Joint Operating Agreement.

Enclosed is Fasken's well requirement listing for sending well information to us during the drilling and completion phase of the White Tip "12" Federal #1 Well. Should you have any questions, please feel free to call.

Sincerely,


Sally M. Kvasnicka
Land Manager

SMK:me
enclosures

Nearburg Producing Company

Exploration and Production
Dallas, Texas

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AUTHORITY FOR EXPENDITURE

LEASE: White Tip "12" Federal WELL NUMBER: 1 PBTD: 11,700'
LOCATION: 660' FSL & 710' FEL, Section 12, T22S, R25E, Eddy County NM
FIELD: Happy Valley Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E
DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.

DATE PREPARED: 2/25/00 EST. START DATE: EST. COMPLETION DATE:
ACCOUNTING WELL NUMBER:
COMMUNICATIONS ACCOUNT NUMBER:

INTANGIBLE COSTS:	TO CSG PT	COMPLETION	TOTAL WELL
Drilling Footage 11,700 Ft @ 18.00 \$/Ft	223,236	0	223,236
Drilling Daywork 3 2 5,800 \$/day	18,444	12,296	30,740
Drilling Turnkey	0	0	0
Rig Mobilization and Demobilization	0	0	0
Road & Location Expense	33,655	2,120	35,775
Damages	5,000	0	5,000
Directional Drilling - Tools and Service	0	0	0
Drilling Fluids	26,500	0	26,500
Fuel, Power, and Water	31,800	0	31,800
Supplies - Bits	0	795	795
Supplies - Casing Equipment	1,720	4,770	6,490
Supplies - Liner Equipment	0	0	0
Supplies - Miscellaneous	0	0	0
Cement and Cmt. Services - Surface Csg	4,240	0	4,240
Cement and Cmt. Services - Int. Csg	21,200	0	21,200
Cement and Cmt. Services - Prod. Csg	0	21,200	21,200
Cement and Cmt. Services - Other	0	0	0
Rental - Drilling Tools and Equipment	0	0	0
Rental - Misc.	21,995	3,180	25,175
Testing - Drill Stem / Production	4,770	2,650	7,420
Open Hole Logging	31,800	0	31,800
Mudlogging Services	15,900	0	15,900
Special Services	0	0	0
Plug and Abandon	12,000	(12,000)	0
Pulling and/or Swabbing Unit	0	15,264	15,264
Reverse Equipment	0	5,300	5,300
Wireline Services	0	19,080	19,080
Stimulation	0	12,720	12,720
Pump / Vacuum Truck Services	0	6,646	6,646
Transportation	2,120	2,650	4,770
Tubular Goods - Inspection & Testing	1,590	5,300	6,890
Unclassified	530	0	530
Telephone and Radio Expense	1,431	318	1,749
Engineer / Geologist / Landman	22,500	3,000	25,500
Company Labor - Field Supervision	23,850	6,500	30,350
Contract Labor / Roustabout	1,590	9,540	11,130
Legal and Professional Service	5,000	0	5,000
Insurance	6,342	0	6,342
Overhead	10,500	3,500	14,000
SUBTOTAL	527,713	124,829	652,542
Contingencies (10%)	52,771	12,483	65,254
ESTIMATED TOTAL INTANGIBLES	580,484	137,312	717,796



AUTHORITY FOR EXPENDITURE

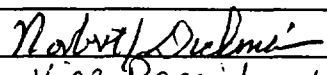
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ACCOUNTING WELL NUMBER:
COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:			TO CSG PT	COMPLETION	TOTAL WELL
Conductor Casing	0 Ft @	0.00 \$/Ft	0	0	0
Surface Csg	300 Ft @	24.00 \$/Ft	7,200	0	7,200
Intermediate Csg	3,000 Ft @	18.00 \$/Ft	54,000	0	54,000
Protection Csg	0 Ft @	0.00 \$/Ft	0	0	0
Production Csg	11,700 Ft @	8.00 \$/Ft	0	93,600	93,600
Protection Liner	0 Ft @	0.00 \$/Ft	0	0	0
Production Liner	0 Ft @	0.00 \$/Ft	0	0	0
Tubing	11,500 Ft @	3.38 \$/Ft	0	38,870	38,870
Rods	0 Ft @	0.00 \$/Ft	0	0	0
Artificial Lift Equipment			0	0	0
Tank Battery			0	10,600	10,600
Separators/Heater Treater/Gas Units/FWKO			0	12,720	12,720
* Well Head Equipment & Christmas Tree			5,500	11,500	17,000
Subsurface Well Equipment			0	6,148	6,148
Flow Lines			0	13,250	13,250
Saltwater Disposal Pump			0	0	0
Gas Meter			0	1,484	1,484
Lact Unit			0	0	0
Vapor Recovery Unit			0	0	0
Other Well Equipment			0	0	0
ROW and Damages			0	0	0
Surface Equipment Installation Costs			0	9,540	9,540
Elect. Installation			0	0	0
ESTIMATED TOTAL TANGIBLES			66,700	197,712	264,412
ESTIMATED TOTAL WELL COSTS			647,184	335,024	982,208

THIS AFE IS ONLY AN ESTIMATE. BY SIGNING YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

NPC APPROVAL	DATE
PREPARED BY: HRW	02/25/00
REVIEWED BY: TRM	
APPROVED BY: 	3/8/00
APPROVED BY: 	3/9/00

WI APPROVAL: COMPANY Fasken Land & Minerals, Ltd. 8.288169%
BY 
TITLE Vice President
DATE 4/7/00