

cc: Kathie
TRM

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

June 29, 2000

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

TO ALL WORKING INTEREST OWNERS:
(See Distribution List)

Re: Panama "13" Federal #2 Well
1,650' FSL and 990' FEL
Section 13, T-19-S, R-33-E
Lea County, New Mexico
Stetson Prospect

Gentlemen:

Enclosed herewith please find Nearburg Producing Company's AFE for the Panama "13" Federal Com. #2 well proposed to be drilled to a depth of 9,900' testing the Bone Spring formation. The well is proposed to be located 1,650' FSL and 990' FEL of Section 13, T-19-S, R-33-E, Lea County, New Mexico. As a working interest owner in the proposed NE/4 SE/4 spacing unit, you have the right to participate for your proportionate share in the well. I will forward to your attention an Operating Agreement, designating Nearburg Producing Company as the operator in the near future.

If you elect not to participate in the proposed well, Nearburg would like to acquire your interest under mutually acceptable terms.

If you have any questions, please feel free to contact the undersigned.

Yours very truly,


Mark Wheeler
Senior Landman, CPL

MW/dw
encl.

all
cards
in.

**PANAMA "13" FEDERAL #1 WELL
DISTRIBUTION LIST**

Mr. Patrick J. Tower
EOG Resources, Inc.
P. O. Box 2267
Midland, Texas 79702

Williamson Enterprises
216 W. 3rd Street
Roswell, New Mexico 88201

Mr. Stephen Scott Mitchell
C/O Murchison Oil & Gas, Inc.
414 W. Texas, Suite 405
Midland, Texas 79701

Harold Kious
P. O. Box "L"
Albuquerque, New Mexico 87103

Mr. Bane Bigbie
Red Oak Cattle Co.
P. O. Box 998
Ardmore, OK 73402

Barbara E. Hannifin
C/O Hannifin Oil & Gas
P. O. Box 2588
Roswell, New Mexico 88201

David J. Sorenson
P. O. Box 1453
Roswell, New Mexico 88202

Daniel W. Varel
C/O Bright and Bright, L.L.P.
5944 Luther Lane, Suite 600
Dallas, Texas 75225

Manzano Oil Corporation
P. O. Box 2107
Roswell, New Mexico 88201

Page 2 of the Distribution List

S. H. Cavin
Sealy H. Cavin, Inc.
504 N. Wyoming Ave.
Roswell, New Mexico 88201

Kenneth D. Reynolds
P. O. Box 1498
Roswell, New Mexico 88202

Nearburg Producing Company

Exploration and Production
Dallas, Texas

AUTHORITY FOR EXPENDITURE

LEASE: Panama "13" Federal WELL NUMBER: 2 PBSD: 9,900'
LOCATION: 1650' FSL & 990' FEL, Section 13, T19S, R33E, Lea County, New Mexico
FIELD: Gems Bone Spring East EXPLORATORY, DEVELOPMENT, WORKOVER: E
DESCRIPTION OF WORK: Drill and complete as a Bone Springs pumping oil well.

0

DATE PREPARED: 8/28/00 EST. START DATE: 9/1/00 EST. COMPLETION DATE: 10/15/00
ACCOUNTING WELL NUMBER:
COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casin _g 0 Ft @ 0.00 \$/Ft	1820.00	0	NA	0	0
Surface Csg 1,550 Ft @ 24.00 \$/Ft	1820.10	37,200	NA	0	37,200
Intermediate Csg 3,300 Ft @ 14.00 \$/Ft	1820.15	46,200	NA	0	46,200
Protection Csg 0 Ft @ 0.00 \$/Ft	1820.20	0	NA	0	0
Production Csg 9,900 Ft @ 7.50 \$/Ft	NA	0	1822.11	74,250	74,250
Protection Liner Ft @ \$/Ft	1820.10	0	NA	0	0
Production Liner 0 Ft @ 0.00 \$/Ft	NA	0	1822.11	0	0
Tubing 9,600 Ft @ 2.50 \$/Ft	NA	0	1822.00	24,000	24,000
Rods 9,600 Ft @ 1.50 \$/Ft	NA	0	1822.00	14,400	14,400
Artificial Lift Equipment	NA	0	1822.00	68,900	68,900
Tank Battery	NA	0	1822.11	21,200	21,200
Separators/Heater Treater/Gas Units/FWKO	NA	0	1822.00	10,600	10,600
* Well Head Equipment & Christmas Tree	1820.25	3,500	1820.00	5,000	8,500
Subsurface Well Equipment	NA	0	1822.00	4,240	4,240
Flow Lines	NA	0	1822.00	1,656	1,656
Saltwater Disposal Pump	NA	0	1822.00	0	0
Gas Meter	NA	0	1822.11	1,484	1,484
Lact Unit	NA	0	1822.00	0	0
Vapor Recovery Unit	NA	0	1822.00	0	0
Other Well Equipment	NA	0	1822.00	0	0
ROW and Damages	NA	0	1822.00	0	0
Surface Equipment Installation Costs	NA	0	1822.00	10,600	10,600
Elect. Installation	NA	0	1822.00	7,420	7,420
ESTIMATED TOTAL TANGIBLES		86,900		243,750	330,650
ESTIMATED TOTAL WELL COSTS		551,470		391,028	942,498

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/TRM/CPF	06/27/00
REVIEWED BY: TRM	
APPROVED BY: 	6/28/00
APPROVED BY: 	6/28/00

WI APPROVAL: COMPANY EOG Resources, Inc. 31.76472%
BY _____
TITLE _____
DATE _____

AUTHORITY FOR EXPENDITURE

LEASE: Panama "13" Federal WELL NUMBER: 2 PBTB: 9,900'
 LOCATION: 1650' FSL & 990' FEL, Section 13, T19S, R33E, Lea County, New Mexico
 FIELD: Gems Bone Spring East EXPLORATORY, DEVELOPMENT, WORKOVER: E
 DESCRIPTION OF WORK: Drill and complete as a Bone Springs pumping oil well.

0

DATE PREPARED: 6/26/00 EST. START DATE: 9/1/00 EST. COMPLETION DATE: 10/15/00
 ACCOUNTING WELL NUMBER:
 COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:		TO CSG PT		COMPLETION	TOTAL WELL
Conductor Casings	0 Ft @ 0.00 \$/Ft	0		0	0
Surface Csg	1,550 Ft @ 24.00 \$/Ft	37,200		0	37,200
Intermediate Csg	3,300 Ft @ 14.00 \$/Ft	46,200		0	46,200
Protection Csg	0 Ft @ 0.00 \$/Ft	0		0	0
Production Csg	9,900 Ft @ 7.50 \$/Ft	0		74,250	74,250
Protection Liner	Ft @ \$/Ft	0		0	0
Production Liner	0 Ft @ 0.00 \$/Ft	0		0	0
Tubing	9,600 Ft @ 2.50 \$/Ft	0		24,000	24,000
Rods	9,600 Ft @ 1.50 \$/Ft	0		14,400	14,400
Artificial Lift Equipment		0		68,900	68,900
Tank Battery		0		21,200	21,200
Separators/Heater Treater/Gas Units/FWKO		0		10,600	10,600
* Well Head Equipment & Christmas Tree		3,500		5,000	8,500
Subsurface Well Equipment		0		4,240	4,240
Flow Lines		0		1,656	1,656
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		10,600	10,600
Elect. Installation		0		7,420	7,420
ESTIMATED TOTAL TANGIBLES		86,900		243,750	330,650
ESTIMATED TOTAL WELL COSTS		551,470		391,028	942,498

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

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PREPARED BY: HRW/TRM/CPF	06/27/00
REVIEWED BY: TRM	
APPROVED BY: 	6/28/00
APPROVED BY: 	6/28/00

WI APPROVAL: COMPANY Manzano Oil Corporation 1.7176932%
 BY _____
 TITLE _____
 DATE _____

Nearburg Producing Company

Exploration and Production
Dallas, Texas

AUTHORITY FOR EXPENDITURE

LEASE: Panama "13" Federal WELL NUMBER: 2 PBD: 9,900'
LOCATION: 1650' FSL & 990' FEL, Section 13, T19S, R33E, Lea County, New Mexico
FIELD: Gems Bone Spring East EXPLORATORY, DEVELOPMENT, WORKOVER: E
DESCRIPTION OF WORK: Drill and complete as a Bone Springs pumping oil well.

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DATE PREPARED: 6/26/00 EST. START DATE: 9/1/00 EST. COMPLETION DATE: 10/15/00
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	1,550 Ft @	24.00 \$/Ft	37,200	0	37,200
Intermediate Csg	3,300 Ft @	14.00 \$/Ft	46,200	0	46,200
Protection Csg	0 Ft @	0.00 \$/Ft	0	0	0
Production Csg	9,900 Ft @	7.50 \$/Ft	0	74,250	74,250
Protection Liner	Ft @	\$/Ft	0	0	0
Production Liner	0 Ft @	0.00 \$/Ft	0	0	0
Tubing	9,600 Ft @	2.50 \$/Ft	0	24,000	24,000
Rods	9,600 Ft @	1.50 \$/Ft	0	14,400	14,400
Artificial Lift Equipment			0	68,900	68,900
Tank Battery			0	21,200	21,200
Separators/Heater Treater/Gas Units/FWKO			0	10,600	10,600
* Well Head Equipment & Christmas Tree			3,500	5,000	8,500
Subsurface Well Equipment			0	4,240	4,240
Flow Lines			0	1,656	1,656
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	10,600	10,600
Elect. Installation			0	7,420	7,420
ESTIMATED TOTAL TANGIBLES			86,900	243,750	330,650
ESTIMATED TOTAL WELL COSTS			551,470	391,028	942,498

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

APPC APPROVAL	DATE
PREPARED BY: HRW/TRM/CPF	06/27/00
REVIEWED BY: TRM	
APPROVED BY: 	6/28/00
APPROVED BY: 	6/28/00

WI APPROVAL: COMPANY Barbara Hannifin 0.1411764%
BY _____
TITLE _____
DATE _____

Nearburg Producing Company

Exploration and Production
Dallas, Texas

AUTHORITY FOR EXPENDITURE

LEASE: Panama "13" Federal WELL NUMBER: 2 PBT'D: 9,900'
LOCATION: 1650' FSL & 990' FEL, Section 13, T19S, R33E, Lea County, New Mexico
FIELD: Gems Bone Spring East EXPLORATORY, DEVELOPMENT, WORKOVER: E
DESCRIPTION OF WORK: Drill and complete as a Bone Springs pumping oil well.

0

DATE PREPARED: 6/26/00 EST. START DATE: 9/1/00 EST. COMPLETION DATE: 10/15/00

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casing 0 Ft @ 0.00 \$/Ft	120200	0	NA	0	0
Surface Csg 1,550 Ft @ 24.00 \$/Ft	120210	37,200	NA	0	37,200
Intermediate Csg 3,300 Ft @ 14.00 \$/Ft	120211	46,200	NA	0	46,200
Protection Csg 0 Ft @ 0.00 \$/Ft	120220	0	NA	0	0
Production Csg 9,900 Ft @ 7.50 \$/Ft	NA	0	120221	74,250	74,250
Protection Liner Ft @ \$/Ft	120230	0	NA	0	0
Production Liner 0 Ft @ 0.00 \$/Ft	NA	0	120231	0	0
Tubing 9,600 Ft @ 2.50 \$/Ft	NA	0	120232	24,000	24,000
Rods 9,600 Ft @ 1.50 \$/Ft	NA	0	120233	14,400	14,400
Artificial Lift Equipment	NA	0	120234	68,900	68,900
Tank Battery	NA	0	120235	21,200	21,200
Separators/Heater Treater/Gas Units/FWKO	NA	0	120236	10,600	10,600
* Well Head Equipment & Christmas Tree	120237	3,500	120238	5,000	8,500
Subsurface Well Equipment	NA	0	120239	4,240	4,240
Flow Lines	NA	0	120240	1,656	1,656
Saltwater Disposal Pump	NA	0	120241	0	0
Gas Meter	NA	0	120242	1,484	1,484
Lact Unit	NA	0	120243	0	0
Vapor Recovery Unit	NA	0	120244	0	0
Other Well Equipment	NA	0	120245	0	0
ROW and Damages	NA	0	120246	0	0
Surface Equipment Installation Costs	NA	0	120247	10,600	10,600
Elect. Installation	NA	0	120248	7,420	7,420
ESTIMATED TOTAL TANGIBLES		86,900		243,750	330,650
ESTIMATED TOTAL WELL COSTS		551,470		391,028	942,498

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/TRM/CPF	06/27/00
REVIEWED BY: TRM	
APPROVED BY: 	6/28/00
APPROVED BY: 	6/28/00

WI APPROVAL: COMPANY Daniel W. Varel 1.7647050%
BY _____
TITLE _____
DATE _____

Nearburg Producing Company

Exploration and Production
Dallas, Texas

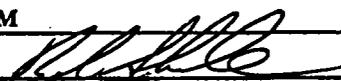
AUTHORITY FOR EXPENDITURE

LEASE: Panama "13" Federal WELL NUMBER: 2 PBTD: 9,900'
LOCATION: 1650' FSL & 990' FEL, Section 19, T19S, R33E, Lea County, New Mexico
FIELD: Gems Bone Spring East EXPLORATORY, DEVELOPMENT, WORKOVER: E
DESCRIPTION OF WORK: Drill and complete as a Bone Springs pumping oil well.

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DATE PREPARED: 6/28/00 EST. START DATE: 9/1/00 EST. COMPLETION DATE: 10/15/00
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	1,550 Ft @	24.00 \$/Ft	37,200	0	37,200
Intermediate Csg	3,300 Ft @	14.00 \$/Ft	46,200	0	46,200
Protection Csg	0 Ft @	0.00 \$/Ft	0	0	0
Production Csg	9,900 Ft @	7.50 \$/Ft	0	74,250	74,250
Protection Liner	Ft @	\$/Ft	0	0	0
Production Liner	0 Ft @	0.00 \$/Ft	0	0	0
Tubing	9,600 Ft @	2.50 \$/Ft	0	24,000	24,000
Rods	9,600 Ft @	1.50 \$/Ft	0	14,400	14,400
Artificial Lift Equipment			0	68,900	68,900
Tank Battery			0	21,200	21,200
Separators/Heater Treater/Gas Units/FWKO			0	10,600	10,600
* Well Head Equipment & Christmas Tree			3,500	5,000	8,500
Subsurface Well Equipment			0	4,240	4,240
Flow Lines			0	1,656	1,656
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	10,600	10,600
Elect. Installation			0	7,420	7,420
ESTIMATED TOTAL TANGIBLES			86,900	243,750	330,650
ESTIMATED TOTAL WELL COSTS			551,470	391,028	942,498

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/TRM/CPF	06/27/00
REVIEWED BY: TRM	
APPROVED BY: 	6/28/00
APPROVED BY: 	6/28/00

WI APPROVAL: COMPANY S. H. Cavin 1.20%
BY _____
TITLE _____
DATE _____

Panama 13 Federal #2 Well
 NE/4 SE/4 Sec. 13, T-19-S, R-33-E
 Lea County, New Mexico

Owner	WI % surface to top of Bone Spring	WI % Top of Bone Spring to Base of Bone Spring
NEC	49.4205598%	57.6764146%
EOG Resources	31.7647200%	31.7647200% ✓
Manzano Oil Corporation	1.7176932%	1.7176932% ✓
Scott Exploration, Inc.	3.4558572%	
Susan Scott Murphy	0.5647056%	
George L. Scott, III	0.5647056%	
Williamson Enterprises	0.4411758%	0.4411758% ✓
Stephen Mitchell	0.4235292%	0.4235292% ✓
Harold Kious	0.3529410%	0.3529410% ✓
Frank S. & Robin L. Morgan	0.2823528%	
Red Oak Cattle Co.	0.2823528%	0.2823528% ✓
Sealy Hutchings Cavin, Inc.	0.5647056%	0.5647056% ✓
Barbara Hannifin	0.1411764%	0.1411764% ✓
Warren Scott	0.5647056%	
David J. Sorenson	2.8235280%	2.8235280% ✓
Daniel W. Varel	1.7647050%	1.7647050% ✓
Eloy S. Duran	1.4117640%	
S. H. Cavin	1.2000000%	1.2000000% ✓
Hutchings Oil Company	0.8470584%	
Kenneth D. Reynolds	0.8470584%	0.8470584% ✓
MorOilCo, Inc.	0.5647056%	
	100.0000000%	100.0000000%

Nearburg Producing Company

Exploration and Production
Dallas, Texas

AUTHORITY FOR EXPENDITURE

LEASE: Panama "13" Federal WELL NUMBER: 2 PBD: 9,900'
LOCATION: 1850' FSL & 990' FEL, Section 18, T19S, R38E, Lea County, New Mexico
FIELD: Gems Bone Spring East EXPLORATORY, DEVELOPMENT, WORKOVER: E
DESCRIPTION OF WORK: Drill and complete as a Bone Springs pumping oil well.

DATE PREPARED: 6/26/00 EST. START DATE: 9/1/00 EST. COMPLETION DATE: 10/16/00
ACCOUNTING WELL NUMBER:
COMMUNICATIONS ACCOUNT NUMBER:

INTANGIBLE COSTS:	TO OSG PT	COMPLETION	TOTAL WELL
Drilling Footage 9,900 Ft @ 0.00 \$/Ft	0	0	0
Drilling Daywork 30 1 8,100 \$/day	193,960	6,468	200,448
Drilling Turnkey	0	0	0
Rig Mobilisation and Demobilization	21,200	0	21,200
Road & Location Expense	29,945	3,180	88,125
Damages	5,000	0	5,000
Directional Drilling - Tools and Service	0	0	0
Drilling Fluids	10,600	0	10,600
Fuel, Power, and Water	15,900	0	15,900
Supplies - Bits	20,140	795	20,935
Supplies - Casing Equipment	2,544	4,240	6,784
Supplies - Linar Equipment	0	0	0
Supplies - Miscellaneous	0	0	0
Cement and Cmt. Services - Surface Csg	10,600	0	10,600
Cement and Cmt. Services - Int. Csg	12,720	0	12,720
Cement and Cmt. Services - Prod. Csg	0	21,200	21,200
Cement and Cmt. Services - Other	0	0	0
Rental - Drilling Tools and Equipment	6,360	0	6,360
Rental - Misc.	8,818	3,710	12,828
Testing - Drill Stem / Production	0	3,710	3,710
Open Hole Logging	15,900	0	15,900
Mudlogging Services	7,950	0	7,950
Special Services	0	0	0
Plug and Abandon	10,000	(10,000)	0
Pulling and/or Swabbing Unit	0	15,284	15,284
Reverse Equipment	0	5,300	5,300
Wireline Services	0	5,300	5,300
Stimulation	0	42,400	42,400
Pump / Vacuum Truck Services	0	2,650	2,650
Transportation	1,590	2,120	3,710
Tubular Goods - Inspection & Testing	1,272	8,180	4,452
Unclassified	590	0	590
Telephone and Radio Expense	954	636	1,590
Engineer / Geologist / Landman	10,000	1,500	11,500
Company Labor - Field Supervision	15,900	7,500	23,400
Contract Labor / Roustabout	1,590	7,738	9,328
Legal and Professional Service	5,000	0	5,000
Insurance	7,048	8,500	10,548
Overhead	7,000	8,500	10,500
SUBTOTAL	422,888	133,889	556,225
Contingencies (10%)	42,284	13,389	65,623
ESTIMATED TOTAL INTANGIBLES	464,570	147,278	611,848

Nearburg Producing Company
 Exploration and Production
 Dallas, Texas

AUTHORITY FOR EXPENDITURE

LEASE: Panama "13" Federal WELL NUMBER: 2 PBD: 9,900'
 LOCATION: 1850' FSL & 990' FEL, Section 13, T19S, R33E, Lea County, New Mexico
 FIELD: Gems Bone Spring East EXPLORATORY, DEVELOPMENT, WORKOVER: E
 DESCRIPTION OF WORK: Drill and complete as a Bone Springs pumping oil well.

DATE PREPARED: 8/28/00 EST. START DATE: 9/1/00 EST. COMPLETION DATE: 10/15/00
 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 1,550 Ft @ 24.00 \$/Ft	87,200	0	87,200
Intermediate Csg 3,300 Ft @ 14.00 \$/Ft	46,200	0	46,200
Protection Csg 0 Ft @ 0.00 \$/Ft	0	0	0
Production Csg 9,900 Ft @ 7.50 \$/Ft	0	74,250	74,250
Protection Liner Ft @ \$/Ft	0	0	0
Production Liner 0 Ft @ 0.00 \$/Ft	0	0	0
Tubing 9,600 Ft @ 2.50 \$/Ft	0	24,000	24,000
Rods 3,600 Ft @ 1.50 \$/Ft	0	14,400	14,400
Artificial Lift Equipment	0	68,900	68,900
Tank Battery	0	21,200	21,200
Separators/Heater Treater/Gas Units/FWKO	0	10,600	10,600
* Well Head Equipment & Christmas Tree	3,500	5,000	8,500
Subsurface Well Equipment	0	4,249	4,249
Flow Lines	0	1,658	1,658
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	10,600	10,600
Elect. Installation	0	7,420	7,420
ESTIMATED TOTAL TANGIBLES	88,900	248,750	330,650
ESTIMATED TOTAL WELL COSTS	551,470	391,028	942,498

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

APPROVAL	DATE
PREPARED BY: HRW/TRM/CPF	06/27/00
REVIEWED BY: TRM	
APPROVED BY: <i>[Signature]</i>	6/28/00
APPROVED BY: <i>[Signature]</i>	6/28/00

WI APPROVAL: COMPANY Williamson Enterprises 0.4411758Z
 BY *J. Dee Williamson*
 TITLE Partner
 DATE 7-11-00

Nearburg Producing Company

Exploration and Production
Dallas, Texas

AUTHORITY FOR EXPENDITURE

LEASE: Panama "18" Federal WELL NUMBER: 2 PBTID: 9,900'
 LOCATION: 1650' FSL & 990' FEL, Section 18, T10S, R93E, Lea County, New Mexico
 FIELD: Game Bone Spring East EXPLORATORY, DEVELOPMENT, WORKOVER: E
 DESCRIPTION OF WORK: Drill and complete us a Bone Springs pumping oil well.

DATE PREPARED: 8/20/00 EST. START DATE: 9/1/00 EST. COMPLETION DATE: 10/15/00
 ACCOUNTING WELL NUMBER:
 COMMUNICATIONS ACCOUNT NUMBER:

INTANGIBLE COSTS:	TO CSG PT	COMPLETION	TOTAL WELL
Drilling Footage 9,900 Ft @ 0.00 \$/ft	0	0	0
Drilling Daywork 80 1 6,100 \$/day	193,980	6,403	200,448
Drilling Turnkey	0	0	0
Rig Mobilization and Demobilization	21,200	0	21,200
Road & Location Expense	29,946	3,180	33,126
Damages	5,000	0	5,000
Directional Drilling - Tools and Service	0	0	0
Drilling Fluids	10,600	0	10,600
Fuel, Power, and Water	15,900	0	15,900
Supplies - Bits	20,140	795	20,935
Supplies - Casing Equipment	2,544	4,240	6,784
Supplies - Liner Equipment	0	0	0
Supplies - Miscellaneous	0	0	0
Cement and Cmt. Services - Surface Csg	10,600	0	10,600
Cement and Cmt. Services - Int. Csg	12,720	0	12,720
Cement and Cmt. Services - Prod. Csg	0	21,200	21,200
Cement and Cmt. Services - Other	0	0	0
Rental - Drilling Tools and Equipment	6,890	0	6,890
Rental - Misc	8,613	3,710	12,323
Testing - Drill Stem / Production	0	3,710	3,710
Open Hole Logging	15,900	0	15,900
Mudlogging Services	7,950	0	7,950
Special Services	0	0	0
Plug and Abandon	10,000	(10,000)	0
Pulling and/or Swabbing Unit	0	15,264	15,264
Reverse Equipment	0	5,800	5,800
Wireline Services	0	5,800	5,800
Stimulation	0	42,400	42,400
Pump / Vacuum Truck Services	0	2,650	2,650
Transportation	1,590	2,120	3,710
Tubular Goods - Inspection & Testing	1,272	3,180	4,452
Unclassified	580	0	580
Telephone and Radio Expense	954	638	1,590
Engineer / Geologist / Landman	10,000	1,500	11,500
Company Labor - Field Supervision	15,900	7,500	23,400
Contract Labor / Roustabout	1,590	7,788	9,328
Legal and Professional Service	5,000	0	5,000
Insurance	7,048	3,500	10,548
Overhead	7,000	3,500	10,500
SUBTOTAL	422,556	198,889	656,225
Contingencies (10%)	42,284	18,889	65,623
ESTIMATED TOTAL INTANGIBLES	464,870	147,278	611,848

Nearburg Producing Company

Exploration and Production
Dallas, Texas

AUTHORITY FOR EXPENDITURE

LEASD: Panama "18" Federal WELL NUMBER: 2 PBTD: 9,400'
LOCATION: 1050' PSL & 990' PEL, Section 16, T19S, R00E, Lea County, New Mexico
FIELD: Guine Bone Spring East EXPLORATORY, DEVELOPMENT, WORKOVER: E
DESCRIPTION OF WORK: Drill and complete as a Bone Springs pumping oil well.

DATE PREPARED: 6/20/00 EST. START DATE: 9/1/00 EST. COMPLETION DATE: 10/15/00
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	1,560 Ft @	24.00 \$/Ft	37,200	0	37,200
Intermediate Csg	3,300 Ft @	14.00 \$/Ft	46,200	0	46,200
Protection Csg	0 Ft @	0.00 \$/Ft	0	0	0
Production Csg	9,900 Ft @	7.50 \$/Ft	0	74,250	74,250
Protection Liner	Ft @	\$/Ft	0	0	0
Production Liner	0 Ft @	0.00 \$/Ft	0	0	0
Tubing	9,900 Ft @	2.50 \$/Ft	0	24,000	24,000
Rods	9,600 Ft @	1.50 \$/Ft	0	14,400	14,400
Artificial Lift Equipment			0	68,900	68,900
Tank Battery			0	21,200	21,200
Separators/Heater Treater/Gas Units/PWKO			0	10,800	10,800
* Well Head Equipment & Christmas Tree			3,500	5,000	8,500
Subsurface Well Equipment			0	4,240	4,240
Flow Lines			0	1,656	1,656
Saltwater Disposal Pump			0	0	0
Gas Meter			0	1,464	1,464
Lat 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	10,600	10,600
Elect. Installation			0	7,420	7,420
ESTIMATED TOTAL TANGIBLES			86,900	248,750	330,650
ESTIMATED TOTAL WELL COSTS			551,470	391,028	942,498

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

WJ APPROVAL:	DATE:
PREPARED BY: HRW/TRM/CF	06/27/00
REVIEWED BY: TRM	
APPROVED BY: <i>[Signature]</i>	6/28/00
APPROVED BY: <i>[Signature]</i>	6/28/00

WJ APPROVAL: COMPANY David J. Sorenson 2.873528%

BY *David J. Sorenson*

TITLE *owner*

DATE *July 7 2000*

✓ cc: Kathie TRM
7-17-00



Nearburg Producing Company
Exploration and Production
Dallas, Texas

AUTHORITY FOR EXPENDITURE

LEASE: Panama "13" Federal WELL NUMBER: 2 PBSD: 9,900'
LOCATION: 1650' FSL & 990' FEL, Section 13, T19S, R33E, Lea County, New Mexico
FIELD: Gems Bone Spring East EXPLORATORY, DEVELOPMENT, WORKOVER: E
DESCRIPTION OF WORK: Drill and complete as a Bone Springs pumping oil well.

0
DATE PREPARED: 6/28/00 EST. START DATE: 9/1/00 EST. COMPLETION DATE: 10/15/00
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	1,550 Ft @	24.00 \$/Ft	37,200	0	37,200
Intermediate Csg	3,300 Ft @	14.00 \$/Ft	46,200	0	46,200
Protection Csg	0 Ft @	0.00 \$/Ft	0	0	0
Production Csg	9,900 Ft @	7.50 \$/Ft	0	74,250	74,250
Protection Liner	Ft @	\$/Ft	0	0	0
Production Liner	0 Ft @	0.00 \$/Ft	0	0	0
Tubing	9,600 Ft @	2.50 \$/Ft	0	24,000	24,000
Rods	9,600 Ft @	1.50 \$/Ft	0	14,400	14,400
Artificial Lift Equipment			0	68,900	68,900
Tank Battery			0	21,200	21,200
Separators/Heater Treater/Gas Units/FWKO			0	10,600	10,600
* Well Head Equipment & Christmas Tree			3,500	5,000	8,500
Subsurface Well Equipment			0	4,240	4,240
Flow Lines			0	1,656	1,656
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	10,600	10,600
Elect. Installation			0	7,420	7,420
ESTIMATED TOTAL TANGIBLES			86,900	243,750	330,650
ESTIMATED TOTAL WELL COSTS			551,470	391,028	942,498

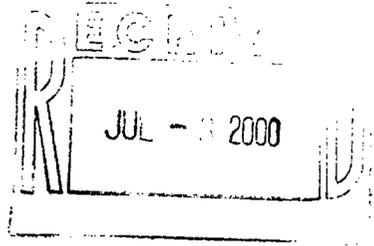
THIS AFE IS ONLY AN ESTIMATE. BY SIGNING YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

NPC APPROVAL	DATE
PREPARED BY: HRW/TRM/CPF	06/27/00
REVIEWED BY: TRM	
APPROVED BY: <i>[Signature]</i>	6/28/00
APPROVED BY: <i>[Signature]</i>	6/28/00

WI APPROVAL: COMPANY Daniel W. Varel 1.7647050%
BY *Daniel W. Varel*
TITLE *owner*
DATE *7/6/2000*

Nearburg Producing Company

Exploration and Production
Dallas, Texas



AUTHORITY FOR EXPENDITURE

LEASE: Panama "13" Federal WELL NUMBER: 2 PBTD: 9,900'
LOCATION: 1650' FSL & 990' FEL, Section 13, T19S, R33E, Lea County, New Mexico
FIELD: Gems Bone Spring East EXPLORATORY, DEVELOPMENT, WORKOVER: E
DESCRIPTION OF WORK: Drill and complete as a Bone Springs pumping oil well.

DATE PREPARED: 6/28/00 EST. START DATE: 9/1/00 EST. COMPLETION DATE: 10/15/00
ACCOUNTING WELL NUMBER:
COMMUNICATIONS ACCOUNT NUMBER:

INTANGIBLE COSTS:	TO CSG PT	COMPLETION	TOTAL WELL
Drilling Footage 9,900 Ft @ 0.00 \$/Ft	0	0	0
Drilling Daywork 80 1 6,100 \$/day	193,980	6,466	200,446
Drilling Turnkey	0	0	0
Rig Mobilization and Demobilization	21,200	0	21,200
Road & Location Expense	29,945	3,180	33,125
Damages	5,000	0	5,000
Directional Drilling - Tools and Service	0	0	0
Drilling Fluids	10,600	0	10,600
Fuel, Power, and Water	15,900	0	15,900
Supplies - Bits	20,140	795	20,935
Supplies - Casing Equipment	2,544	4,240	6,784
Supplies - Liner Equipment	0	0	0
Supplies - Miscellaneous	0	0	0
Cement and Cmt. Services - Surface Csg	10,600	0	10,600
Cement and Cmt. Services - Int. Csg	12,720	0	12,720
Cement and Cmt. Services - Prod. Csg	0	21,200	21,200
Cement and Cmt. Services - Other	0	0	0
Rental - Drilling Tools and Equipment	6,360	0	6,360
Rental - Misc.	8,613	3,710	12,323
Testing - Drill Stem / Production	0	3,710	3,710
Open Hole Logging	15,900	0	15,900
Mudlogging Services	7,950	0	7,950
Special Services	0	0	0
Plug and Abandon	10,000	(10,000)	0
Pulling and/or Swabbing Unit	0	15,264	15,264
Reverse Equipment	0	5,300	5,300
Wireline Services	0	5,300	5,300
Stimulation	0	42,400	42,400
Pump / Vacuum Truck Services	0	2,650	2,650
Transportation	1,590	2,120	3,710
Tubular Goods - Inspection & Testing	1,272	3,180	4,452
Unclassified	530	0	530
Telephone and Radio Expense	954	636	1,590
Engineer / Geologist / Landman	10,000	1,500	11,500
Company Labor - Field Supervision	15,900	7,500	23,400
Contract Labor / Roustabout	1,590	7,738	9,328
Legal and Professional Service	5,000	0	5,000
Insurance	7,048	3,500	10,548
Overhead	7,000	3,500	10,500
SUBTOTAL	422,336	133,889	556,225
Contingencies (10%)	42,234	13,389	55,623
ESTIMATED TOTAL INTANGIBLES	464,570	147,278	611,848

Nearburg Producing Company

Exploration and Production
Dallas, Texas

AUTHORITY FOR EXPENDITURE

LEASE: Panama "13" Federal WELL NUMBER: 2 PBTD: 9,900'
LOCATION: 1650' FSL & 990' FEL, Section 13, T19S, R33E, Lea County, New Mexico
FIELD: Gems Bone Spring East EXPLORATORY, DEVELOPMENT, WORKOVER: E
DESCRIPTION OF WORK: Drill and complete as a Bone Springs pumping oil well.

0

DATE PREPARED: 6/28/00 EST. START DATE: 9/1/00 EST. COMPLETION DATE: 10/15/00
ACCOUNTING WELL NUMBER:
COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casin; 0 Ft @ 0.00 \$/Ft	1300284	0	NA	0	0
Surface Csg 1,550 Ft @ 24.00 \$/Ft	1300210	37,200	NA	0	37,200
Intermediate Csg 3,300 Ft @ 14.00 \$/Ft	1300211	46,200	NA	0	46,200
Protection Csg 0 Ft @ 0.00 \$/Ft	1300209	0	NA	0	0
Production Csg 9,900 Ft @ 7.50 \$/Ft	NA	0	1300214	74,250	74,250
Protection Liner Ft @ \$/Ft	1300200	0	NA	0	0
Production Liner 0 Ft @ 0.00 \$/Ft	NA	0	1300214	0	0
Tubing 9,600 Ft @ 2.50 \$/Ft	NA	0	1300214	24,000	24,000
Rods 9,600 Ft @ 1.50 \$/Ft	NA	0	1300214	14,400	14,400
Artificial Lift Equipment	NA	0	1300214	68,900	68,900
Tank Battery	NA	0	1300214	21,200	21,200
Separators/Heater Treater/Gas Units/FWKO	NA	0	1300214	10,600	10,600
* Well Head Equipment & Christmas Tree	1300204	3,500	1300214	5,000	8,500
Subsurface Well Equipment	NA	0	1300214	4,240	4,240
Flow Lines	NA	0	1300214	1,656	1,656
Saltwater Disposal Pump	NA	0	1300214	0	0
Gas Meter	NA	0	1300214	1,484	1,484
Lact Unit	NA	0	1300214	0	0
Vapor Recovery Unit	NA	0	1300214	0	0
Other Well Equipment	NA	0	1300214	0	0
ROW and Damages	NA	0	1300214	0	0
Surface Equipment Installation Costs	NA	0	1300214	10,600	10,600
Elect. Installation	NA	0	1300214	7,420	7,420
ESTIMATED TOTAL TANGIBLES		86,900		243,750	330,650
ESTIMATED TOTAL WELL COSTS		551,470		391,028	942,498

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/TRM/CPF	06/27/00
REVIEWED BY: TRM	
APPROVED BY: 	6/28/00
APPROVED BY: 	6/28/00

WI Approval:

NUEVO SEIS LIMITED PARTNERSHIP .1411764%
a New Mexico Limited Partnership
By: MM, Inc., its General Partner
By: 
Barbara E. Hannifin, President