

Brooks

**NADEL AND GUSSMAN PERMIAN, L.L.C.**  
**601 N. Marienfeld, Suite 508**  
**Midland, TX 79701**  
**Office: (915)682-4429**  
**Fax: (915)682-4325**

RECEIVED

MAY 12 2003

OIL CONSERVATION  
DIVISION

CERTIFIED MAIL

May 8, 2003

Devon Energy Corporation  
20 North Broadway, Suite 1500  
Oklahoma City, Oklahoma 73102  
Attn: Mr. Ken Gray

Oxy USA WTP, Inc.  
6 Desta Drive, Suite 6000  
Midland, Texas 79710  
Attn: Mr. David Evans

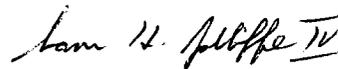


Re: Domino Federal #1  
E/2 Section 28, T-21-S, R-27-E  
Eddy County, New Mexico  
Case No. 13043  
Order No. R-11953

Gentlemen:

Please find enclosed a copy of the State of New Mexico Oil Conservation Pooling Order No. R-11953. Pursuant to the provisions of the Order, we have enclosed our AFE for this well for your evaluation. The approximate location of said well is 660' FNL & 1,150' FEL Section 28, T-21-S, R-27-E. The well is on a Federal Lease, therefore the location may need to be moved slightly due to potential archeological issues, etc. Per the provisions of the Order, please advise within thirty (30) days from receipt of this letter as to whether or not you elect to participate in this well proposal. We will also consider a farm-in of your interest on terms acceptable to Nadel and Gussman Permian.

Sincerely,



Sam H. Jolliffe IV  
Land Manager

c: NMOCD  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

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

PROSPECT NAME: Thunderball FIELD: \_\_\_\_\_ DATE: 05/08/03  
 LEASE/WELL NUMBER: Domino Fed Well # 1 PREPARED BY: K E McCready  
 LOCATION: 1150 FEI, 660 FNL S28, 21S 27E  
 COUNTY, STATE: EDDY, NM daywork contract  
 PRIMARY OBJECTIVES: Morrow, ATOKA, DST IN ATOKA SAND ASSUMED  
 PROJECTED TOTAL DEPTH: 11900 SINGLE MORROW SAND COMPL ASSUMED

ASSUMES OCD APPROVES CSG PROGRAM AND PROTECTION LINER NOT NEEDED				CASING POINT	COMPLETION COSTS
INTANGIBLE COSTS					
LEGAL WORK/PERMITTING/SURVEY/STAKING				2000	500
ROW					500
SITE PREPARATION/CLEAN-UP				8000	10000
RIG MOVES				20000	
DRILLING TURN-KEY					
	DRLG	COMPL	DAYS		
DRILLING DAYWORK	36	3	7800 /DAY	280800	23400
DRILLING FOOTAGE		FT. @	/FT	0	
DRILL PIPE/TOOL RENTAL - INCL IN DAYWORK BID	0		/DAY	0	
BITS				35000	500
WATER				25000	3500
DIRECTIONAL EQUIP (MONEL COLLAR/ SINGLE SHOT)	0		250 /DAY	0	
MUD/CHEMICALS/PKR FLUID				45000	2000
MUD LOGGING	27	DAYS @	500 /DAY	13500	
OPEN HOLE LOGGING				25000	
STABILIZERS/SHOCK SUBS/ROTATING HEAD					
DIESEL - INCL IN BID	39		800 /DAY	31200	
DST'S 1 @ \$4000/TEST				4000	
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					15000
BREAKDOWN					10000
FRACTURING/STIMULATION					75000
FRAC TANKS/WATER TRANSPORTS					5000
PIT LINER				4000	
LABOR/ROUSTABOUT CREWS				1500	5000
INSURANCE				6000	
BOP TESTING - 3RD PARTY					1200
COLLAR INSPECTION/DAMAGES					
TREATING PACKER					
	DRLG	COMPL	DAYS		
FIELD SUPERVISION	33	14	500 /DAY	16500	7000
ADMINISTRATIVE SERVICES/OVERHEAD				1000	1000
CONTINGENCY				56220	18870
<b>TOTAL INTANGIBLE COSTS</b>				<b>618420</b>	<b>209570</b>
<b>TANGIBLE COSTS</b>					
20"	"	CONDUCTOR	40 FT @ 40.13 /FT	1605	
13-3/8"	"	SURFACE	500 FT @ 17.23 /FT	8614	
9-5/8"	"	INTERMEDIATE	5100 FT @ 13.00 /FT	66300	
7-0"	"	2 nd "INTERMEDIATE	0 FT @ 10.00 /FT	0	
5-1/2"	"	PRODUCTION	11900 FT @ 7.00 /FT		83300
2-7/8"	"	TUBING	11700 FT @ 3.50 /FT		40950
		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	17325
<b>TOTAL TANGIBLE</b>				<b>83669</b>	<b>190575</b>
<b>TOTAL TANGIBLE/INTANGIBLE</b>				<b>702089</b>	<b>400145</b>

**TOTAL WELL COST** **1102234**

JOINT INTEREST APPROVAL \_\_\_\_\_  
 COMPANY: \_\_\_\_\_  
 BY: \_\_\_\_\_ DATE: \_\_\_\_/\_\_\_\_/\_\_\_\_

NADEL AND GUSSMAN  
 BY: K E McCready  
 DATE: 5 18 2003