

Brooks

NADEL AND GUSSMAN PERMIAN, L.L.C.
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Midland, TX 79701
Office: (915)682-4429
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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

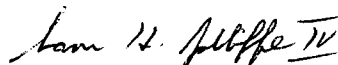


Re: Domino Federal #1
E/2 Section 28, T-21-S, R-27-E
Eddy County, New Mexico
Case No. 13043
Order No. R-11953

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
INTANGIBLE COSTS

		CASING POINT	COMPLETION 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
TOTAL INTANGIBLE COSTS		618420	209670

TANGIBLE COSTS

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
TOTAL TANGIBLE				83669	190576
TOTAL TANGIBLE/INTANGIBLE				702089	400145

TOTAL WELL COST **1102234**

JOINT INTEREST APPROVAL _____

COMPANY: _____

BY: _____ DATE: ____/____/____

NADEL AND GUSSMAN

BY: [Signature]

DATE: 5/18/2003