

**Nearburg Exploration Company, L.L.C.**

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Exploration and Production  
3300 North "A" Street  
Building 2, Suite 120  
Midland, Texas 79705  
915/686-8235  
Fax 915/686-7806

February 3, 1997

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

New Tex Oil Company  
P. O. Box 297  
Hobbs, New Mexico 88240

Phillips Petroleum Company  
4001 Penbrook  
Odessa, Texas 79762

Mr. Michael J. Patin  
301 Wilcrest, Suite 7312  
Houston, Texas 77042

Re: Aztec 14 Federal Com #1 Well  
1980' FNL and 1980' FWL of Section 14,  
T-21-S, R-32-E, Lea County, New Mexico  
Aztec Prospect

Gentlemen:

Enclosed herewith please find two copies of Nearburg Exploration Company, L.L.C.'s (Nearburg) revised AFE for the Aztec 14 Federal Com #1 well along with a revised page -4- to the effective Operating Agreement changing the location of the well, as captioned. Nearburg made this change in location because of surface restrictions dictated by the BLM in association with an archaeology site that the previous location was encroaching upon.

We still anticipate a W/2 proration unit for this well and ask that you please provide us your election to participate in the drilling of this well at your earliest convenience. Should we not hear from all the working interest parties regarding their elections, we will proceed with a compulsory pooling hearing before the New Mexico Oil Conservation Division scheduled for the docket on March 6, 1997.

If we can be of any further assistance, please advise.

Yours very truly,

Duke Roush  
Consulting Landman

DR:kg

Enclosures

BEFORE THE  
OIL CONSERVATION DIVISION  
Case No. 11747 Exhibit No. 6  
Submitted By:  
**Nearburg Exploration Co.**  
Hearing Date: March 20, 1997

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$

Postmark or Date: 2/13/97  
AZTEC

**Receipt for Certified Mail**  
 No Insurance Coverage Provided  
 Do not use for International Mail  
 (See Reverse)

Z 740 465 687

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:  
 Phillips Petroleum Company  
 4001 Penbrook  
 Odessa, Texas 79762

4a. Article Number: Z 740 465 687

4b. Service Type:  
 Registered  Certified  
 Express Mail  Insured  
 Return Receipt for Merchandise  COD

7. Date of Delivery: 2-4-97 [Signature]

5. Received By: (Print Name) AZTEC REV

6. Signature: (Addressee or Agent) X [Signature]

8. Addressee's Address (Only if requested and fee is paid)

Is your RETURN ADDRESS completed on the reverse side?

Thank you for using Return Receipt Service.

**Receipt for Certified Mail**  
 No Insurance Coverage Provided  
 Do not use for International Mail  
 (See Reverse)

Z 740 465 688  
 2/3/97

Sent to: <i>New Tex</i>	
Street and No.	
P.O., State and ZIP Code	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	2/3/97

*After*

Is your RETURN ADDRESS completed on the reverse side?

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New Tex Oil Company  
 P. O. Box 297  
 Hobbs, New Mexico 88240

4a. Article Number  
*Z 740 465 688*

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Registered  Certified  
 Express Mail  Insured  
 Return Receipt for Merchandise  COD

7. Date of Delivery  
*2-4-97*

5. Received By: (Print Name)  
*ARTEL REV*

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Addressee or Agent)  
*[Signature]*

Thank you for using Return Receipt Service.

Postmark or Date	2/3/97
Postage	\$
Certified Fee	\$
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$

**Receipt for Certified Mail**  
 No Insurance Coverage Provided  
 Do not use for International Mail  
 (See Reverse)

7 740 465 689

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, 4b, 5, 6, 7, and 8.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
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Mr. Michael J. Patin  
 301 Wilcrest, Suite 7312  
 Houston, Texas 77042

4a. Article Number  
 Z 740 465 689

4b. Service Type

Registered  Certified  
 Express Mail  Insured  
 Return Receipt for Merchandise  COD

7. Date of Delivery  
 2-11-97

5. Received By: (Print Name)  
 AZTEC

6. Signature: (Addressee or Agent)  
 X Michael J. Patin

8. Addressee's Address (Only if requested and fee is paid)

Domestic Return Receipt

PS Form 3811, December 1994

Is your RETURN ADDRESS completed on the reverse side?

Thank you for using Return Receipt Service.

Exploration and Production

Dallas, Texas

**AUTHORITY FOR EXPENDITURE**

LEASE: Aztec 14 Federal                      WELL NUMBER: 1                      TOTAL DEPTH: 14,500'  
 LOCATION: 1980' FNL & 1980' FWL, Section 14, T21S, R32E, Lea County, New Mexico  
 FIELD: Undesignated Morrow                      EXPLORATORY, DEVELOPMENT, WORKOVER: E  
 DESCRIPTION OF WORK: Drill, test, run casing, and complete as a Morrow gas well  
 DATE PREPARED: 1/8/97                      EST. START DATE: 5/1/97                      EST. COMPLETION DATE: 7/1/97  
 ACCOUNTING WELL NUMBER:  
 COMMUNICATIONS ACCOUNT NUMBER:

<b>INTANGIBLE COSTS:</b>	<b>CODE</b>	<b>TO CSG PT</b>	<b>CODE</b>	<b>COMPLETION</b>	<b>TOTAL WELL</b>
Drilling Footage 14,500 Ft @ 21.00 \$/Ft	1514.101	304,500	NA		304,500
Drilling Daywork 2/2days @ 4,400\$/day	1514.106	8,800	1515.106	8,800	17,600
Drilling Turnkey	1514.110		1515.110		0
Rig Mobilization and Demobilization	1514.115		1515.115		0
Road & Location Expense	1514.120	15,000	1515.123		15,000
Damages	1514.125	5,000	1515.125		5,000
Directional Drilling - Tools and Service	1514.130		1515.130		0
Drilling Fluids	1514.135	40,000	1515.132	3,000	43,000
Fuel, Power, and Water	1514.140	15,000	1515.140	3,000	18,000
Supplies - Bits	1514.145		1515.145	1,000	1,000
Supplies - Casing Equipment	1514.150	3,000	1515.150	8,000	11,000
Supplies - Liner Equipment	1514.155		1515.155		0
Supplies - Miscellaneous	1514.160	500	1515.160		500
Cement and Cmt. Services - Surface Csg	1514.165	5,000	NA		5,000
Cement and Cmt. Services - Int. Csg	1514.170	15,000	NA		15,000
Cement and Cmt. Services - Prod. Csg	NA		1515.172	30,000	30,000
Cement and Cmt. Services - Other	1514.175		1515.175		0
Rental - Drilling Tools and Equipment	1514.180	15,000	1515.180		15,000
Rental - Miscellaneous	1514.185	1,000	1515.185	5,000	6,000
Testing - 2 Drill Stem Tests/ Production	1514.195	7,000	1515.195		7,000
Open Hole Logging	1514.200	48,000	NA		48,000
Mudlogging Services	1514.210	20,000	NA		20,000
Special Services	1514.190		1515.190		0
Plug and Abandon	1514.215	15,000	1515.215	(15,000)	0
Pulling and/or Swabbing Unit	NA		1515.217	12,000	12,000
Reverse Equipment	NA		1515.219	3,000	3,000
Wireline Services(includes Perforating)	1514.205		1515.205	10,000	10,000
Stimulation	NA		1515.221	106,000	106,000
Pump / Vacuum Truck Services	1514.220		1515.220	2,500	2,500
Transportation	1514.225	500	1515.225	2,000	2,500
Tubular Goods - Inspection & Testing	1514.230		1515.230		0
Unclassified	1514.245		1515.245		0
Telephone and Radio Expense	1514.240	1,000	1515.240	750	1,750
Engineer / Geologist / Landman	1514.250	5,000	1515.250		5,000
Company Labor - Field Supervision	1514.255	10,000	1515.255	5,000	15,000
Contract Labor / Roustabout	1514.265		1515.265		0
Legal and Professional Service	1514.270	2,500	1515.270		2,500
Insurance	1514.275	32,000	1515.275		32,000
Overhead	1514.280	12,500	1515.280		12,500
<b>SUBTOTAL</b>		<b>581,300</b>		<b>185,050</b>	<b>766,350</b>
Contingencies (5%)		29,065		9,253	38,318
<b>ESTIMATED TOTAL INTANGIBLES</b>		<b>610,365</b>		<b>194,303</b>	<b>804,668</b>

Exploration and Production

Dallas, Texas

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 DATE PREPARED: 1/8/97                      EST. START DATE: 5/1/97                      EST. COMPLETION DATE: 7/1/97  
 ACCOUNTING WELL NUMBER:  
 COMMUNICATIONS ACCOUNT NUMBER:

<b>TANGIBLE COSTS:</b>	<b>CODE</b>	<b>TO CSG PT</b>	<b>CODE</b>	<b>COMPLETION</b>	<b>TOTAL WELL</b>
Conductor Casing	1520.305		NA		0
Surface Csg      500 Ft @ 24.00 \$/Ft	1520.310	12,000	NA		12,000
Intermediate Csg   5,000 Ft @ 18.00 \$/Ft	1520.315	90,000	NA		90,000
Protection Csg      Ft @      \$/Ft	1520.320		NA		0
Production Csg   14,500 Ft @ 11.50 \$/Ft	NA		1522.325	166,750	166,750
Protection Liner      Ft @      \$/Ft	1520.330		NA		0
Production Liner      Ft @      \$/Ft	NA		1522.335		0
Tubing : 2-3/8",   14,300 Ft @ 3.25 \$/Ft	NA		1522.340	46,475	46,475
Rods                      Ft @      \$/Ft	NA		1522.345		0
Artificial Lift Equipment	NA		1522.350		0
Tank Battery	NA		1522.355	10,000	10,000
Separators/Heater Treater/Gas Units/FWKO	NA		1522.360	20,000	20,000
Well Head Equipment & Christmas Tree	1520.365	1,500	1522.365	5,000	6,500
Subsurface Well Equipment	NA		1522.370	7,000	7,000
Flow Lines	NA		1522.375	4,000	4,000
Saltwater Disposal Pump	NA		1522.381		0
Gas Meter	NA		1522.385	3,000	3,000
Lact Unit	NA		1522.387		0
Vapor Recovery Unit	NA		1522.389		0
Other Well Equipment	NA		1522.390		0
ROW and Damages	NA		1522.393		0
Surface Equipment Installation Costs	NA		1522.395	5,000	5,000
Elect. Installation	NA		1522.397		0
<b>ESTIMATED TOTAL TANGIBLES</b>		<b>103,500</b>		<b>267,225</b>	<b>370,725</b>
<b>ESTIMATED TOTAL WELL COSTS</b>		<b>713,865</b>		<b>461,528</b>	<b>1,175,393</b>

APPROVAL OF THIS AFE CONSTITUTES APPROVAL OF THE OPERATOR'S OPTION TO CHARGE THE JOINT ACCOUNT WITH TUBULAR GOODS FROM OPERATOR'S WAREHOUSE STOCK AT THE RATES STATED ABOVE, OR LESS, UNLESS THE NON-OPERATOR GIVES NOTIFICATION ON THIS FORM OF HIS INTENT TO FURNISH HIS PROPORTIONATE SHARE IN KIND. THIS AFE IS ONLY AN ESTIMATE. BY SIGNING YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

<b>NPC APPROVAL</b>	<b>DATE</b>
PREPARED BY: CLYDE P. FINDLAY	1/8/97
REVIEWED BY: <i>E. Scott Kimbrough</i>	2/3/97 01/08/97
APPROVED BY: <i>Bob Shultz</i>	2/3/97

WI APPROVAL:      COMPANY      Phillips Petroleum Company 12.172105%  
 BY \_\_\_\_\_  
 TITLE \_\_\_\_\_  
 DATE \_\_\_\_\_

Exploration and Production  
 Dallas, Texas

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Drilling Footage 14,500 Ft @ 21.00 \$/Ft	1514.101	304,500	NA		304,500
Drilling Daywork 2/2days @ 4,400\$/day	1514.105	8,800	1515.105	8,800	17,600
Drilling Turnkey	1514.110		1515.110		0
Rig Mobilization and Demobilization	1514.115		1515.115		0
Road & Location Expense	1514.120	15,000	1515.123		15,000
Damages	1514.125	5,000	1515.125		5,000
Directional Drilling - Tools and Service	1514.130		1515.130		0
Drilling Fluids	1514.135	40,000	1515.132	3,000	43,000
Fuel, Power, and Water	1514.140	15,000	1515.140	3,000	18,000
Supplies - Bits	1514.145		1515.145	1,000	1,000
Supplies - Casing Equipment	1514.150	3,000	1515.150	8,000	11,000
Supplies - Liner Equipment	1514.155		1515.155		0
Supplies - Miscellaneous	1514.160	500	1515.160		500
Cement and Cmt. Services - Surface Csg	1514.165	5,000	NA		5,000
Cement and Cmt. Services - Int. Csg	1514.170	15,000	NA		15,000
Cement and Cmt. Services - Prod. Csg	NA		1515.172	30,000	30,000
Cement and Cmt. Services - Other	1514.175		1515.175		0
Rental - Drilling Tools and Equipment	1514.180	15,000	1515.180		15,000
Rental - Miscellaneous	1514.185	1,000	1515.185	5,000	6,000
Testing - 2 Drill Stem Tests/ Production	1514.195	7,000	1515.185		7,000
Open Hole Logging	1514.200	48,000	NA		48,000
Mudlogging Services	1514.210	20,000	NA		20,000
Special Services	1514.190		1515.190		0
Plug and Abandon	1514.215	15,000	1515.215	(15,000)	0
Pulling and/or Swabbing Unit	NA		1515.217	12,000	12,000
Reverse Equipment	NA		1515.219	3,000	3,000
Wireline Services(includes Perforating)	1514.205		1515.205	10,000	10,000
Stimulation	NA		1515.221	106,000	106,000
Pump / Vacuum Truck Services	1514.220		1515.220	2,500	2,500
Transportation	1514.225	500	1515.225	2,000	2,500
Tubular Goods - Inspection & Testing	1514.230		1515.230		0
Unclassified	1514.245		1515.245		0
Telephone and Radio Expense	1514.240	1,000	1515.240	750	1,750
Engineer / Geologist / Landman	1514.250	5,000	1515.250		5,000
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<b>NPC APPROVAL</b>	<b>DATE</b>
PREPARED BY: CLYDE P. FINDLAY	1/8/97
REVIEWED BY: <i>E. Scott Kimbrough</i>	2/3/97 01108197
APPROVED BY: <i>[Signature]</i>	2/3/97

WI APPROVAL:    COMPANY                      New Tex Oil Company 6.438315%  
 BY \_\_\_\_\_  
 TITLE \_\_\_\_\_  
 DATE \_\_\_\_\_

Exploration and Production  
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Plug and Abandon	1514.215	15,000	1515.215	(15,000)	0
Pulling and/or Swabbing Unit	NA		1515.217	12,000	12,000
Reverse Equipment	NA		1515.219	3,000	3,000
Wireline Services(includes Perforating)	1514.205		1515.205	10,000	10,000
Stimulation	NA		1515.221	106,000	106,000
Pump / Vacuum Truck Services	1514.220		1515.220	2,500	2,500
Transportation	1514.225	500	1515.225	2,000	2,500
Tubular Goods - Inspection & Testing	1514.230		1515.230		0
Unclassified	1514.245		1515.245		0
Telephone and Radio Expense	1514.240	1,000	1515.240	750	1,750
Engineer / Geologist / Landman	1514.250	5,000	1515.250		5,000
Company Labor - Field Supervision	1514.255	10,000	1515.255	5,000	15,000
Contract Labor / Roustabout	1514.265		1515.265		0
Legal and Professional Service	1514.270	2,500	1515.270		2,500
Insurance	1514.275	32,000	1515.275		32,000
Overhead	1514.280	12,500	1515.280		12,500
<b>SUBTOTAL</b>		<b>581,300</b>		<b>185,050</b>	<b>766,350</b>
Contingencies (5%)		29,065		9,253	38,318
<b>ESTIMATED TOTAL INTANGIBLES</b>		<b>610,365</b>		<b>194,303</b>	<b>804,668</b>

Exploration and Production

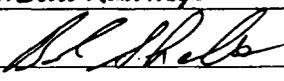
Dallas, Texas

**AUTHORITY FOR EXPENDITURE**

LEASE: Aztec 14 Federal                      WELL NUMBER: 1                      TOTAL DEPTH: 14,500'  
 LOCATION: 1980' FNL & 1980' FWL, Section 14, T21S, R32E, Lea County, New Mexico  
 FIELD: Undesignated Morrow                      EXPLORATORY, DEVELOPMENT, WORKOVER: E  
 DESCRIPTION OF WORK: Drill, test, run casing, and complete as a Morrow gas well  
 DATE PREPARED: 1/8/97                      EST. START DATE: 5/1/97                      EST. COMPLETION DATE: 7/1/97  
 ACCOUNTING WELL NUMBER:  
 COMMUNICATIONS ACCOUNT NUMBER:

<b>TANGIBLE COSTS:</b>	<b>CODE</b>	<b>TO CSG PT</b>	<b>CODE</b>	<b>COMPLETION</b>	<b>TOTAL WELL</b>
Conductor Casing	1520.305		NA		0
Surface Csg      500 Ft @ 24.00 \$/Ft	1520.310	12,000	NA		12,000
Intermediate Csg   5,000 Ft @ 18.00 \$/Ft	1520.315	90,000	NA		90,000
Protection Csg      Ft @      \$/Ft	1520.320		NA		0
Production Csg   14,500 Ft @ 11.50 \$/Ft	NA		1522.325	166,750	166,750
Protection Liner      Ft @      \$/Ft	1520.330		NA		0
Production Liner      Ft @      \$/Ft	NA		1522.335		0
Tubing : 2-3/8",   14,300 Ft @ 3.25 \$/Ft	NA		1522.340	46,475	46,475
Rods                      Ft @      \$/Ft	NA		1522.345		0
Artificial Lift Equipment	NA		1522.350		0
Tank Battery	NA		1522.355	10,000	10,000
Separators/Heater Treater/Gas Units/FWKO	NA		1522.360	20,000	20,000
Well Head Equipment & Christmas Tree	1520.365	1,500	1522.365	5,000	6,500
Subsurface Well Equipment	NA		1522.370	7,000	7,000
Flow Lines	NA		1522.375	4,000	4,000
Saltwater Disposal Pump	NA		1522.391		0
Gas Meter	NA		1522.385	3,000	3,000
Lact Unit	NA		1522.387		0
Vapor Recovery Unit	NA		1522.389		0
Other Well Equipment	NA		1522.380		0
ROW and Damages	NA		1522.393		0
Surface Equipment Installation Costs	NA		1522.395	5,000	5,000
Elect. Installation	NA		1522.397		0
<b>ESTIMATED TOTAL TANGIBLES</b>		<b>103,500</b>		<b>267,225</b>	<b>370,725</b>
<b>ESTIMATED TOTAL WELL COSTS</b>		<b>713,865</b>		<b>461,528</b>	<b>1,175,393</b>

APPROVAL OF THIS AFE CONSTITUTES APPROVAL OF THE OPERATOR'S OPTION TO CHARGE THE JOINT ACCOUNT WITH TUBULAR GOODS FROM OPERATOR'S WAREHOUSE STOCK AT THE RATES STATED ABOVE, OR LESS, UNLESS THE NON-OPERATOR GIVES NOTIFICATION ON THIS FORM OF HIS INTENT TO FURNISH HIS PROPORTIONATE SHARE IN KIND. THIS AFE IS ONLY AN ESTIMATE. BY SIGNING YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

<b>NPC APPROVAL</b>	<b>DATE</b>
PREPARED BY: CLYDE P. FINDLAY	1/8/97
REVIEWED BY: <i>E. Scott Kimbrough</i>  2/3/97	01/08/97
APPROVED BY: <i>M. Shultz</i>  2/3/97	

WI APPROVAL:    COMPANY                      Michael J. Patin 1.176035%  
 BY \_\_\_\_\_  
 TITLE \_\_\_\_\_  
 DATE \_\_\_\_\_