

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

February 7, 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 2180' FWL of Section 14,
T-21-S, R-32-E, Lea County, New Mexico
Aztec Prospect

Gentlemen:

As you know, we have previously AFE'ed you for the captioned well to be drilled at 1980' FNL and 1980' FWL of Section 14, but after further review with the BLM, we have once again located the well within an archaeology site. The BLM has now determined that the approved location needs to be 1980' FNL and 2180' FWL, which will require a hearing to seek approval of this unorthodox location before the New Mexico Oil Conservation Division. We will notice the affected parties and attempt to place this on the soonest qualified docket.

We have enclosed herewith two copies of a revised AFE and page -4- to the Joint Operating Agreement (JOA) which reflects the new location. Please indicate your desire to participate in the drilling of this well by executing the extra set of signature pages to the JOA already in your possession and the enclosed AFE, and return to the attention of the undersigned.

We are still proposing a W/2 proration unit for this well and should we fail to receive elections by all parties, we will hold a compulsory pooling hearing in conjunction with the unorthodox location hearing.

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. 7
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	

Handwritten: AZTEC
2/14/97

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

PS FORM 3800

Z 740 465 735

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:

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

4a. Article Number
2 740 465 735

4b. Service Type

Registered Certified
 Express Mail Insured
 Return Receipt for Merchandise COD

7. Date of Delivery
2-10-97

5. Received By: (Print Name)
AZTEC

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

6. Signature (Addressee or Agent)
(X) Donna Gray

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)

U.S. MAIL

Z 740 465 736

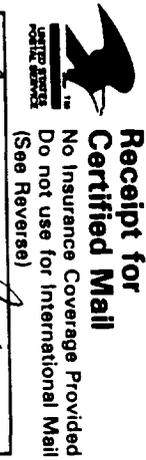
Sent for <i>Phillips Pet</i>	
Street and No.	
P.O., State and ZIP Code	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

AZTEC
2/7/97

<p>SENDER:</p> <ul style="list-style-type: none"> 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. 	<p>I also wish to receive the following services (for an extra fee):</p> <p>1. <input type="checkbox"/> Addressee's Address</p> <p>2. <input type="checkbox"/> Restricted Delivery</p> <p>Consult postmaster for fee.</p>
	<p>3. Article Addressed to:</p> <p>Phillips Petroleum Company 4001 Penbrook Odessa, Texas 79762</p>
<p>5. Received By: (Print Name) <i>AZTEC</i></p>	<p>7. Date of Delivery <i>2-10-97</i></p>
<p>6. Signature: (Addressee or Agent) <i>[Signature]</i></p>	<p>8. Addressee's Address (Only if Requested and fee is paid)</p>

Is your RETURN ADDRESS completed on the reverse side?

Thank you for using Return Receipt Service.



Z 740 465 737

Receipt for Certified Mail

Sender	Michael Patin	
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	AZTEC 2/7/97	

Is your RETURN ADDRESS completed on the reverse side?

<p>SENDER:</p> <ul style="list-style-type: none"> ■ 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. 		<p>I also wish to receive the following services (for an extra fee):</p> <p>1. <input type="checkbox"/> Addressee's Address</p> <p>2. <input type="checkbox"/> Restricted Delivery</p> <p>Consult postmaster for fee.</p>
<p>3. Article Addressed to:</p> <p>Mr. Michael J. Patin 301 Wilcrest, Suite 7312 Houston, Texas 77042</p>	<p>4a. Article Number</p> <p style="text-align: center;">Z 740 465 737</p>	<p>4b. Service Type</p> <p><input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified</p> <p><input type="checkbox"/> Express Mail <input type="checkbox"/> Insured</p> <p><input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD</p>
<p>5. Received By: (Print Name)</p> <p style="text-align: center;">AZTEC</p>	<p>7. Date of Delivery</p> <p style="text-align: center;">2-12-97 NA</p>	<p>8. Addressee's Address (Only if requested and fee is paid)</p>
<p>6. Signature: (Addressee or Agent)</p> <p>X <i>Michael Patin</i></p>		

Thank you for using Return Receipt Service.

Nearburg Producing Company

Exploration and Production

Dallas, Texas

AUTHORITY FOR EXPENDITURE

LEASE: Aztec 14 Federal WELL NUMBER: 1 TOTAL DEPTH: 14,500'
 LOCATION: 2180' FWL & 1980' FNL, 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:

INTANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
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	1515.120		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		1515.170	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	1514.190	7,000	1515.190		7,000
Open Hole Logging	1514.200	48,000	NA		48,000
Mudlogging Services	1514.210	20,000	NA		20,000
Special Services	1514.215		1515.215		0
Plug and Abandon	1514.218	15,000	1515.218	(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)	1514.225		1515.225	10,000	10,000
Stimulation	NA		1515.227	106,000	106,000
Pump / Vacuum Truck Services	1514.230		1515.230	2,500	2,500
Transportation	1514.235	500	1515.235	2,000	2,500
Tubular Goods - Inspection & Testing	1514.240		1515.240		0
Unclassified	1514.245		1515.245		0
Telephone and Radio Expense	1514.250	1,000	1515.250	750	1,750
Engineer / Geologist / Landman	1514.255	5,000	1515.255		5,000
Company Labor - Field Supervision	1514.260	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
SUBTOTAL		581,300		185,050	766,350
Contingencies (5%)		29,065		9,253	38,318
ESTIMATED TOTAL INTANGIBLES		610,365		194,303	804,668

Nearburg Producing Company

Exploration and Production

Dallas, Texas

AUTHORITY FOR EXPENDITURE

LEASE: Aztec 14 Federal WELL NUMBER: 1 TOTAL DEPTH: 14,500'
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 COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casing	1520 303		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 319	90,000	NA		90,000
Protection Csg Ft @ \$/Ft	1520 320		NA		0
Production Csg 14,500 Ft @ 11.50 \$/Ft	NA		1522 343	166,750	166,750
Protection Liner Ft @ \$/Ft	1520 330		NA		0
Production Liner Ft @ \$/Ft	NA		1522 344		0
Tubing : 2-3/8", 14,300 Ft @ 3.25 \$/Ft	NA		1522 345	46,475	46,475
Rods Ft @ \$/Ft	NA		1522 348		0
Artificial Lift Equipment	NA		1522 352		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 363	1,500	1522 363	5,000	6,500
Subsurface Well Equipment	NA		1520 370	7,000	7,000
Flow Lines	NA		1522 375	4,000	4,000
Saltwater Disposal Pump	NA		1522 380		0
Gas Meter	NA		1520 385	3,000	3,000
Lact Unit	NA		1522 387		0
Vapor Recovery Unit	NA		1522 390		0
Other Well Equipment	NA		1521 395		0
ROW and Damages	NA		1521 395		0
Surface Equipment Installation Costs	NA		1522 395	5,000	5,000
Elect. Installation	NA		1522 397		0
ESTIMATED TOTAL TANGIBLES		103,500		267,225	370,725
ESTIMATED TOTAL WELL COSTS		713,865		461,528	1,175,393

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.

NPC APPROVAL	DATE
PREPARED BY: Clyde P. Findlay	1/8/97
REVIEWED BY: E. Scott Kimbrough	01/08/97
APPROVED BY: <i>[Signature]</i>	2/9/97

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

Nearburg Producing Company

Exploration and Production

Dallas, Texas

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Drilling Footage 14,500 Ft @ 21.00 \$/Ft	1514.105	304,500	NA		304,500
Drilling Daywork 2/2days @ 4,400\$/day	1514.108	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	1515.120		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	1515.135	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		1515.170	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	1514.190	7,000	1515.190		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		1515.215	12,000	12,000
Reverse Equipment	NA		1515.215	3,000	3,000
Wireline Services(includes Perforating)	1514.225		1515.225	10,000	10,000
Stimulation	NA		1515.225	106,000	106,000
Pump / Vacuum Truck Services	1514.230		1515.230	2,500	2,500
Transportation	1514.235	500	1515.235	2,000	2,500
Tubular Goods - Inspection & Testing	1514.240		1515.240		0
Unclassified	1514.245		1515.245		0
Telephone and Radio Expense	1514.250	1,000	1515.250	750	1,750
Engineer / Geologist / Landman	1514.255	5,000	1515.255		5,000
Company Labor - Field Supervision	1514.260	10,000	1515.260	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
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ESTIMATED TOTAL INTANGIBLES		610,365		194,303	804,668

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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 300	166,750	166,750
Protection Liner Ft @ \$/Ft	1520 325		NA		0
Production Liner Ft @ \$/Ft	NA		1522 305		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 380		0
Gas Meter	NA		1522 385	3,000	3,000
Lact Unit	NA		1522 390		0
Vapor Recovery Unit	NA		1522 395		0
Other Well Equipment	NA		1522 397		0
ROW and Damages	NA		1522 395		0
Surface Equipment Installation Costs	NA		1522 395	5,000	5,000
Elect. Installation	NA		1522 397		0
ESTIMATED TOTAL TANGIBLES		103,500		267,225	370,725
ESTIMATED TOTAL WELL COSTS		713,865		461,528	1,175,393

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NPC APPROVAL	DATE
PREPARED BY: Clyde P. Findlay	1/8/97
REVIEWED BY: <i>E. Scott Kimbrough</i>	01/08/97
APPROVED BY: <i>[Signature]</i>	2/2/97

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

Nearburg Producing Company

Exploration and Production
Dallas, Texas

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Drilling Footage 14,500 Ft @ 21.00 \$/Ft	1514 105	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 120		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 135	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 170	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 190	7,000	1515 190		7,000
Open Hole Logging	1514 200	48,000	NA		48,000
Mudlogging Services	1514 210	20,000	NA		20,000
Special Services	1514 220		1515 220		0
Plug and Abandon	1514 230	15,000	1515 230	(15,000)	0
Pulling and/or Swabbing Unit	NA		1515 235	12,000	12,000
Reverse Equipment	NA		1515 240	3,000	3,000
Wireline Services(includes Perforating)	1514 245		1515 245	10,000	10,000
Stimulation	NA		1515 250	106,000	106,000
Pump / Vacuum Truck Services	1514 255		1515 255	2,500	2,500
Transportation	1514 260	500	1515 260	2,000	2,500
Tubular Goods - Inspection & Testing	1514 265		1515 265		0
Unclassified	1514 270		1515 270		0
Telephone and Radio Expense	1514 275	1,000	1515 275	750	1,750
Engineer / Geologist / Landman	1514 280	5,000	1515 280		5,000
Company Labor - Field Supervision	1514 285	10,000	1515 285	5,000	15,000
Contract Labor / Roustabout	1514 290		1515 290		0
Legal and Professional Service	1514 295	2,500	1515 295		2,500
Insurance	1514 300	32,000	1515 300		32,000
Overhead	1514 305	12,500	1515 305		12,500
SUBTOTAL		581,300		185,050	766,350
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Dallas, Texas

AUTHORITY FOR EXPENDITURE

LEASE: Aztec 14 Federal WELL NUMBER: 1 TOTAL DEPTH: 14,500'
 LOCATION: 2180' FWL & 1980' FNL, 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:

TANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
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		1521-345		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		1522-380		0
Gas Meter	NA		1522-385	3,000	3,000
Lact Unit	NA		1522-390		0
Vapor Recovery Unit	NA		1522-395		0
Other Well Equipment	NA		1522-400		0
ROW and Damages	NA		1522-405		0
Surface Equipment Installation Costs	NA		1522-410	5,000	5,000
Elect. Installation	NA		1522-415		0
ESTIMATED TOTAL TANGIBLES		103,500		267,225	370,725
ESTIMATED TOTAL WELL COSTS		713,865		461,528	1,175,393

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.

NPC APPROVAL	DATE
PREPARED BY: Clyde P. Findlay	1/8/97
REVIEWED BY: E. Scott Kimbrough	01/08/97
APPROVED BY: <i>[Signature]</i>	2/7/97

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