

B

05/17/00 20:01 2010 0021020

M. CRAIG CLARK

Certified Professional Landman, ESA

500 W. TEXAS AVE - SUITE 1175 - MIDLAND, TX 79701 - (915) 684-3811

CERTIFIED MAIL

January 9, 1998

Mr. Doyle Hartman
3811 Turtle Creek Blvd.
Suite 200
Dallas, Texas 75219

Re: **McCasland 18 Fee**
NE/4 SW/4 Section 18
T-20-S, R-39-E
Lea County, New Mexico

Dear Mr. Hartman:

Pioneer Natural Resources USA, Inc. and EnerQuest Resources, LLC hereby propose the drilling of an 8,000' Abo test at a legal location on the above captioned lands. I have enclosed for your approval an Authority For Expenditure in the amount of \$483,755, with \$281,355 being for dry hole costs and \$202,400 for completion costs. According to the county records, you own an undivided 87.335556% of 2545/21600 interest or 10.29%.

Please execute the AFE in the space provided for and return one copy to me at the letterhead address. In the event you do not wish to participate in the drilling of the well we request that you lease your interest as proposed in EnerQuest's letter of May 12, 1997, a copy of which is enclosed. I have also included copies of the lease and check previously furnished you.

Pioneer anticipates spudding this well in the first quarter of this year, therefore your prompt attention to this matter would be greatly appreciated. Should you have any questions, please do not hesitate to contact me.

Very truly yours,

M. Craig Clark

MCC/s
Enclosure
cc: Mr. Steve Hartman

DOYLE HARTMAN
OIL OPERATOR
RECEIVED

JAN 14 1998

*1/14/98
1/14/98
1/14/98
1/14/98
Land Dept*

EXHIBIT "B"

PIONEER NATURAL RESOURCES
PIONEER NATURAL RESOURCES USA, INC.
COST ESTIMATE & AUTHORITY FOR EXPENDITURE

Property & Division Permian
A. F. E. #

- ORIGINAL SUPPLEMENTAL REVISION BUDGETED NOT BUDGETED
- DEVELOPMENT WELL EXPLORATORY WELL SERVICE WELL EXPENSE WORKOVER
- CAPITAL WORKOVER PLUG & ABANDONMENT FACILITIES & PRODUCTION SUPPORT EQUIPMENT

LEASE: McCasland 18 Fee WELL NO. 11 DATE: 12/16/97
 LOCATION: NE 1/4 Section 18, T20S, R39E
 COUNTY: Lea STATE: New Mexico PROSPECT: Outhouse
 FIELD: Wildcat FORMATION: Abo PTD: 8,000 ft
 PROPOSAL: Drill and complete flowing Abo well and install production battery and equipment.
Secondary Objectives: Blinney, Tubb, and Drinkard Formations.
 DIRECTIONS:
 Well Type: Oil Foreman Curtis Lindsey Pumper Centon McKew

SUB ACCT	INTANGIBLES	BCP COST	ACP COST	COMPLETED WELL COST
301	Location: Land, Survey, Plans, Damages, ROW, Permits, Land Services	3,500	2,000	5,500
302	Dirtwork: Road, Location, Pits	25,000		25,000
303	Contract Drilling-Footage / Turnkey NA P. NA S/R			
304	Contract Drilling-Daywork 18Days @ \$6,320/Day + \$25,000 rig move	135,600		135,600
305	Fuel and Power			
306	Water	10,000	2,000	12,000
307	Mud & Chemicals	8,000		8,000
308	Drill Bits	12,000	400	12,400
309	Cementing & Services	11,600	9,900	21,500
310	Drill Stem Tests, Coring & Analysis			
311	Geological Services 2 loggers & trailer for 10 Days @ \$500/Day	5,000		5,000
312	Rental Equipment BOP's, Frac Tanks, Misc.		3,500	3,500
313	Well Servicing 6 Days of WO rig @ \$1,400/Day		8,400	8,400
314	Wireline Services Open hole logs and (1) perforated interval	15,000	4,000	19,000
315	Well Stimulation 8,000 gals acid job		12,000	12,000
316	Non-Controllable Materials	2,000	1,000	3,000
317	Waste Disposal & Restoration	2,500	1,500	4,000
318	Labor & Transportation	9,000	7,000	16,000
319	Supervision Drill - (21 Days @ \$500/Day) Comp - (8 Days @ \$250/Day)	12,500	1,500	14,000
320	Overhaul Drill - (27 Days) & Comp - (8 Days) @ \$5,500/Alth	4,000	1,500	5,500
321	Miscellaneous Pipe inspectors & misc.	6,000	3,000	9,000
TOTAL INTANGIBLE COST		262,800	57,700	320,500

SUB ACCT	TANGIBLES	BCP COST	ACP COST	COMPLETED WELL COST
322	Surface Casing 2nd case \$8.70 S/F 1,650 ft 8 5/8" 3/4"	14,355		14,355
327	Intermediate Casing			
328	Production Casing 144 1/2" 13.50 S/F 8,000 ft 8 1/2" 3/4"		48,000	48,000
329	Tubing 4.50 S/S \$3.00 S/R 7,500 ft 2 7/8" 3/4"		23,400	23,400
330	Float Equip., Shoes, Centralizers	1,200	800	2,000
331	Wellhead Equipment 8K # Wellhead w/ct Tree	3,000	13,000	16,000
332	Artificial Lift & Accessory Equip. Abo Formation should flow			
333	Engine / Motor & Accessories Abo Formation should flow			
334	Rods Abo Formation should flow			
335	Bottom Hole Pump Abo Formation should flow			
339	Packers, Anchors, Hangers, Etc. Packer		4,500	4,500
337	Tank Battery (21500 bbl ST & 11210 bbl PG tanks)		18,000	18,000
338	Line Pipe, Valves & Fittings		7,500	7,500
339	Heater Treater / Separators Separator & Heater Treater		9,500	9,500
340	Other Surface Equipment		3,500	3,500
341	Electrical System		3,000	3,000
342	Dehydration			
315	Labor & Transportation Reinstall & casing crew		8,500	8,500
316	Non-Controllable Materials		5,000	5,000
TOTAL TANGIBLE COST		18,555	144,700	163,255
TOTAL WELL COST		281,355	202,400	483,755

** PLACE A "*" NEXT TO MATERIAL ON HAND

DRYHOLE COSTS:

INTANGIBLES 262,800
 TANGIBLES 18,555
 TOTAL 281,355

Contingency _____
 Leasehold Costs _____
 Total Previous Estimate(s) _____
GRAND TOTAL \$483,755

PIONEER NATURAL RESOURCES USA, INC.

Prepared By: Scott M. Lindsey
 Division Approval: _____
 Title: _____ Date: _____
 Corporate Approval: Buddy J Knight
 Title: V.P. Permian Division
 Approved: _____ Date: _____
 Share of Cost 92.0000% % \$443,055

WORKING INTEREST OWNER APPROVAL:

Company: _____
 Approved By: _____
 Title: _____ Date: _____
 Share of Cost _____ % \$ _____

M. CRAIG CLARK
500 W. TEXAS AVE., SUITE 1175
Midland, Texas 79701

MIDLAND-ODESSA TX 797 01709/98-19726

Mr. Steve Hartman
P.O. Box 10426
Midland, TX 79702

DOYLE HARTMAN
CBL OPERATOR
RECEIVED

JAN 14 1998

79762-7426

Midland, TX 79702