

**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

cc: TRM  
Kathie

March 31, 2000

**CERTIFIED MAIL – RETURN RECEIPT REQUESTED**

TO ALL WORKING INTEREST OWNERS:  
(See Distribution List)

Re: Stetson 13 Federal Com. #1 Well  
1,650' FNL and 1,650' FEL  
Section 13, T-19-S, R-33-E  
Lea County, New Mexico  
Stetson Prospect

*all  
given cards  
rec'd*

Gentlemen:

Enclosed herewith please find Nearburg Producing Company's AFE for the Stetson 13 Federal Com. #1 well proposed to be drilled to a depth of 13,600' testing the Morrow formation. The well is proposed to be located 1,650' FNL and 1,650' FEL of Section 13, T-19-S, R-33-E, Lea County, New Mexico. As a working interest owner in the proposed N/2 spacing unit, you have the right to participate for your proportionate share in the well. I will forward to your attention an Operating Agreement, designating Nearburg Producing Company as the operator in the near future.

If you elect not to participate in the proposed well, Nearburg would like to acquire your interest under mutually acceptable terms.

If you have any questions, please feel free to contact the undersigned.

Yours very truly,

  
Mark Wheeler  
Senior Landman, CPL

MW/dw  
encl.

**STETSON 13 FEDERAL COM. #1 WELL  
DISTRIBUTION LIST**

Mr. Patrick J. Tower  
Enron Oil & Gas Company  
P. O. Box 2267  
Midland, Texas 79702

*TIA PENDING*

Williamson Enterprises  
216 W. 3<sup>rd</sup> Street  
Roswell, New Mexico 88201

*AFF IN*

Mr. Stephen Scott Mitchell  
C/O Murchison Oil & Gas, Inc.  
414 W. Texas, Suite 405  
Midland, Texas 79701

Harold Kiouss  
320 Gold Ave. SW #1210  
Albuquerque, New Mexico 87102-3248

Mr. Bane Bigbie  
Red Oak Cattle Co.  
P. O. Box 998  
Ardmore, OK 73402

Barbara E. Hannifin  
C/O Hannifin Oil & Gas  
P. O. Box 2588  
Roswell, New Mexico 88201

David J. Sorenson  
P. O. Box 1453  
Roswell, New Mexico 88202

*AFF IN*

Daniel W. Varel  
C/O Bright and Bright, L.L.P.  
5944 Luther Lane, Suite 600  
Dallas, Texas 75225

*AFF IN*

Manzano Oil Corporation  
P. O. Box 2107  
Roswell, New Mexico 88201

Susan Scott Murphy  
Warren Scott  
George L. Scott, III  
Scott Exploration, Inc.  
684 Petroleum Bldg.  
Roswell, New Mexico 88201

Frank S. and Robin L. Morgan  
MorOil Co., Inc.  
C/O Strata Production Company  
700 Petroleum Bldg.  
Roswell, New Mexico 88202

S. H. Cavin  
Sealy H. Cavin, Inc.  
504 N. Wyoming Ave.  
Roswell, New Mexico 88201

Eloy S. Duran  
1909 W. 4<sup>th</sup> Street  
Roswell, New Mexico 88201

Hutchings Oil Company  
Sealy H. Cavin, Jr., President  
P. O. Box 1216  
Albuquerque, New Mexico 87102

Kenneth D. Reynolds  
P. O. Box 1498  
Roswell, New Mexico 88202

AUTHORITY FOR EXPENDITURE

LEASE: Stetson 13 Federal Com. WELL NUMBER: 1 PBTD: 13,600'  
LOCATION: 1,650' FNL & 1,650' FEL, Section 13, T19S, R33E, Lea County NM  
FIELD: Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E  
DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

DATE PREPARED: 3/31/00 EST. START DATE: 6/15/00 EST. COMPLETION DATE: 8/1/00  
ACCOUNTING WELL NUMBER:  
COMMUNICATIONS ACCOUNT NUMBER:

INTANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Drilling Footage 13,600 Ft @ 25.95 \$/Ft	1111111	374,095	NA	0	374,095
Drilling Daywork 2 2 6,200 \$/day	1111111	13,144	1111111	13,144	26,288
Drilling Turnkey	1111111	0	1111111	0	0
Rig Mobilization and Demobilization	1111111	0	1111111	0	0
Road & Location Expense	1111111	27,295	1111111	3,180	30,475
Damages	1111111	5,000	1111111	0	5,000
Directional Drilling - Tools and Service	1111111	0	1111111	0	0
Drilling Fluids	1111111	53,000	1111111	0	53,000
Fuel, Power, and Water	1111111	26,500	1111111	0	26,500
Supplies - Bits	1111111	0	1111111	795	795
Supplies - Casing Equipment	1111111	5,989	1111111	7,420	13,409
Supplies - Liner Equipment	1111111	0	1111111	0	0
Supplies - Miscellaneous	1111111	0	1111111	0	0
Cement and Cmt. Services - Surface Csg	1111111	8,480	NA	0	8,480
Cement and Cmt. Services - Int. Csg	1111111	15,900	NA	0	15,900
Cement and Cmt. Services - Prod. Csg	NA	0	1111111	21,200	21,200
Cement and Cmt. Services - Other	1111111	0	1111111	0	0
Rental - Drilling Tools and Equipment	1111111	0	1111111	0	0
Rental - Misc.	1111111	24,910	1111111	3,710	28,620
Testing - Drill Stem / Production	1111111	4,770	1111111	3,710	8,480
Open Hole Logging	1111111	37,100	NA	0	37,100
Mudlogging Services	1111111	21,465	NA	0	21,465
Special Services	1111111	0	1111111	0	0
Plug and Abandon	1111111	15,000	1111111	(15,000)	0
Pulling and/or Swabbing Unit	NA	0	1111111	15,264	15,264
Reverse Equipment	NA	0	1111111	5,830	5,830
Wireline Services	1111111	0	1111111	19,080	19,080
Stimulation	NA	0	1111111	12,720	12,720
Pump / Vacuum Truck Services	1111111	0	1111111	5,944	5,944
Transportation	1111111	2,120	1111111	2,650	4,770
Tubular Goods - Inspection & Testing	1111111	0	1111111	5,300	5,300
Unclassified	1111111	530	1111111	0	530
Telephone and Radio Expense	1111111	1,590	1111111	636	2,226
Engineer / Geologist / Landman	1111111	22,500	1111111	2,500	25,000
Company Labor - Field Supervision	1111111	26,500	1111111	7,500	34,000
Contract Labor / Roustabout	1111111	2,120	1111111	7,950	10,070
Legal and Professional Service	1111111	5,000	1111111	0	5,000
Insurance	1111111	14,008	1111111	0	14,008
Overhead	1111111	14,000	1111111	3,500	17,500
SUBTOTAL		721,017		127,033	848,050
Contingencies (10%)		72,102		12,703	84,805
ESTIMATED TOTAL INTANGIBLES		793,119		139,736	932,855

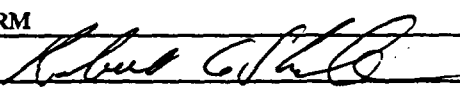
AUTHORITY FOR EXPENDITURE

LEASE: Stetson 13 Federal Com. WELL NUMBER: 1 PBTD: 13,600'  
LOCATION: 1,650' FNL & 1,650' FEL, Section 13, T19S, R33E, Lea County NM  
FIELD: Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E  
DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

0  
DATE PREPARED: 3/31/00 EST. START DATE: 6/15/00 EST. COMPLETION DATE: 8/1/00  
ACCOUNTING WELL NUMBER:  
COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:			TO CSG PT	COMPLETION	TOTAL WELL
Conductor Casing	0 Ft @	0.00 \$/Ft	0	0	0
Surface Csg	500 Ft @	24.00 \$/Ft	12,000	0	12,000
Intermediate Csg	5,000 Ft @	14.00 \$/Ft	70,000	0	70,000
Protection Csg	0 Ft @	0.00 \$/Ft	0	0	0
Production Csg	13,600 Ft @	10.00 \$/Ft	0	136,000	136,000
Protection Liner	0 Ft @	0.00 \$/Ft	0	0	0
Production Liner	0 Ft @	0.00 \$/Ft	0	0	0
Tubing	13,400 Ft @	3.38 \$/Ft	0	45,292	45,292
Rods	0 Ft @	0.00 \$/Ft	0	0	0
Artificial Lift Equipment			0	0	0
Tank Battery			0	15,900	15,900
Separators/Heater Treater/Gas Units/FWKO			0	12,720	12,720
* Well Head Equipment & Christmas Tree			2,000	11,500	13,500
Subsurface Well Equipment			0	6,890	6,890
Flow Lines			0	13,250	13,250
Saltwater Disposal Pump			0	0	0
Gas Meter			0	3,180	3,180
Lact Unit			0	0	0
Vapor Recovery Unit			0	0	0
Other Well Equipment			0	0	0
ROW and Damages			0	2,120	2,120
Surface Equipment Installation Costs			0	15,900	15,900
Elect. Installation			0	0	0
ESTIMATED TOTAL TANGIBLES			84,000	262,752	346,752
ESTIMATED TOTAL WELL COSTS			877,119	402,488	1,279,607

THIS AFE IS ONLY AN ESTIMATE. BY SIGNING YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

NPC APPROVAL		DATE
PREPARED BY: HRW		03/31/00
REVIEWED BY: TRM		
APPROVED BY: 		5/3/00
APPROVED BY:		

WI APPROVAL: COMPANY Stephen Mitchell 0.4235292%  
BY  
TITLE  
DATE

**Nearburg Producing Company**

Exploration and Production

Dallas, Texas

Page 1 of 2

**AUTHORITY FOR EXPENDITURE**

LEASE: Stetson 13 Federal Com.

WELL NUMBER: 1

PBSD: 13,600'

LOCATION: 1,650' FNL &amp; 1,650' FEL, Section 13, T19S, R33E, Lea County NM

FIELD: Morrow

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

DATE PREPARED: 3/31/00

EST. START DATE: 6/15/00

EST. COMPLETION DATE: 8/1/00

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 13,600 Ft @ 25.95 \$/Ft	1511101	374,095	NA	0	374,095
Drilling Daywork 2 2 6,200 \$/day	1511102	13,144	1511102	13,144	26,288
Drilling Turnkey	1511103	0	1511103	0	0
Rig Mobilization and Demobilization	1511104	0	1511104	0	0
Road & Location Expense	1511105	27,295	1511105	3,180	30,475
Damages	1511106	5,000	1511106	0	5,000
Directional Drilling - Tools and Service	1511107	0	1511107	0	0
Drilling Fluids	1511108	53,000	1511108	0	53,000
Fuel, Power, and Water	1511109	26,500	1511109	0	26,500
Supplies - Bits	1511110	0	1511110	795	795
Supplies - Casing Equipment	1511111	5,989	1511111	7,420	13,409
Supplies - Liner Equipment	1511112	0	1511112	0	0
Supplies - Miscellaneous	1511113	0	1511113	0	0
Cement and Cmt. Services - Surface Csg	1511114	8,480	NA	0	8,480
Cement and Cmt. Services - Int. Csg	1511115	15,900	NA	0	15,900
Cement and Cmt. Services - Prod. Csg	NA	0	1511116	21,200	21,200
Cement and Cmt. Services - Other	1511117	0	1511117	0	0
Rental - Drilling Tools and Equipment	1511118	0	1511118	0	0
Rental - Misc.	1511119	24,910	1511119	3,710	28,620
Testing - Drill Stem / Production	1511120	4,770	1511120	3,710	8,480
Open Hole Logging	1511121	37,100	NA	0	37,100
Mudlogging Services	1511122	21,465	NA	0	21,465
Special Services	1511123	0	1511123	0	0
Plug and Abandon	1511124	15,000	1511124	(15,000)	0
Pulling and/or Swabbing Unit	NA	0	1511125	15,264	15,264
Reverse Equipment	NA	0	1511126	5,830	5,830
Wireline Services	1511127	0	1511127	19,080	19,080
Stimulation	NA	0	1511128	12,720	12,720
Pump / Vacuum Truck Services	1511129	0	1511129	5,944	5,944
Transportation	1511130	2,120	1511130	2,650	4,770
Tubular Goods - Inspection & Testing	1511131	0	1511131	5,300	5,300
Unclassified	1511132	530	1511132	0	530
Telephone and Radio Expense	1511133	1,590	1511133	636	2,226
Engineer / Geologist / Landman	1511134	22,500	1511134	2,500	25,000
Company Labor - Field Supervision	1511135	26,500	1511135	7,500	34,000
Contract Labor / Roustabout	1511136	2,120	1511136	7,950	10,070
Legal and Professional Service	1511137	5,000	1511137	0	5,000
Insurance	1511138	14,008	1511138	0	14,008
Overhead	1511139	14,000	1511139	3,500	17,500
<b>SUBTOTAL</b>		<b>721,017</b>		<b>127,033</b>	<b>848,050</b>
Contingencies (10%)		72,102		12,703	84,805
<b>ESTIMATED TOTAL INTANGIBLES</b>		<b>793,119</b>		<b>139,736</b>	<b>932,855</b>

**Nearburg Producing Company**Exploration and Production  
Dallas, Texas

Page 2 of 2

**AUTHORITY FOR EXPENDITURE**

LEASE: Stetson 13 Federal Com. WELL NUMBER: 1 PBTD: 13,600'  
LOCATION: 1,650' FNL & 1,650' FEL, Section 13, T19S, R33E, Lea County NM  
FIELD: Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E  
DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

0

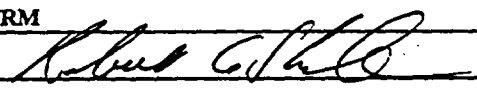
DATE PREPARED: 3/31/00 EST. START DATE: 6/15/00 EST. COMPLETION DATE: 8/1/00

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

<b>TANGIBLE COSTS:</b>			CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casing	0 Ft @	0.00 \$/Ft	1320.000	0	NA	0	0
Surface Csg	500 Ft @	24.00 \$/Ft	1320.000	12,000	NA	0	12,000
Intermediate Csg	5,000 Ft @	14.00 \$/Ft	1320.000	70,000	NA	0	70,000
Protection Csg	0 Ft @	0.00 \$/Ft	1320.000	0	NA	0	0
Production Csg	13,600 Ft @	10.00 \$/Ft	NA	0	1320.000	136,000	136,000
Protection Liner	0 Ft @	0.00 \$/Ft	1320.000	0	NA	0	0
Production Liner	0 Ft @	0.00 \$/Ft	NA	0	1320.000	0	0
Tubing	13,400 Ft @	3.38 \$/Ft	NA	0	1320.000	45,292	45,292
Rods	0 Ft @	0.00 \$/Ft	NA	0	1320.000	0	0
Artificial Lift Equipment			NA	0	1320.000	0	0
Tank Battery			NA	0	1320.000	15,900	15,900
Separators/Heater Treater/Gas Units/FWKO			NA	0	1320.000	12,720	12,720
* Well Head Equipment & Christmas Tree			1320.000	2,000	1320.000	11,500	13,500
Subsurface Well Equipment			NA	0	1320.000	6,890	6,890
Flow Lines			NA	0	1320.000	13,250	13,250
Saltwater Disposal Pump			NA	0	1320.000	0	0
Gas Meter			NA	0	1320.000	3,180	3,180
Lact Unit			NA	0	1320.000	0	0
Vapor Recovery Unit			NA	0	1320.000	0	0
Other Well Equipment			NA	0	1320.000	0	0
ROW and Damages			NA	0	1320.000	2,120	2,120
Surface Equipment Installation Costs			NA	0	1320.000	15,900	15,900
Elect. Installation			NA	0	1320.000	0	0
<b>ESTIMATED TOTAL TANGIBLES</b>				84,000		262,752	346,752
<b>ESTIMATED TOTAL WELL COSTS</b>				877,119		402,488	1,279,607

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: HRW		03/31/00
REVIEWED BY: TRM		
APPROVED BY: 		3/31/00
APPROVED BY:		

WI APPROVAL:

COMPANY

Harold Kious

0.3529410%

BY

TITLE

DATE

**AUTHORITY FOR EXPENDITURE**

LEASE: Stetson 13 Federal Com. WELL NUMBER: 1 PBSD: 13,600'  
LOCATION: 1,650' FNL & 1,650' FEL, Section 13, T19S, R33E, Lea County NM  
FIELD: Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E  
DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

DATE PREPARED: 3/31/00 EST. START DATE: 6/15/00 EST. COMPLETION DATE: 8/1/00  
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 13,600 Ft @ 25.95 \$/Ft	1314100	374,095	NA	0	374,095
Drilling Daywork 2 2 6,200 \$/day	1314100	13,144	1314100	13,144	26,288
Drilling Turnkey	1314100	0	1314100	0	0
Rig Mobilization and Demobilization	1314100	0	1314100	0	0
Road & Location Expense	1314100	27,295	1314100	3,180	30,475
Damages	1314100	5,000	1314100	0	5,000
Directional Drilling - Tools and Service	1314100	0	1314100	0	0
Drilling Fluids	1314100	53,000	1314100	0	53,000
Fuel, Power, and Water	1314100	28,500	1314100	0	28,500
Supplies - Bits	1314100	0	1314100	795	795
Supplies - Casing Equipment	1314100	5,989	1314100	7,420	13,409
Supplies - Liner Equipment	1314100	0	1314100	0	0
Supplies - Miscellaneous	1314100	0	1314100	0	0
Cement and Cmt. Services - Surface Csg	1314100	8,480	NA	0	8,480
Cement and Cmt. Services - Int. Csg	1314100	15,900	NA	0	15,900
Cement and Cmt. Services - Prod. Csg	NA	0	1314100	21,200	21,200
Cement and Cmt. Services - Other	1314100	0	1314100	0	0
Rental - Drilling Tools and Equipment	1314100	0	1314100	0	0
Rental - Misc.	1314100	24,910	1314100	3,710	28,620
Testing - Drill Stem / Production	1314100	4,770	1314100	3,710	8,480
Open Hole Logging	1314100	37,100	NA	0	37,100
Mudlogging Services	1314100	21,465	NA	0	21,465
Special Services	1314100	0	1314100	0	0
Plug and Abandon	1314100	15,000	1314100	(15,000)	0
Pulling and/or Swabbing Unit	NA	0	1314100	15,264	15,264
Reverse Equipment	NA	0	1314100	5,830	5,830
Wireline Services	1314100	0	1314100	19,080	19,080
Stimulation	NA	0	1314100	12,720	12,720
Pump / Vacuum Truck Services	1314100	0	1314100	5,944	5,944
Transportation	1314100	2,120	1314100	2,650	4,770
Tubular Goods - Inspection & Testing	1314100	0	1314100	5,300	5,300
Unclassified	1314100	530	1314100	0	530
Telephone and Radio Expense	1314100	1,590	1314100	636	2,226
Engineer / Geologist / Landman	1314100	22,500	1314100	2,500	25,000
Company Labor - Field Supervision	1314100	26,500	1314100	7,500	34,000
Contract Labor / Roustabout	1314100	2,120	1314100	7,950	10,070
Legal and Professional Service	1314100	5,000	1314100	0	5,000
Insurance	1314100	14,008	1314100	0	14,008
Overhead	1314100	14,000	1314100	3,500	17,500
<b>SUBTOTAL</b>		<b>721,017</b>		<b>127,033</b>	<b>848,050</b>
Contingencies (10%)		72,102		12,703	84,805
<b>ESTIMATED TOTAL INTANGIBLES</b>		<b>793,119</b>		<b>139,736</b>	<b>932,855</b>

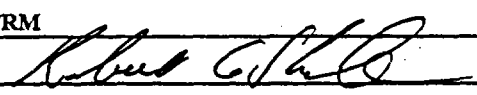
AUTHORITY FOR EXPENDITURE

LEASE: Stetson 13 Federal Com. WELL NUMBER: 1 PBTB: 13,600'  
LOCATION: 1,650' FNL & 1,650' FEL, Section 13, T19S, R33E, Lea County NM  
FIELD: Morrow EXPLORATORY,DEVELOPMENT,WORKOVER: E  
DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

0  
DATE PREPARED: 3/31/00 EST. START DATE: 6/15/00 EST. COMPLETION DATE: 8/1/00  
ACCOUNTING WELL NUMBER:  
COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	TO CSG PT	COMPLETION	TOTAL WELL
Conductor Casing 0 Ft@ 0.00 \$/Ft	0	0	0
Surface Csg 500 Ft@ 24.00 \$/Ft	12,000	0	12,000
Intermediate Csg 5,000 Ft@ 14.00 \$/Ft	70,000	0	70,000
Protection Csg 0 Ft@ 0.00 \$/Ft	0	0	0
Production Csg 13,600 Ft@ 10.00 \$/Ft	0	136,000	136,000
Protection Liner 0 Ft@ 0.00 \$/Ft	0	0	0
Production Liner 0 Ft@ 0.00 \$/Ft	0	0	0
Tubing 13,400 Ft@ 3.38 \$/Ft	0	45,292	45,292
Rods 0 Ft@ 0.00 \$/Ft	0	0	0
Artificial Lift Equipment	0	0	0
Tank Battery	0	15,900	15,900
Separators/Heater Treater/Gas Units/FWKO	0	12,720	12,720
* Well Head Equipment & Christmas Tree	2,000	11,500	13,500
Subsurface Well Equipment	0	6,890	6,890
Flow Lines	0	13,250	13,250
Saltwater Disposal Pump	0	0	0
Gas Meter	0	3,180	3,180
Lact Unit	0	0	0
Vapor Recovery Unit	0	0	0
Other Well Equipment	0	0	0
ROW and Damages	0	2,120	2,120
Surface Equipment Installation Costs	0	15,900	15,900
Elect. Installation	0	0	0
ESTIMATED TOTAL TANGIBLES	84,000	262,752	346,752
ESTIMATED TOTAL WELL COSTS	877,119	402,488	1,279,607

THIS AFE IS ONLY AN ESTIMATE. BY SIGNING YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

NPC APPROVAL	DATE
PREPARED BY: HRW	03/31/00
REVIEWED BY: TRM	
APPROVED BY: 	3/31/00
APPROVED BY:	

WI APPROVAL: COMPANY Red Oak Cattle Co. 0.2823528%  
BY  
TITLE  
DATE

# Nearburg Producing Company

Exploration and Production  
Dallas, Texas

Page 1 of 2

## AUTHORITY FOR EXPENDITURE

LEASE: Stetson 13 Federal Com. WELL NUMBER: 1 PBTD: 13,600'  
LOCATION: 1,650' FNL & 1,650' FEL, Section 13, T19S, R33E, Lea County NM  
FIELD: Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E  
DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

DATE PREPARED: 3/31/00 EST. START DATE: 6/15/00 EST. COMPLETION DATE: 8/1/00  
ACCOUNTING WELL NUMBER:  
COMMUNICATIONS ACCOUNT NUMBER:

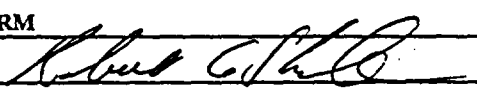
INTANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Drilling Footage 13,600 Ft @ 25.95 \$/Ft	1111100	374,095	NA	0	374,095
Drilling Daywork 2 2 6,200 \$/day	1111100	13,144	1111100	13,144	26,288
Drilling Turnkey	1111100	0	1111100	0	0
Rig Mobilization and Demobilization	1111100	0	1111100	0	0
Road & Location Expense	1111100	27,295	1111100	3,180	30,475
Damages	1111100	5,000	1111100	0	5,000
Directional Drilling - Tools and Service	1111100	0	1111100	0	0
Drilling Fluids	1111100	53,000	1111100	0	53,000
Fuel, Power, and Water	1111100	28,500	1111100	0	28,500
Supplies - Bits	1111100	0	1111100	795	795
Supplies - Casing Equipment	1111100	5,989	1111100	7,420	13,409
Supplies - Liner Equipment	1111100	0	1111100	0	0
Supplies - Miscellaneous	1111100	0	1111100	0	0
Cement and Cmt. Services - Surface Csg	1111100	8,480	NA	0	8,480
Cement and Cmt. Services - Int. Csg	1111100	15,900	NA	0	15,900
Cement and Cmt. Services - Prod. Csg	NA	0	1111100	21,200	21,200
Cement and Cmt. Services - Other	1111100	0	1111100	0	0
Rental - Drilling Tools and Equipment	1111100	0	1111100	0	0
Rental - Misc.	1111100	24,910	1111100	3,710	28,620
Testing - Drill Stem / Production	1111100	4,770	1111100	3,710	8,480
Open Hole Logging	1111100	37,100	NA	0	37,100
Mudlogging Services	1111100	21,465	NA	0	21,465
Special Services	1111100	0	1111100	0	0
Plug and Abandon	1111100	15,000	1111100	(15,000)	0
Pulling and/or Swabbing Unit	NA	0	1111100	15,264	15,264
Reverse Equipment	NA	0	1111100	5,830	5,830
Wireline Services	1111100	0	1111100	19,080	19,080
Stimulation	NA	0	1111100	12,720	12,720
Pump / Vacuum Truck Services	1111100	0	1111100	5,944	5,944
Transportation	1111100	2,120	1111100	2,650	4,770
Tubular Goods - Inspection & Testing	1111100	0	1111100	5,300	5,300
Unclassified	1111100	530	1111100	0	530
Telephone and Radio Expense	1111100	1,590	1111100	636	2,226
Engineer / Geologist / Landman	1111100	22,500	1111100	2,500	25,000
Company Labor - Field Supervision	1111100	26,500	1111100	7,500	34,000
Contract Labor / Roustabout	1111100	2,120	1111100	7,950	10,070
Legal and Professional Service	1111100	5,000	1111100	0	5,000
Insurance	1111100	14,008	1111100	0	14,008
Overhead	1111100	14,000	1111100	3,500	17,500
<b>SUBTOTAL</b>		<b>721,017</b>		<b>127,033</b>	<b>848,050</b>
Contingencies (10%)		72,102		12,703	84,805
<b>ESTIMATED TOTAL INTANGIBLES</b>		<b>793,119</b>		<b>139,736</b>	<b>932,855</b>

AUTHORITY FOR EXPENDITURE

LEASE: Stetson 13 Federal Com. WELL NUMBER: 1 PBTD: 13,600'  
LOCATION: 1,650' FNL & 1,650' FEL, Section 13, T19S, R33E, Lea County NM  
FIELD: Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E  
DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.  
0  
DATE PREPARED: 3/31/00 EST. START DATE: 6/15/00 EST. COMPLETION DATE: 8/1/00  
ACCOUNTING WELL NUMBER:  
COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:			CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casing	0 Ft @	0.00 \$/Ft	1500000	0	NA	0	0
Surface Csg	500 Ft @	24.00 \$/Ft	1500000	12,000	NA	0	12,000
Intermediate Csg	5,000 Ft @	14.00 \$/Ft	1500000	70,000	NA	0	70,000
Protection Csg	0 Ft @	0.00 \$/Ft	1500000	0	NA	0	0
Production Csg	13,600 Ft @	10.00 \$/Ft	NA	0	1500000	136,000	136,000
Protection Liner	0 Ft @	0.00 \$/Ft	1500000	0	NA	0	0
Production Liner	0 Ft @	0.00 \$/Ft	NA	0	1500000	0	0
Tubing	13,400 Ft @	3.38 \$/Ft	NA	0	1500000	45,292	45,292
Rods	0 Ft @	0.00 \$/Ft	NA	0	1500000	0	0
Artificial Lift Equipment			NA	0	1500000	0	0
Tank Battery			NA	0	1500000	15,900	15,900
Separators/Heater Treater/Gas Units/FWKO			NA	0	1500000	12,720	12,720
* Well Head Equipment & Christmas Tree			1500000	2,000	1500000	11,500	13,500
Subsurface Well Equipment			NA	0	1500000	6,890	6,890
Flow Lines			NA	0	1500000	13,250	13,250
Saltwater Disposal Pump			NA	0	1500000	0	0
Gas Meter			NA	0	1500000	3,180	3,180
Lact Unit			NA	0	1500000	0	0
Vapor Recovery Unit			NA	0	1500000	0	0
Other Well Equipment			NA	0	1500000	0	0
ROW and Damages			NA	0	1500000	2,120	2,120
Surface Equipment Installation Costs			NA	0	1500000	15,900	15,900
Elect. Installation			NA	0	1500000	0	0
ESTIMATED TOTAL TANGIBLES				84,000		262,752	346,752
ESTIMATED TOTAL WELL COSTS				877,119		402,488	1,279,607

THIS AFE IS ONLY AN ESTIMATE. BY SIGNING YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

NPC APPROVAL		DATE
PREPARED BY: HRW		03/31/00
REVIEWED BY: TRM		
APPROVED BY: 		3/31/00
APPROVED BY:		

WI APPROVAL: COMPANY Barbara E. Hannifin 0.1411764%  
BY  
TITLE  
DATE

**Nearburg Producing Company**

Exploration and Production

Dallas, Texas

Page 1 of 2

**AUTHORITY FOR EXPENDITURE**

LEASE: Stetson 13 Federal Com.

WELL NUMBER: 1

PBTD: 13,600'

LOCATION: 1,650' FNL &amp; 1,650' FEL, Section 13, T19S, R33E, Lea County NM

FIELD: Morrow

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

DATE PREPARED: 3/31/00

EST. START DATE: 6/15/00

EST. COMPLETION DATE: 8/1/00

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 13,600 Ft @ 25.95 \$/Ft	151220E	374,095	NA	0	374,095
Drilling Daywork 2 2 6,200 \$/day	151220E	13,144	151220E	13,144	26,288
Drilling Turnkey	151220E	0	151220E	0	0
Rig Mobilization and Demobilization	151220E	0	151220E	0	0
Road & Location Expense	151220E	27,295	151220E	3,180	30,475
Damages	151220E	5,000	151220E	0	5,000
Directional Drilling - Tools and Service	151220E	0	151220E	0	0
Drilling Fluids	151220E	53,000	151220E	0	53,000
Fuel, Power, and Water	151220E	28,500	151220E	0	28,500
Supplies - Bits	151220E	0	151220E	795	795
Supplies - Casing Equipment	151220E	5,989	151220E	7,420	13,409
Supplies - Liner Equipment	151220E	0	151220E	0	0
Supplies - Miscellaneous	151220E	0	151220E	0	0
Cement and Cmt. Services - Surface Csg	151220E	8,480	NA	0	8,480
Cement and Cmt. Services - Int. Csg	151220E	15,900	NA	0	15,900
Cement and Cmt. Services - Prod. Csg	NA	0	151220E	21,200	21,200
Cement and Cmt. Services - Other	151220E	0	151220E	0	0
Rental - Drilling Tools and Equipment	151220E	0	151220E	0	0
Rental - Misc.	151220E	24,910	151220E	3,710	28,620
Testing - Drill Stem / Production	151220E	4,770	151220E	3,710	8,480
Open Hole Logging	151220E	37,100	NA	0	37,100
Mudlogging Services	151220E	21,465	NA	0	21,465
Special Services	151220E	0	151220E	0	0
Plug and Abandon	151220E	15,000	151220E	(15,000)	0
Pulling and/or Swabbing Unit	NA	0	151220E	15,264	15,264
Reverse Equipment	NA	0	151220E	5,830	5,830
Wireline Services	151220E	0	151220E	19,080	19,080
Stimulation	NA	0	151220E	12,720	12,720
Pump / Vacuum Truck Services	151220E	0	151220E	5,944	5,944
Transportation	151220E	2,120	151220E	2,650	4,770
Tubular Goods - Inspection & Testing	151220E	0	151220E	5,300	5,300
Unclassified	151220E	530	151220E	0	530
Telephone and Radio Expense	151220E	1,590	151220E	636	2,226
Engineer / Geologist / Landman	151220E	22,500	151220E	2,500	25,000
Company Labor - Field Supervision	151220E	28,500	151220E	7,500	34,000
Contract Labor / Roustabout	151220E	2,120	151220E	7,950	10,070
Legal and Professional Service	151220E	5,000	151220E	0	5,000
Insurance	151220E	14,008	151220E	0	14,008
Overhead	151220E	14,000	151220E	3,500	17,500
<b>SUBTOTAL</b>		<b>721,017</b>		<b>127,033</b>	<b>848,050</b>
Contingencies (10%)		<b>72,102</b>		<b>12,703</b>	<b>84,805</b>
<b>ESTIMATED TOTAL INTANGIBLES</b>		<b>793,119</b>		<b>139,736</b>	<b>932,855</b>

**Nearburg Producing Company**Exploration and Production  
Dallas, Texas

Page 2 of 2

**AUTHORITY FOR EXPENDITURE**

LEASE: Stetson 13 Federal Com.

WELL NUMBER: 1

PBTD: 13,600'

LOCATION: 1,650' FNL &amp; 1,650' FEL, Section 13, T19S, R33E, Lea County NM

FIELD: Morrow

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

0

DATE PREPARED: 3/31/00

EST. START DATE: 6/15/00

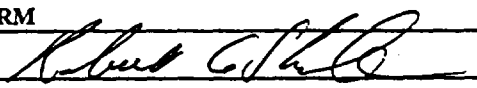
EST. COMPLETION DATE: 8/1/00

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

<b>TANGIBLE COSTS:</b>			CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casing	0 Ft @	0.00 \$/Ft	1339.000	0	NA	0	0
Surface Csg	500 Ft @	24.00 \$/Ft	1339.000	12,000	NA	0	12,000
Intermediate Csg	5,000 Ft @	14.00 \$/Ft	1339.000	70,000	NA	0	70,000
Protection Csg	0 Ft @	0.00 \$/Ft	1339.000	0	NA	0	0
Production Csg	13,600 Ft @	10.00 \$/Ft	NA	0	1339.000	136,000	136,000
Protection Liner	0 Ft @	0.00 \$/Ft	1339.000	0	NA	0	0
Production Liner	0 Ft @	0.00 \$/Ft	NA	0	1339.000	0	0
Tubing	13,400 Ft @	3.38 \$/Ft	NA	0	1339.000	45,292	45,292
Rods	0 Ft @	0.00 \$/Ft	NA	0	1339.000	0	0
Artificial Lift Equipment			NA	0	1339.000	0	0
Tank Battery			NA	0	1339.000	15,900	15,900
Separators/Heater Treater/Gas Units/FWKO			NA	0	1339.000	12,720	12,720
* Well Head Equipment & Christmas Tree			1339.000	2,000	1339.000	11,500	13,500
Subsurface Well Equipment			NA	0	1339.000	6,890	6,890
Flow Lines			NA	0	1339.000	13,250	13,250
Saltwater Disposal Pump			NA	0	1339.000	0	0
Gas Meter			NA	0	1339.000	3,180	3,180
Lact Unit			NA	0	1339.000	0	0
Vapor Recovery Unit			NA	0	1339.000	0	0
Other Well Equipment			NA	0	1339.000	0	0
ROW and Damages			NA	0	1339.000	2,120	2,120
Surface Equipment Installation Costs			NA	0	1339.000	15,900	15,900
Elect. Installation			NA	0	1339.000	0	0
<b>ESTIMATED TOTAL TANGIBLES</b>				84,000		262,752	346,752
<b>ESTIMATED TOTAL WELL COSTS</b>				877,119		402,488	1,279,607

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: HRW		03/31/00
REVIEWED BY: TRM		
APPROVED BY: 		3/31/00
APPROVED BY:		

WI APPROVAL:

COMPANY

David J. Sorenson

2.8235280%

BY

TITLE

DATE

AUTHORITY FOR EXPENDITURE

LEASE: Stetson 13 Federal Com. WELL NUMBER: 1 PBTD: 13,600'  
LOCATION: 1,650' FNL & 1,650' FEL, Section 13, T19S, R33E, Lea County NM  
FIELD: Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E  
DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

DATE PREPARED: 3/31/00 EST. START DATE: 6/15/00 EST. COMPLETION DATE: 8/1/00  
ACCOUNTING WELL NUMBER:  
COMMUNICATIONS ACCOUNT NUMBER:

INTANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Drilling Footage 13,600 Ft @ 25.95 \$/Ft	1511111	374,095	NA	0	374,095
Drilling Daywork 2 2 6,200 \$/day	1511101	13,144	1511101	13,144	26,288
Drilling Turnkey	1511110	0	1511110	0	0
Rig Mobilization and Demobilization	1511112	0	1511112	0	0
Road & Location Expense	1511113	27,295	1511113	3,180	30,475
Damages	1511114	5,000	1511114	0	5,000
Directional Drilling - Tools and Service	1511115	0	1511115	0	0
Drilling Fluids	1511116	53,000	1511116	0	53,000
Fuel, Power, and Water	1511117	26,500	1511117	0	26,500
Supplies - Bits	1511118	0	1511118	795	795
Supplies - Casing Equipment	1511119	5,989	1511119	7,420	13,409
Supplies - Liner Equipment	1511120	0	1511120	0	0
Supplies - Miscellaneous	1511121	0	1511121	0	0
Cement and Cmt. Services - Surface Csg	1511122	8,480	NA	0	8,480
Cement and Cmt. Services - Int. Csg	1511123	15,900	NA	0	15,900
Cement and Cmt. Services - Prod. Csg	NA	0	1511124	21,200	21,200
Cement and Cmt. Services - Other	1511125	0	1511125	0	0
Rental - Drilling Tools and Equipment	1511126	0	1511126	0	0
Rental - Misc.	1511127	24,910	1511127	3,710	28,620
Testing - Drill Stem / Production	1511128	4,770	1511128	3,710	8,480
Open Hole Logging	1511129	37,100	NA	0	37,100
Mudlogging Services	1511130	21,465	NA	0	21,465
Special Services	1511131	0	1511131	0	0
Plug and Abandon	1511132	15,000	1511132	(15,000)	0
Pulling and/or Swabbing Unit	NA	0	1511133	15,264	15,264
Reverse Equipment	NA	0	1511134	5,830	5,830
Wireline Services	1511135	0	1511135	19,080	19,080
Stimulation	NA	0	1511136	12,720	12,720
Pump / Vacuum Truck Services	1511137	0	1511137	5,944	5,944
Transportation	1511138	2,120	1511138	2,650	4,770
Tubular Goods - Inspection & Testing	1511139	0	1511139	5,300	5,300
Unclassified	1511140	530	1511140	0	530
Telephone and Radio Expense	1511141	1,590	1511141	636	2,226
Engineer / Geologist / Landman	1511142	22,500	1511142	2,500	25,000
Company Labor - Field Supervision	1511143	26,500	1511143	7,500	34,000
Contract Labor / Roustabout	1511144	2,120	1511144	7,950	10,070
Legal and Professional Service	1511145	5,000	1511145	0	5,000
Insurance	1511146	14,008	1511146	0	14,008
Overhead	1511147	14,000	1511147	3,500	17,500
SUBTOTAL		721,017		127,033	848,050
Contingencies (10%)		72,102		12,703	84,805
ESTIMATED TOTAL INTANGIBLES		793,119		139,736	932,855

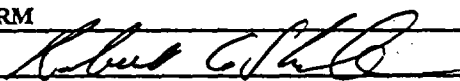
AUTHORITY FOR EXPENDITURE

LEASE: Stetson 13 Federal Com. WELL NUMBER: 1 PBTD: 13,600'  
LOCATION: 1,650' FNL & 1,650' FEL, Section 13, T19S, R33E, Lea County NM  
FIELD: Morrow EXPLORATORY,DEVELOPMENT,WORKOVER: E  
DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

0  
DATE PREPARED: 3/31/00 EST. START DATE: 6/15/00 EST. COMPLETION DATE: 8/1/00  
ACCOUNTING WELL NUMBER:  
COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:			TO CSG PT	COMPLETION	TOTAL WELL
Conductor Casin	0 Ft @	0.00 \$/Ft	0	0	0
Surface Csg	500 Ft @	24.00 \$/Ft	12,000	0	12,000
Intermediate Csg	5,000 Ft @	14.00 \$/Ft	70,000	0	70,000
Protection Csg	0 Ft @	0.00 \$/Ft	0	0	0
Production Csg	13,600 Ft @	10.00 \$/Ft	0	136,000	136,000
Protection Liner	0 Ft @	0.00 \$/Ft	0	0	0
Production Liner	0 Ft @	0.00 \$/Ft	0	0	0
Tubing	13,400 Ft @	3.38 \$/Ft	0	45,292	45,292
Rods	0 Ft @	0.00 \$/Ft	0	0	0
Artificial Lift Equipment			0	0	0
Tank Battery			0	15,900	15,900
Separators/Heater Treater/Gas Units/FWKO			0	12,720	12,720
* Well Head Equipment & Christmas Tree			2,000	11,500	13,500
Subsurface Well Equipment			0	6,890	6,890
Flow Lines			0	13,250	13,250
Saltwater Disposal Pump			0	0	0
Gas Meter			0	3,180	3,180
Lact Unit			0	0	0
Vapor Recovery Unit			0	0	0
Other Well Equipment			0	0	0
ROW and Damages			0	2,120	2,120
Surface Equipment Installation Costs			0	15,900	15,900
Elect. Installation			0	0	0
ESTIMATED TOTAL TANGIBLES			84,000	262,752	346,752
ESTIMATED TOTAL WELL COSTS			877,119	402,488	1,279,607

THIS AFE IS ONLY AN ESTIMATE. BY SIGNING YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

NPC APPROVAL	DATE
PREPARED BY: HRW	03/31/00
REVIEWED BY: TRM	
APPROVED BY: 	5/3/00
APPROVED BY:	

WI APPROVAL: COMPANY Daniel W. Varel 1.7647050%  
BY  
TITLE  
DATE

AUTHORITY FOR EXPENDITURE

LEASE: Stetson 13 Federal Com. WELL NUMBER: 1 PBTD: 13,600'  
LOCATION: 1,650' FNL & 1,650' FEL, Section 13, T19S, R33E, Lea County NM  
FIELD: Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E  
DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

DATE PREPARED: 3/31/00 EST. START DATE: 6/15/00 EST. COMPLETION DATE: 8/1/00  
ACCOUNTING WELL NUMBER:  
COMMUNICATIONS ACCOUNT NUMBER:

INTANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Drilling Footage 13,600 Ft @ 25.95 \$/Ft	1511101	374,095	NA	0	374,095
Drilling Daywork 2 2 6,200 \$/day	1511102	13,144	1511102	13,144	26,288
Drilling Turnkey	1511103	0	1511103	0	0
Rig Mobilization and Demobilization	1511104	0	1511104	0	0
Road & Location Expense	1511105	27,295	1511105	3,180	30,475
Damages	1511106	5,000	1511106	0	5,000
Directional Drilling - Tools and Service	1511107	0	1511107	0	0
Drilling Fluids	1511108	53,000	1511108	0	53,000
Fuel, Power, and Water	1511109	26,500	1511109	0	26,500
Supplies - Bits	1511110	0	1511110	795	795
Supplies - Casing Equipment	1511111	5,989	1511111	7,420	13,409
Supplies - Liner Equipment	1511112	0	1511112	0	0
Supplies - Miscellaneous	1511113	0	1511113	0	0
Cement and Cmt. Services - Surface Csg	1511114	8,480	NA	0	8,480
Cement and Cmt. Services - Int. Csg	1511115	15,900	NA	0	15,900
Cement and Cmt. Services - Prod. Csg	NA	0	1511116	21,200	21,200
Cement and Cmt. Services - Other	1511117	0	1511117	0	0
Rental - Drilling Tools and Equipment	1511118	0	1511118	0	0
Rental - Misc.	1511119	24,910	1511119	3,710	28,620
Testing - Drill Stem / Production	1511120	4,770	1511120	3,710	8,480
Open Hole Logging	1511121	37,100	NA	0	37,100
Mudlogging Services	1511122	21,465	NA	0	21,465
Special Services	1511123	0	1511123	0	0
Plug and Abandon	1511124	15,000	1511124	(15,000)	0
Pulling and/or Swabbing Unit	NA	0	1511125	15,264	15,264
Reverse Equipment	NA	0	1511126	5,830	5,830
Wireline Services	1511127	0	1511127	19,080	19,080
Stimulation	NA	0	1511128	12,720	12,720
Pump / Vacuum Truck Services	1511129	0	1511129	5,944	5,944
Transportation	1511130	2,120	1511130	2,650	4,770
Tubular Goods - Inspection & Testing	1511131	0	1511131	5,300	5,300
Unclassified	1511132	530	1511132	0	530
Telephone and Radio Expense	1511133	1,590	1511133	636	2,226
Engineer / Geologist / Landman	1511134	22,500	1511134	2,500	25,000
Company Labor - Field Supervision	1511135	26,500	1511135	7,500	34,000
Contract Labor / Roustabout	1511136	2,120	1511136	7,950	10,070
Legal and Professional Service	1511137	5,000	1511137	0	5,000
Insurance	1511138	14,008	1511138	0	14,008
Overhead	1511139	14,000	1511139	3,500	17,500
SUBTOTAL		721,017		127,033	848,050
Contingencies (10%)		72,102		12,703	84,805
ESTIMATED TOTAL INTANGIBLES		793,119		139,736	932,855

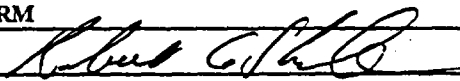
AUTHORITY FOR EXPENDITURE

LEASE: Stetson 13 Federal Com. WELL NUMBER: 1 PBTD: 13,600'  
LOCATION: 1,650' FNL & 1,650' FEL, Section 13, T19S, R33E, Lea County NM  
FIELD: Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E  
DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

0  
DATE PREPARED: 3/31/00 EST. START DATE: 8/15/00 EST. COMPLETION DATE: 8/1/00  
ACCOUNTING WELL NUMBER:  
COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:			CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casing	0 Ft @	0.00 \$/Ft	1500000	0	NA	0	0
Surface Csg	500 Ft @	24.00 \$/Ft	1500010	12,000	NA	0	12,000
Intermediate Csg	5,000 Ft @	14.00 \$/Ft	1500020	70,000	NA	0	70,000
Protection Csg	0 Ft @	0.00 \$/Ft	1500030	0	NA	0	0
Production Csg	13,600 Ft @	10.00 \$/Ft	NA	0	1500040	136,000	136,000
Protection Liner	0 Ft @	0.00 \$/Ft	1500050	0	NA	0	0
Production Liner	0 Ft @	0.00 \$/Ft	NA	0	1500060	0	0
Tubing	13,400 Ft @	3.38 \$/Ft	NA	0	1500070	45,292	45,292
Rods	0 Ft @	0.00 \$/Ft	NA	0	1500080	0	0
Artificial Lift Equipment			NA	0	1500090	0	0
Tank Battery			NA	0	1500100	15,900	15,900
Separators/Heater Treater/Gas Units/FWKO			NA	0	1500110	12,720	12,720
* Well Head Equipment & Christmas Tree			1500120	2,000	1500130	11,500	13,500
Subsurface Well Equipment			NA	0	1500140	6,890	6,890
Flow Lines			NA	0	1500150	13,250	13,250
Saltwater Disposal Pump			NA	0	1500160	0	0
Gas Meter			NA	0	1500170	3,180	3,180
Lact Unit			NA	0	1500180	0	0
Vapor Recovery Unit			NA	0	1500190	0	0
Other Well Equipment			NA	0	1500200	0	0
ROW and Damages			NA	0	1500210	2,120	2,120
Surface Equipment Installation Costs			NA	0	1500220	15,900	15,900
Elect. Installation			NA	0	1500230	0	0
ESTIMATED TOTAL TANGIBLES				84,000		262,752	346,752
ESTIMATED TOTAL WELL COSTS				877,119		402,488	1,279,607

THIS AFE IS ONLY AN ESTIMATE. BY SIGNING YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

NPC APPROVAL		DATE
PREPARED BY: HRW		03/31/00
REVIEWED BY: TRM		
APPROVED BY: 		3/31/00
APPROVED BY:		

WI APPROVAL: COMPANY Manzano Oil Corporation  
BY  
TITLE  
DATE

AUTHORITY FOR EXPENDITURE

LEASE: Stetson 13 Federal Com. WELL NUMBER: 1 PBTD: 13,600'  
LOCATION: 1,650' FNL & 1,650' FEL, Section 13, T19S, R33E, Lea County NM  
FIELD: Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E  
DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

DATE PREPARED: 3/31/00 EST. START DATE: 6/15/00 EST. COMPLETION DATE: 8/1/00  
ACCOUNTING WELL NUMBER:  
COMMUNICATIONS ACCOUNT NUMBER:

INTANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Drilling Footage 13,600 Ft @ 25.95 \$/Ft	15142101	374,095	NA	0	374,095
Drilling Daywork 2 2 6,200 \$/day	15142102	13,144	15142104	13,144	26,288
Drilling Turnkey	15142103	0	15142105	0	0
Rig Mobilization and Demobilization	15142106	0	15142106	0	0
Road & Location Expense	15142107	27,295	15142108	3,180	30,475
Damages	15142108	5,000	15142109	0	5,000
Directional Drilling - Tools and Service	15142109	0	15142110	0	0
Drilling Fluids	15142110	53,000	15142111	0	53,000
Fuel, Power, and Water	15142111	26,500	15142112	0	26,500
Supplies - Bits	15142112	0	15142113	795	795
Supplies - Casing Equipment	15142113	5,989	15142114	7,420	13,409
Supplies - Liner Equipment	15142114	0	15142115	0	0
Supplies - Miscellaneous	15142115	0	15142116	0	0
Cement and Cmt. Services - Surface Csg	15142116	8,480	NA	0	8,480
Cement and Cmt. Services - Int. Csg	15142117	15,900	NA	0	15,900
Cement and Cmt. Services - Prod. Csg	NA	0	15142118	21,200	21,200
Cement and Cmt. Services - Other	15142118	0	15142119	0	0
Rental - Drilling Tools and Equipment	15142119	0	15142120	0	0
Rental - Misc.	15142120	24,910	15142121	3,710	28,620
Testing - Drill Stem / Production	15142121	4,770	15142122	3,710	8,480
Open Hole Logging	15142122	37,100	NA	0	37,100
Mudlogging Services	15142123	21,465	NA	0	21,465
Special Services	15142124	0	15142125	0	0
Plug and Abandon	15142125	15,000	15142126	(15,000)	0
Pulling and/or Swabbing Unit	NA	0	15142127	15,264	15,264
Reverse Equipment	NA	0	15142128	5,830	5,830
Wireline Services	15142129	0	15142129	19,080	19,080
Stimulation	NA	0	15142130	12,720	12,720
Pump / Vacuum Truck Services	15142130	0	15142131	5,944	5,944
Transportation	15142131	2,120	15142132	2,650	4,770
Tubular Goods - Inspection & Testing	15142132	0	15142133	5,300	5,300
Unclassified	15142133	530	15142134	0	530
Telephone and Radio Expense	15142134	1,590	15142135	636	2,226
Engineer / Geologist / Landman	15142135	22,500	15142136	2,500	25,000
Company Labor - Field Supervision	15142136	26,500	15142137	7,500	34,000
Contract Labor / Roustabout	15142137	2,120	15142138	7,950	10,070
Legal and Professional Service	15142138	5,000	15142139	0	5,000
Insurance	15142139	14,008	15142140	0	14,008
Overhead	15142140	14,000	15142141	3,500	17,500
SUBTOTAL		721,017		127,033	848,050
Contingencies (10%)		72,102		12,703	84,805
ESTIMATED TOTAL INTANGIBLES		793,119		139,736	932,855


AUTHORITY FOR EXPENDITURE

LEASE: Stetson 13 Federal Com. WELL NUMBER: 1 PBTD: 13,600'  
LOCATION: 1,650' FNL & 1,650' FEL, Section 13, T19S, R33E, Lea County NM  
FIELD: Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E  
DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

0  
DATE PREPARED: 3/31/00 EST. START DATE: 6/15/00 EST. COMPLETION DATE: 8/1/00  
ACCOUNTING WELL NUMBER:  
COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:			CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casing	0 Ft @	0.00 \$/Ft	1526005	0	NA	0	0
Surface Csg	500 Ft @	24.00 \$/Ft	1526510	12,000	NA	0	12,000
Intermediate Csg	5,000 Ft @	14.00 \$/Ft	1526511	70,000	NA	0	70,000
Protection Csg	0 Ft @	0.00 \$/Ft	1526512	0	NA	0	0
Production Csg	13,600 Ft @	10.00 \$/Ft	NA	0	1526513	136,000	136,000
Protection Liner	0 Ft @	0.00 \$/Ft	1526514	0	NA	0	0
Production Liner	0 Ft @	0.00 \$/Ft	NA	0	1526515	0	0
Tubing	13,400 Ft @	3.38 \$/Ft	NA	0	1526516	45,292	45,292
Rods	0 Ft @	0.00 \$/Ft	NA	0	1526517	0	0
Artificial Lift Equipment			NA	0	1526518	0	0
Tank Battery			NA	0	1526519	15,900	15,900
Separators/Heater Treater/Gas Units/FWKO			NA	0	1526520	12,720	12,720
* Well Head Equipment & Christmas Tree			1526521	2,000	1526522	11,500	13,500
Subsurface Well Equipment			NA	0	1526523	6,890	6,890
Flow Lines			NA	0	1526524	13,250	13,250
Saltwater Disposal Pump			NA	0	1526525	0	0
Gas Meter			NA	0	1526526	3,180	3,180
Lact Unit			NA	0	1526527	0	0
Vapor Recovery Unit			NA	0	1526528	0	0
Other Well Equipment			NA	0	1526529	0	0
ROW and Damages			NA	0	1526530	2,120	2,120
Surface Equipment Installation Costs			NA	0	1526531	15,900	15,900
Elect. Installation			NA	0	1526532	0	0
ESTIMATED TOTAL TANGIBLES				84,000		262,752	346,752
ESTIMATED TOTAL WELL COSTS				877,119		402,488	1,279,807

THIS AFE IS ONLY AN ESTIMATE. BY SIGNING YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

NPC APPROVAL		DATE
PREPARED BY: HRW		03/31/00
REVIEWED BY: TRM		
APPROVED BY: 		3/31/00
APPROVED BY:		

WI APPROVAL: COMPANY Scott Exploration, Inc.  
BY  
TITLE  
DATE

AUTHORITY FOR EXPENDITURE

LEASE: Stetson 13 Federal Com. WELL NUMBER: 1 PBTD: 13,600'  
LOCATION: 1,650' FNL & 1,650' FEL, Section 13, T19S, R33E, Lea County NM  
FIELD: Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E  
DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

DATE PREPARED: 3/31/00 EST. START DATE: 6/15/00 EST. COMPLETION DATE: 8/1/00  
ACCOUNTING WELL NUMBER:  
COMMUNICATIONS ACCOUNT NUMBER:

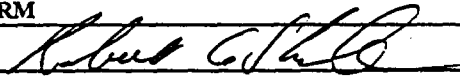
INTANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Drilling Footage 13,600 Ft @ 25.95 \$/Ft	1511100	374,095	NA	0	374,095
Drilling Daywork 2 2 6,200 \$/day	1511100	13,144	1511100	13,144	26,288
Drilling Turnkey	1511100	0	1511100	0	0
Rig Mobilization and Demobilization	1511100	0	1511100	0	0
Road & Location Expense	1511100	27,295	1511100	3,180	30,475
Damages	1511100	5,000	1511100	0	5,000
Directional Drilling - Tools and Service	1511100	0	1511100	0	0
Drilling Fluids	1511100	53,000	1511100	0	53,000
Fuel, Power, and Water	1511100	26,500	1511100	0	26,500
Supplies - Bits	1511100	0	1511100	795	795
Supplies - Casing Equipment	1511100	5,989	1511100	7,420	13,409
Supplies - Liner Equipment	1511100	0	1511100	0	0
Supplies - Miscellaneous	1511100	0	1511100	0	0
Cement and Cmt. Services - Surface Csg	1511100	8,480	NA	0	8,480
Cement and Cmt. Services - Int. Csg	1511100	15,900	NA	0	15,900
Cement and Cmt. Services - Prod. Csg	NA	0	1511100	21,200	21,200
Cement and Cmt. Services - Other	1511100	0	1511100	0	0
Rental - Drilling Tools and Equipment	1511100	0	1511100	0	0
Rental - Misc.	1511100	24,910	1511100	3,710	28,620
Testing - Drill Stem / Production	1511100	4,770	1511100	3,710	8,480
Open Hole Logging	1511100	37,100	NA	0	37,100
Mudlogging Services	1511100	21,465	NA	0	21,465
Special Services	1511100	0	1511100	0	0
Plug and Abandon	1511100	15,000	1511100	(15,000)	0
Pulling and/or Swabbing Unit	NA	0	1511100	15,264	15,264
Reverse Equipment	NA	0	1511100	5,830	5,830
Wireline Services	1511100	0	1511100	19,080	19,080
Stimulation	NA	0	1511100	12,720	12,720
Pump / Vacuum Truck Services	1511100	0	1511100	5,944	5,944
Transportation	1511100	2,120	1511100	2,650	4,770
Tubular Goods - Inspection & Testing	1511100	0	1511100	5,300	5,300
Unclassified	1511100	530	1511100	0	530
Telephone and Radio Expense	1511100	1,590	1511100	636	2,226
Engineer / Geologist / Landman	1511100	22,500	1511100	2,500	25,000
Company Labor - Field Supervision	1511100	26,500	1511100	7,500	34,000
Contract Labor / Roustabout	1511100	2,120	1511100	7,950	10,070
Legal and Professional Service	1511100	5,000	1511100	0	5,000
Insurance	1511100	14,008	1511100	0	14,008
Overhead	1511100	14,000	1511100	3,500	17,500
SUBTOTAL		721,017		127,033	848,050
Contingencies (10%)		72,102		12,703	84,805
ESTIMATED TOTAL INTANGIBLES		793,119		139,736	932,855

AUTHORITY FOR EXPENDITURE

LEASE: Stetson 13 Federal Com. WELL NUMBER: 1 PBTD: 13,600'  
LOCATION: 1,650' FNL & 1,650' FEL, Section 13, T19S, R33E, Lea County NM  
FIELD: Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E  
DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.  
0  
DATE PREPARED: 3/31/00 EST. START DATE: 6/15/00 EST. COMPLETION DATE: 8/1/00  
ACCOUNTING WELL NUMBER:  
COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:			TO CSG PT	COMPLETION	TOTAL WELL
Conductor Casing	0 Ft @	0.00 \$/Ft	0	0	0
Surface Csg	500 Ft @	24.00 \$/Ft	12,000	0	12,000
Intermediate Csg	5,000 Ft @	14.00 \$/Ft	70,000	0	70,000
Protection Csg	0 Ft @	0.00 \$/Ft	0	0	0
Production Csg	13,600 Ft @	10.00 \$/Ft	0	136,000	136,000
Protection Liner	0 Ft @	0.00 \$/Ft	0	0	0
Production Liner	0 Ft @	0.00 \$/Ft	0	0	0
Tubing	13,400 Ft @	3.38 \$/Ft	0	45,292	45,292
Rods	0 Ft @	0.00 \$/Ft	0	0	0
Artificial Lift Equipment			0	0	0
Tank Battery			0	15,900	15,900
Separators/Heater Treater/Gas Units/FWKO			0	12,720	12,720
* Well Head Equipment & Christmas Tree			2,000	11,500	13,500
Subsurface Well Equipment			0	6,890	6,890
Flow Lines			0	13,250	13,250
Saltwater Disposal Pump			0	0	0
Gas Meter			0	3,180	3,180
Lact Unit			0	0	0
Vapor Recovery Unit			0	0	0
Other Well Equipment			0	0	0
ROW and Damages			0	2,120	2,120
Surface Equipment Installation Costs			0	15,900	15,900
Elect. Installation			0	0	0
ESTIMATED TOTAL TANGIBLES			84,000	262,752	346,752
ESTIMATED TOTAL WELL COSTS			877,119	402,488	1,279,607

THIS AFE IS ONLY AN ESTIMATE. BY SIGNING YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

NPC APPROVAL	DATE
PREPARED BY: HRW	03/31/00
REVIEWED BY: TRM	
APPROVED BY: 	5/3/00
APPROVED BY:	

WI APPROVAL: COMPANY Susan Scott Murphy  
BY  
TITLE  
DATE

AUTHORITY FOR EXPENDITURE

LEASE: Stetson 13 Federal Com. WELL NUMBER: 1 PBTD: 13,600'  
LOCATION: 1,650' FNL & 1,650' FEL, Section 13, T19S, R33E, Lea County NM  
FIELD: Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E  
DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

DATE PREPARED: 3/31/00 EST. START DATE: 6/15/00 EST. COMPLETION DATE: 8/1/00  
ACCOUNTING WELL NUMBER:  
COMMUNICATIONS ACCOUNT NUMBER:

INTANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Drilling Footage 13,600 Ft @ 25.95 \$/Ft	1114100	374,095	NA	0	374,095
Drilling Daywork 2 2 6,200 \$/day	1114100	13,144	1114100	13,144	26,288
Drilling Turnkey	1114100	0	1114100	0	0
Rig Mobilization and Demobilization	1114100	0	1114100	0	0
Road & Location Expense	1114100	27,295	1114100	3,180	30,475
Damages	1114100	5,000	1114100	0	5,000
Directional Drilling - Tools and Service	1114100	0	1114100	0	0
Drilling Fluids	1114100	53,000	1114100	0	53,000
Fuel, Power, and Water	1114100	28,500	1114100	0	28,500
Supplies - Bits	1114100	0	1114100	795	795
Supplies - Casing Equipment	1114100	5,989	1114100	7,420	13,409
Supplies - Liner Equipment	1114100	0	1114100	0	0
Supplies - Miscellaneous	1114100	0	1114100	0	0
Cement and Cmt. Services - Surface Csg	1114100	8,480	NA	0	8,480
Cement and Cmt. Services - Int. Csg	1114100	15,900	NA	0	15,900
Cement and Cmt. Services - Prod. Csg	NA	0	1114100	21,200	21,200
Cement and Cmt. Services - Other	1114100	0	1114100	0	0
Rental - Drilling Tools and Equipment	1114100	0	1114100	0	0
Rental - Misc.	1114100	24,910	1114100	3,710	28,620
Testing - Drill Stem / Production	1114100	4,770	1114100	3,710	8,480
Open Hole Logging	1114100	37,100	NA	0	37,100
Mudlogging Services	1114100	21,465	NA	0	21,465
Special Services	1114100	0	1114100	0	0
Plug and Abandon	1114100	15,000	1114100	(15,000)	0
Pulling and/or Swabbing Unit	NA	0	1114100	15,264	15,264
Reverse Equipment	NA	0	1114100	5,830	5,830
Wireline Services	1114100	0	1114100	19,080	19,080
Stimulation	NA	0	1114100	12,720	12,720
Pump / Vacuum Truck Services	1114100	0	1114100	5,944	5,944
Transportation	1114100	2,120	1114100	2,650	4,770
Tubular Goods - Inspection & Testing	1114100	0	1114100	5,300	5,300
Unclassified	1114100	530	1114100	0	530
Telephone and Radio Expense	1114100	1,590	1114100	636	2,226
Engineer / Geologist / Landman	1114100	22,500	1114100	2,500	25,000
Company Labor - Field Supervision	1114100	26,500	1114100	7,500	34,000
Contract Labor / Roustabout	1114100	2,120	1114100	7,950	10,070
Legal and Professional Service	1114100	5,000	1114100	0	5,000
Insurance	1114100	14,008	1114100	0	14,008
Overhead	1114100	14,000	1114100	3,500	17,500
SUBTOTAL		721,017		127,033	848,050
Contingencies (10%)		72,102		12,703	84,805
ESTIMATED TOTAL INTANGIBLES		793,119		139,736	932,855

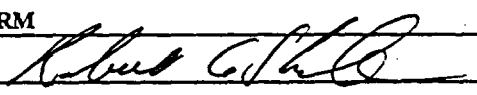
AUTHORITY FOR EXPENDITURE

LEASE: Stetson 13 Federal Com. WELL NUMBER: 1 PBTD: 13,600'  
LOCATION: 1,650' FNL & 1,650' FEL, Section 13, T19S, R33E, Lea County NM  
FIELD: Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E  
DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

0  
DATE PREPARED: 3/31/00 EST. START DATE: 6/15/00 EST. COMPLETION DATE: 8/1/00  
ACCOUNTING WELL NUMBER:  
COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:			CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casin	0 Ft @	0.00 \$/Ft	1526.000	0	NA	0	0
Surface Csg	500 Ft @	24.00 \$/Ft	1516.510	12,000	NA	0	12,000
Intermediate Csg	5,000 Ft @	14.00 \$/Ft	1516.510	70,000	NA	0	70,000
Protection Csg	0 Ft @	0.00 \$/Ft	1516.210	0	NA	0	0
Production Csg	13,600 Ft @	10.00 \$/Ft	NA	0	1526.000	136,000	136,000
Protection Liner	0 Ft @	0.00 \$/Ft	1516.500	0	NA	0	0
Production Liner	0 Ft @	0.00 \$/Ft	NA	0	1526.000	0	0
Tubing	13,400 Ft @	3.38 \$/Ft	NA	0	1526.000	45,292	45,292
Rods	0 Ft @	0.00 \$/Ft	NA	0	1526.000	0	0
Artificial Lift Equipment			NA	0	1526.000	0	0
Tank Battery			NA	0	1526.000	15,900	15,900
Separators/Heater Treater/Gas Units/FWKO			NA	0	1526.000	12,720	12,720
* Well Head Equipment & Christmas Tree			1526.000	2,000	1526.000	11,500	13,500
Subsurface Well Equipment			NA	0	1526.000	6,890	6,890
Flow Lines			NA	0	1526.000	13,250	13,250
Saltwater Disposal Pump			NA	0	1526.000	0	0
Gas Meter			NA	0	1526.000	3,180	3,180
Lact Unit			NA	0	1526.000	0	0
Vapor Recovery Unit			NA	0	1526.000	0	0
Other Well Equipment			NA	0	1526.000	0	0
ROW and Damages			NA	0	1526.000	2,120	2,120
Surface Equipment Installation Costs			NA	0	1526.000	15,900	15,900
Elect. Installation			NA	0	1526.000	0	0
ESTIMATED TOTAL TANGIBLES				84,000		262,752	346,752
ESTIMATED TOTAL WELL COSTS				877,119		402,488	1,279,607

THIS AFE IS ONLY AN ESTIMATE. BY SIGNING YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

NPC APPROVAL	DATE
PREPARED BY: HRW	03/31/00
REVIEWED BY: TRM	
APPROVED BY: 	5/31/00
APPROVED BY:	

WI APPROVAL: COMPANY George L. Scott, III  
BY  
TITLE  
DATE

AUTHORITY FOR EXPENDITURE

LEASE: Stetson 13 Federal Com. WELL NUMBER: 1 PBTD: 13,600'  
LOCATION: 1,650' FNL & 1,650' FEL, Section 13, T19S, R33E, Lea County NM  
FIELD: Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E  
DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

DATE PREPARED: 3/31/00 EST. START DATE: 6/15/00 EST. COMPLETION DATE: 8/1/00  
ACCOUNTING WELL NUMBER:  
COMMUNICATIONS ACCOUNT NUMBER:

INTANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Drilling Footage 13,600 Ft @ 25.95 \$/Ft	1514100	374,095	NA	0	374,095
Drilling Daywork 2 2 6,200 \$/day	1514100	13,144	1514100	13,144	26,288
Drilling Turnkey	1514100	0	1514100	0	0
Rig Mobilization and Demobilization	1514100	0	1514100	0	0
Road & Location Expense	1514100	27,295	1514100	3,180	30,475
Damages	1514100	5,000	1514100	0	5,000
Directional Drilling - Tools and Service	1514100	0	1514100	0	0
Drilling Fluids	1514100	53,000	1514100	0	53,000
Fuel, Power, and Water	1514100	26,500	1514100	0	26,500
Supplies - Bits	1514100	0	1514100	795	795
Supplies - Casing Equipment	1514100	5,989	1514100	7,420	13,409
Supplies - Liner Equipment	1514100	0	1514100	0	0
Supplies - Miscellaneous	1514100	0	1514100	0	0
Cement and Cmt. Services - Surface Csg	1514100	8,480	NA	0	8,480
Cement and Cmt. Services - Int. Csg	1514100	15,900	NA	0	15,900
Cement and Cmt. Services - Prod. Csg	NA	0	1514100	21,200	21,200
Cement and Cmt. Services - Other	1514100	0	1514100	0	0
Rental - Drilling Tools and Equipment	1514100	0	1514100	0	0
Rental - Misc.	1514100	24,910	1514100	3,710	28,620
Testing - Drill Stem / Production	1514100	4,770	1514100	3,710	8,480
Open Hole Logging	1514100	37,100	NA	0	37,100
Mudlogging Services	1514100	21,465	NA	0	21,465
Special Services	1514100	0	1514100	0	0
Plug and Abandon	1514100	15,000	1514100	(15,000)	0
Pulling and/or Swabbing Unit	NA	0	1514100	15,264	15,264
Reverse Equipment	NA	0	1514100	5,830	5,830
Wireline Services	1514100	0	1514100	19,080	19,080
Stimulation	NA	0	1514100	12,720	12,720
Pump / Vacuum Truck Services	1514100	0	1514100	5,944	5,944
Transportation	1514100	2,120	1514100	2,650	4,770
Tubular Goods - Inspection & Testing	1514100	0	1514100	5,300	5,300
Unclassified	1514100	530	1514100	0	530
Telephone and Radio Expense	1514100	1,590	1514100	636	2,226
Engineer / Geologist / Landman	1514100	22,500	1514100	2,500	25,000
Company Labor - Field Supervision	1514100	26,500	1514100	7,500	34,000
Contract Labor / Roustabout	1514100	2,120	1514100	7,950	10,070
Legal and Professional Service	1514100	5,000	1514100	0	5,000
Insurance	1514100	14,008	1514100	0	14,008
Overhead	1514100	14,000	1514100	3,500	17,500
SUBTOTAL		721,017		127,033	848,050
Contingencies (10%)		72,102		12,703	84,805
ESTIMATED TOTAL INTANGIBLES		793,119		139,736	932,855

**Nearburg Producing Company**Exploration and Production  
Dallas, Texas

Page 2 of 2

**AUTHORITY FOR EXPENDITURE**

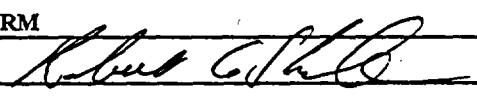
LEASE: Statson 13 Federal Com. WELL NUMBER: 1 PBTD: 13,600'  
LOCATION: 1,650' FNL & 1,650' FEL, Section 13, T19S, R33E, Lea County NM  
FIELD: Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E  
DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

0

DATE PREPARED: 3/31/00 EST. START DATE: 6/15/00 EST. COMPLETION DATE: 8/1/00  
ACCOUNTING WELL NUMBER:  
COMMUNICATIONS ACCOUNT NUMBER:

<b>TANGIBLE COSTS:</b>	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casing 0 Ft @ 0.00 \$/Ft	1336700	0	NA	0	0
Surface Csg 500 Ft @ 24.00 \$/Ft	1336310	12,000	NA	0	12,000
Intermediate Csg 5,000 Ft @ 14.00 \$/Ft	1336311	70,000	NA	0	70,000
Protection Csg 0 Ft @ 0.00 \$/Ft	1336310	0	NA	0	0
Production Csg 13,600 Ft @ 10.00 \$/Ft	NA	0	1336311	136,000	136,000
Protection Liner 0 Ft @ 0.00 \$/Ft	1336311	0	NA	0	0
Production Liner 0 Ft @ 0.00 \$/Ft	NA	0	1336311	0	0
Tubing 13,400 Ft @ 3.38 \$/Ft	NA	0	1336310	45,292	45,292
Rods 0 Ft @ 0.00 \$/Ft	NA	0	1336311	0	0
Artificial Lift Equipment	NA	0	1336310	0	0
Tank Battery	NA	0	1336311	15,900	15,900
Separators/Heater Treater/Gas Units/FWKO	NA	0	1336310	12,720	12,720
* Well Head Equipment & Christmas Tree	1336311	2,000	1336311	11,500	13,500
Subsurface Well Equipment	NA	0	1336310	6,890	6,890
Flow Lines	NA	0	1336311	13,250	13,250
Saltwater Disposal Pump	NA	0	1336311	0	0
Gas Meter	NA	0	1336311	3,180	3,180
Lact Unit	NA	0	1336311	0	0
Vapor Recovery Unit	NA	0	1336311	0	0
Other Well Equipment	NA	0	1336311	0	0
ROW and Damages	NA	0	1336311	2,120	2,120
Surface Equipment Installation Costs	NA	0	1336311	15,900	15,900
Elect. Installation	NA	0	1336311	0	0
<b>ESTIMATED TOTAL TANGIBLES</b>		84,000		262,752	346,752
<b>ESTIMATED TOTAL WELL COSTS</b>		877,119		402,488	1,279,607

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: HRW	03/31/00
REVIEWED BY: TRM	
APPROVED BY: 	3/31/00
APPROVED BY:	

WI APPROVAL:

COMPANY

Frank S. and Robin L. Morgan

BY

TITLE

DATE

AUTHORITY FOR EXPENDITURE

LEASE: Stetson 13 Federal Com. WELL NUMBER: 1 PBTD: 13,600'  
LOCATION: 1,650' FNL & 1,650' FEL, Section 13, T19S, R33E, Lea County NM  
FIELD: Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E  
DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

DATE PREPARED: 3/31/00 EST. START DATE: 6/15/00 EST. COMPLETION DATE: 8/1/00  
ACCOUNTING WELL NUMBER:  
COMMUNICATIONS ACCOUNT NUMBER:

INTANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Drilling Footage 13,600 Ft @ 25.95 \$/Ft	1114101	374,095	NA	0	374,095
Drilling Daywork 2 2 6,200 \$/day	1114102	13,144	1114102	13,144	26,288
Drilling Turnkey	1114103	0	1114103	0	0
Rig Mobilization and Demobilization	1114104	0	1114104	0	0
Road & Location Expense	1114105	27,295	1114105	3,180	30,475
Damages	1114106	5,000	1114106	0	5,000
Directional Drilling - Tools and Service	1114107	0	1114107	0	0
Drilling Fluids	1114108	53,000	1114108	0	53,000
Fuel, Power, and Water	1114109	26,500	1114109	0	26,500
Supplies - Bits	1114110	0	1114110	795	795
Supplies - Casing Equipment	1114111	5,989	1114111	7,420	13,409
Supplies - Liner Equipment	1114112	0	1114112	0	0
Supplies - Miscellaneous	1114113	0	1114113	0	0
Cement and Cmt. Services - Surface Csg	1114114	8,480	NA	0	8,480
Cement and Cmt. Services - Int. Csg	1114115	15,900	NA	0	15,900
Cement and Cmt. Services - Prod. Csg	NA	0	1114116	21,200	21,200
Cement and Cmt. Services - Other	1114117	0	1114117	0	0
Rental - Drilling Tools and Equipment	1114118	0	1114118	0	0
Rental - Misc.	1114119	24,910	1114119	3,710	28,620
Testing - Drill Stem / Production	1114120	4,770	1114120	3,710	8,480
Open Hole Logging	1114121	37,100	NA	0	37,100
Mudlogging Services	1114122	21,465	NA	0	21,465
Special Services	1114123	0	1114123	0	0
Plug and Abandon	1114124	15,000	1114124	(15,000)	0
Pulling and/or Swabbing Unit	NA	0	1114125	15,264	15,264
Reverse Equipment	NA	0	1114126	5,830	5,830
Wireline Services	1114127	0	1114127	19,080	19,080
Stimulation	NA	0	1114128	12,720	12,720
Pump / Vacuum Truck Services	1114129	0	1114129	5,944	5,944
Transportation	1114130	2,120	1114130	2,650	4,770
Tubular Goods - Inspection & Testing	1114131	0	1114131	5,300	5,300
Unclassified	1114132	530	1114132	0	530
Telephone and Radio Expense	1114133	1,590	1114133	636	2,226
Engineer / Geologist / Landman	1114134	22,500	1114134	2,500	25,000
Company Labor - Field Supervision	1114135	26,500	1114135	7,500	34,000
Contract Labor / Roustabout	1114136	2,120	1114136	7,950	10,070
Legal and Professional Service	1114137	5,000	1114137	0	5,000
Insurance	1114138	14,008	1114138	0	14,008
Overhead	1114139	14,000	1114139	3,500	17,500
SUBTOTAL		721,017		127,033	848,050
Contingencies (10%)		72,102		12,703	84,805
ESTIMATED TOTAL INTANGIBLES		793,119		139,736	932,855

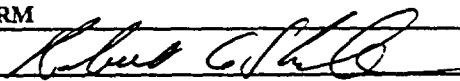
AUTHORITY FOR EXPENDITURE

LEASE: Stetson 13 Federal Com. WELL NUMBER: 1 PBTD: 13,600'  
LOCATION: 1,650' FNL & 1,650' FEL, Section 13, T19S, R33E, Lea County NM  
FIELD: Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E  
DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

0  
DATE PREPARED: 3/31/00 EST. START DATE: 6/15/00 EST. COMPLETION DATE: 8/1/00  
ACCOUNTING WELL NUMBER:  
COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:			CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casing	0 Ft @	0.00 \$/Ft	1120100	0	NA	0	0
Surface Csg	500 Ft @	24.00 \$/Ft	1120500	12,000	NA	0	12,000
Intermediate Csg	5,000 Ft @	14.00 \$/Ft	1120500	70,000	NA	0	70,000
Protection Csg	0 Ft @	0.00 \$/Ft	1120100	0	NA	0	0
Production Csg	13,600 Ft @	10.00 \$/Ft	NA	0	1121100	136,000	136,000
Protection Liner	0 Ft @	0.00 \$/Ft	1120500	0	NA	0	0
Production Liner	0 Ft @	0.00 \$/Ft	NA	0	1121100	0	0
Tubing	13,400 Ft @	3.38 \$/Ft	NA	0	1121100	45,292	45,292
Rods	0 Ft @	0.00 \$/Ft	NA	0	1121100	0	0
Artificial Lift Equipment			NA	0	1121100	0	0
Tank Battery			NA	0	1121100	15,900	15,900
Separators/Heater Treater/Gas Units/FWKO			NA	0	1121100	12,720	12,720
* Well Head Equipment & Christmas Tree			1121100	2,000	1121100	11,500	13,500
Subsurface Well Equipment			NA	0	1121100	6,890	6,890
Flow Lines			NA	0	1121100	13,250	13,250
Saltwater Disposal Pump			NA	0	1121100	0	0
Gas Meter			NA	0	1121100	3,180	3,180
Lact Unit			NA	0	1121100	0	0
Vapor Recovery Unit			NA	0	1121100	0	0
Other Well Equipment			NA	0	1121100	0	0
ROW and Damages			NA	0	1121100	2,120	2,120
Surface Equipment Installation Costs			NA	0	1121100	15,900	15,900
Elect. Installation			NA	0	1121100	0	0
ESTIMATED TOTAL TANGIBLES				84,000		262,752	346,752
ESTIMATED TOTAL WELL COSTS				877,119		402,488	1,279,607

THIS AFE IS ONLY AN ESTIMATE. BY SIGNING YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

NPC APPROVAL		DATE
PREPARED BY: HRW		03/31/00
REVIEWED BY: TRM		
APPROVED BY: 		3/31/00
APPROVED BY:		

WI APPROVAL: COMPANY MorOilCo, Inc.  
BY  
TITLE  
DATE

AUTHORITY FOR EXPENDITURE

LEASE: Stetson 13 Federal Com. WELL NUMBER: 1 PBTD: 13,600'  
LOCATION: 1,650' FNL & 1,650' FEL, Section 13, T19S, R33E, Lea County NM  
FIELD: Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E  
DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

DATE PREPARED: 3/31/00 EST. START DATE: 6/15/00 EST. COMPLETION DATE: 8/1/00  
ACCOUNTING WELL NUMBER:  
COMMUNICATIONS ACCOUNT NUMBER:

INTANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Drilling Footage 13,600 Ft @ 25.95 \$/Ft	1111111	374,095	NA	0	374,095
Drilling Daywork 2 2 6,200 \$/day	1111111	13,144	1111111	13,144	26,288
Drilling Turnkey	1111111	0	1111111	0	0
Rig Mobilization and Demobilization	1111111	0	1111111	0	0
Road & Location Expense	1111111	27,295	1111111	3,180	30,475
Damages	1111111	5,000	1111111	0	5,000
Directional Drilling - Tools and Service	1111111	0	1111111	0	0
Drilling Fluids	1111111	53,000	1111111	0	53,000
Fuel, Power, and Water	1111111	26,500	1111111	0	26,500
Supplies - Bits	1111111	0	1111111	795	795
Supplies - Casing Equipment	1111111	5,989	1111111	7,420	13,409
Supplies - Liner Equipment	1111111	0	1111111	0	0
Supplies - Miscellaneous	1111111	0	1111111	0	0
Cement and Cmt. Services - Surface Csg	1111111	8,480	NA	0	8,480
Cement and Cmt. Services - Int. Csg	1111111	15,900	NA	0	15,900
Cement and Cmt. Services - Prod. Csg	NA	0	1111111	21,200	21,200
Cement and Cmt. Services - Other	1111111	0	1111111	0	0
Rental - Drilling Tools and Equipment	1111111	0	1111111	0	0
Rental - Misc.	1111111	24,910	1111111	3,710	28,620
Testing - Drill Stem / Production	1111111	4,770	1111111	3,710	8,480
Open Hole Logging	1111111	37,100	NA	0	37,100
Mudlogging Services	1111111	21,465	NA	0	21,465
Special Services	1111111	0	1111111	0	0
Plug and Abandon	1111111	15,000	1111111	(15,000)	0
Pulling and/or Swabbing Unit	NA	0	1111111	15,264	15,264
Reverse Equipment	NA	0	1111111	5,830	5,830
Wireline Services	1111111	0	1111111	19,080	19,080
Stimulation	NA	0	1111111	12,720	12,720
Pump / Vacuum Truck Services	1111111	0	1111111	5,944	5,944
Transportation	1111111	2,120	1111111	2,650	4,770
Tubular Goods - Inspection & Testing	1111111	0	1111111	5,300	5,300
Unclassified	1111111	530	1111111	0	530
Telephone and Radio Expense	1111111	1,590	1111111	636	2,226
Engineer / Geologist / Landman	1111111	22,500	1111111	2,500	25,000
Company Labor - Field Supervision	1111111	26,500	1111111	7,500	34,000
Contract Labor / Roustabout	1111111	2,120	1111111	7,950	10,070
Legal and Professional Service	1111111	5,000	1111111	0	5,000
Insurance	1111111	14,008	1111111	0	14,008
Overhead	1111111	14,000	1111111	3,500	17,500
SUBTOTAL		721,017		127,033	848,050
Contingencies (10%)		72,102		12,703	84,805
ESTIMATED TOTAL INTANGIBLES		793,119		139,736	932,855


AUTHORITY FOR EXPENDITURE

LEASE: Stetson 13 Federal Com. WELL NUMBER: 1 PBTD: 13,600'  
LOCATION: 1,650' FNL & 1,650' FEL, Section 13, T19S, R33E, Lea County NM  
FIELD: Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E  
DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

0  
DATE PREPARED: 3/31/00 EST. START DATE: 6/15/00 EST. COMPLETION DATE: 8/1/00  
ACCOUNTING WELL NUMBER:  
COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:			CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casing	0 Ft @	0.00 \$/Ft	11200000	0	NA	0	0
Surface Csg	500 Ft @	24.00 \$/Ft	11100000	12,000	NA	0	12,000
Intermediate Csg	5,000 Ft @	14.00 \$/Ft	11100000	70,000	NA	0	70,000
Protection Csg	0 Ft @	0.00 \$/Ft	11200000	0	NA	0	0
Production Csg	13,600 Ft @	10.00 \$/Ft	NA	0	11200000	136,000	136,000
Protection Liner	0 Ft @	0.00 \$/Ft	11200000	0	NA	0	0
Production Liner	0 Ft @	0.00 \$/Ft	NA	0	11200000	0	0
Tubing	13,400 Ft @	3.38 \$/Ft	NA	0	11200000	45,292	45,292
Rods	0 Ft @	0.00 \$/Ft	NA	0	11200000	0	0
Artificial Lift Equipment			NA	0	11200000	0	0
Tank Battery			NA	0	11200000	15,900	15,900
Separators/Heater Treater/Gas Units/FWKO			NA	0	11200000	12,720	12,720
* Well Head Equipment & Christmas Tree			11200000	2,000	11200000	11,500	13,500
Subsurface Well Equipment			NA	0	11200000	6,890	6,890
Flow Lines			NA	0	11200000	13,250	13,250
Saltwater Disposal Pump			NA	0	11200000	0	0
Gas Meter			NA	0	11200000	3,180	3,180
Lact Unit			NA	0	11200000	0	0
Vapor Recovery Unit			NA	0	11200000	0	0
Other Well Equipment			NA	0	11200000	0	0
ROW and Damages			NA	0	11200000	2,120	2,120
Surface Equipment Installation Costs			NA	0	11200000	15,900	15,900
Elect. Installation			NA	0	11200000	0	0
ESTIMATED TOTAL TANGIBLES				84,000		262,752	346,752
ESTIMATED TOTAL WELL COSTS				877,119		402,488	1,279,607

THIS AFE IS ONLY AN ESTIMATE. BY SIGNING YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

NPC APPROVAL		DATE
PREPARED BY: HRW		03/31/00
REVIEWED BY: TRM		
APPROVED BY: 		5/3/00
APPROVED BY:		

WI APPROVAL: COMPANY Sealy Hutchings Cavin, Inc.  
BY  
TITLE  
DATE

AUTHORITY FOR EXPENDITURE

LEASE: Stetson 13 Federal Com. WELL NUMBER: 1 PBTD: 13,600'  
LOCATION: 1,650' FNL & 1,650' FEL, Section 13, T19S, R33E, Lea County NM  
FIELD: Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E  
DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

DATE PREPARED: 3/31/00 EST. START DATE: 6/15/00 EST. COMPLETION DATE: 8/1/00  
ACCOUNTING WELL NUMBER:  
COMMUNICATIONS ACCOUNT NUMBER:

INTANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Drilling Footage 13,600 Ft @ 25.95 \$/Ft	111111	374,095	NA	0	374,095
Drilling Daywork 2 2 6,200 \$/day	111111	13,144	111111	13,144	26,288
Drilling Turnkey	111111	0	111111	0	0
Rig Mobilization and Demobilization	111111	0	111111	0	0
Road & Location Expense	111111	27,295	111111	3,180	30,475
Damages	111111	5,000	111111	0	5,000
Directional Drilling - Tools and Service	111111	0	111111	0	0
Drilling Fluids	111111	53,000	111111	0	53,000
Fuel, Power, and Water	111111	26,500	111111	0	26,500
Supplies - Bits	111111	0	111111	795	795
Supplies - Casing Equipment	111111	5,989	111111	7,420	13,409
Supplies - Liner Equipment	111111	0	111111	0	0
Supplies - Miscellaneous	111111	0	111111	0	0
Cement and Cmt. Services - Surface Csg	111111	8,480	NA	0	8,480
Cement and Cmt. Services - Int. Csg	111111	15,900	NA	0	15,900
Cement and Cmt. Services - Prod. Csg	NA	0	111111	21,200	21,200
Cement and Cmt. Services - Other	111111	0	111111	0	0
Rental - Drilling Tools and Equipment	111111	0	111111	0	0
Rental - Misc.	111111	24,910	111111	3,710	28,620
Testing - Drill Stem / Production	111111	4,770	111111	3,710	8,480
Open Hole Logging	111111	37,100	NA	0	37,100
Mudlogging Services	111111	21,465	NA	0	21,465
Special Services	111111	0	111111	0	0
Plug and Abandon	111111	15,000	111111	(15,000)	0
Pulling and/or Swabbing Unit	NA	0	111111	15,264	15,264
Reverse Equipment	NA	0	111111	5,830	5,830
Wireline Services	111111	0	111111	19,080	19,080
Stimulation	NA	0	111111	12,720	12,720
Pump / Vacuum Truck Services	111111	0	111111	5,944	5,944
Transportation	111111	2,120	111111	2,650	4,770
Tubular Goods - Inspection & Testing	111111	0	111111	5,300	5,300
Unclassified	111111	530	111111	0	530
Telephone and Radio Expense	111111	1,590	111111	636	2,226
Engineer / Geologist / Landman	111111	22,500	111111	2,500	25,000
Company Labor - Field Supervision	111111	26,500	111111	7,500	34,000
Contract Labor / Roustabout	111111	2,120	111111	7,950	10,070
Legal and Professional Service	111111	5,000	111111	0	5,000
Insurance	111111	14,008	111111	0	14,008
Overhead	111111	14,000	111111	3,500	17,500
SUBTOTAL		721,017		127,033	848,050
Contingencies (10%)		72,102		12,703	84,805
ESTIMATED TOTAL INTANGIBLES		793,119		139,736	932,855

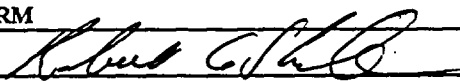
AUTHORITY FOR EXPENDITURE

LEASE: Stetson 13 Federal Com. WELL NUMBER: 1 PBTD: 13,600'  
LOCATION: 1,650' FNL & 1,650' FEL, Section 13, T19S, R33E, Lea County NM  
FIELD: Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E  
DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

0  
DATE PREPARED: 3/31/00 EST. START DATE: 6/15/00 EST. COMPLETION DATE: 8/1/00  
ACCOUNTING WELL NUMBER:  
COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:			TO CSG PT	COMPLETION	TOTAL WELL
Conductor Casing	0 Ft @	0.00 \$/Ft	0	0	0
Surface Csg	500 Ft @	24.00 \$/Ft	12,000	0	12,000
Intermediate Csg	5,000 Ft @	14.00 \$/Ft	70,000	0	70,000
Protection Csg	0 Ft @	0.00 \$/Ft	0	0	0
Production Csg	13,600 Ft @	10.00 \$/Ft	0	136,000	136,000
Protection Liner	0 Ft @	0.00 \$/Ft	0	0	0
Production Liner	0 Ft @	0.00 \$/Ft	0	0	0
Tubing	13,400 Ft @	3.38 \$/Ft	0	45,292	45,292
Rods	0 Ft @	0.00 \$/Ft	0	0	0
Artificial Lift Equipment			0	0	0
Tank Battery			0	15,900	15,900
Separators/Heater Treater/Gas Units/FWKO			0	12,720	12,720
* Well Head Equipment & Christmas Tree			2,000	11,500	13,500
Subsurface Well Equipment			0	6,890	6,890
Flow Lines			0	13,250	13,250
Saltwater Disposal Pump			0	0	0
Gas Meter			0	3,180	3,180
Lact Unit			0	0	0
Vapor Recovery Unit			0	0	0
Other Well Equipment			0	0	0
ROW and Damages			0	2,120	2,120
Surface Equipment Installation Costs			0	15,900	15,900
Elect. Installation			0	0	0
ESTIMATED TOTAL TANGIBLES			84,000	262,752	346,752
ESTIMATED TOTAL WELL COSTS			877,119	402,488	1,279,607

THIS AFE IS ONLY AN ESTIMATE. BY SIGNING YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

NPC APPROVAL	DATE
PREPARED BY: HRW	03/31/00
REVIEWED BY: TRM	
APPROVED BY: 	5/3/00
APPROVED BY:	

WI APPROVAL: COMPANY Warren Scott  
BY  
TITLE  
DATE

**Nearburg Producing Company**

Exploration and Production  
Dallas, Texas

Page 1 of 2

**AUTHORITY FOR EXPENDITURE**

LEASE: Stetson 13 Federal Com.

WELL NUMBER: 1

PBSD: 13,600'

LOCATION: 1,650' FNL &amp; 1,650' FEL, Section 13, T19S, R33E, Lea County NM

FIELD: Morrow

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

DATE PREPARED: 3/31/00

EST. START DATE: 6/15/00

EST. COMPLETION DATE: 8/1/00

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 13,600 Ft @ 25.95 \$/Ft	1511101	374,095	NA	0	374,095
Drilling Daywork 2 2 6,200 \$/day	1511102	13,144	1511102	13,144	26,288
Drilling Turnkey	1511110	0	1511110	0	0
Rig Mobilization and Demobilization	1511111	0	1511111	0	0
Road & Location Expense	1511112	27,295	1511112	3,180	30,475
Damages	1511113	5,000	1511113	0	5,000
Directional Drilling - Tools and Service	1511114	0	1511114	0	0
Drilling Fluids	1511115	53,000	1511115	0	53,000
Fuel, Power, and Water	1511116	26,500	1511116	0	26,500
Supplies - Bits	1511117	0	1511117	795	795
Supplies - Casing Equipment	1511118	5,989	1511118	7,420	13,409
Supplies - Liner Equipment	1511119	0	1511119	0	0
Supplies - Miscellaneous	1511120	0	1511120	0	0
Cement and Cmt. Services - Surface Csg	1511121	8,480	NA	0	8,480
Cement and Cmt. Services - Int. Csg	1511122	15,900	NA	0	15,900
Cement and Cmt. Services - Prod. Csg	NA	0	1511123	21,200	21,200
Cement and Cmt. Services - Other	1511124	0	1511124	0	0
Rental - Drilling Tools and Equipment	1511125	0	1511125	0	0
Rental - Misc.	1511126	24,910	1511126	3,710	28,620
Testing - Drill Stem / Production	1511127	4,770	1511127	3,710	8,480
Open Hole Logging	1511128	37,100	NA	0	37,100
Mudlogging Services	1511129	21,465	NA	0	21,465
Special Services	1511130	0	1511130	0	0
Plug and Abandon	1511131	15,000	1511131	(15,000)	0
Pulling and/or Swabbing Unit	NA	0	1511132	15,264	15,264
Reverse Equipment	NA	0	1511133	5,830	5,830
Wireline Services	1511134	0	1511134	19,080	19,080
Stimulation	NA	0	1511135	12,720	12,720
Pump / Vacuum Truck Services	1511136	0	1511136	5,944	5,944
Transportation	1511137	2,120	1511137	2,650	4,770
Tubular Goods - Inspection & Testing	1511138	0	1511138	5,300	5,300
Unclassified	1511139	530	1511139	0	530
Telephone and Radio Expense	1511140	1,590	1511140	636	2,226
Engineer / Geologist / Landman	1511141	22,500	1511141	2,500	25,000
Company Labor - Field Supervision	1511142	26,500	1511142	7,500	34,000
Contract Labor / Roustabout	1511143	2,120	1511143	7,950	10,070
Legal and Professional Service	1511144	5,000	1511144	0	5,000
Insurance	1511145	14,008	1511145	0	14,008
Overhead	1511146	14,000	1511146	3,500	17,500
<b>SUBTOTAL</b>		<b>721,017</b>		<b>127,033</b>	<b>848,050</b>
Contingencies (10%)		72,102		12,703	84,805
<b>ESTIMATED TOTAL INTANGIBLES</b>		<b>793,119</b>		<b>139,736</b>	<b>932,855</b>

**Nearburg Producing Company**Exploration and Production  
Dallas, Texas

Page 2 of 2

**AUTHORITY FOR EXPENDITURE**

LEASE: Stetson 13 Federal Com.

WELL NUMBER: 1

PBTD: 13,600'

LOCATION: 1,650' FNL &amp; 1,650' FEL, Section 13, T19S, R33E, Lea County NM

FIELD: Morrow

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

0

DATE PREPARED: 3/31/00

EST. START DATE: 6/15/00


EST. COMPLETION DATE: 8/1/00

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	0 Ft @	0.00 \$/Ft	1300000	0	NA	0	0
Surface Csg	500 Ft @	24.00 \$/Ft	1300510	12,000	NA	0	12,000
Intermediate Csg	5,000 Ft @	14.00 \$/Ft	1300515	70,000	NA	0	70,000
Protection Csg	0 Ft @	0.00 \$/Ft	1300220	0	NA	0	0
Production Csg	13,600 Ft @	10.00 \$/Ft	NA	0	1313335	136,000	136,000
Protection Liner	0 Ft @	0.00 \$/Ft	1300510	0	NA	0	0
Production Liner	0 Ft @	0.00 \$/Ft	NA	0	1312315	0	0
Tubing	13,400 Ft @	3.38 \$/Ft	NA	0	1313360	45,292	45,292
Rods	0 Ft @	0.00 \$/Ft	NA	0	1312240	0	0
Artificial Lift Equipment			NA	0	1312110	0	0
Tank Battery			NA	0	1312110	15,900	15,900
Separators/Heater Treater/Gas Units/FWKO			NA	0	1313360	12,720	12,720
* Well Head Equipment & Christmas Tree			1300000	2,000	1312360	11,500	13,500
Subsurface Well Equipment			NA	0	1312270	6,890	6,890
Flow Lines			NA	0	1312270	13,250	13,250
Saltwater Disposal Pump			NA	0	1313390	0	0
Gas Meter			NA	0	1312360	3,180	3,180
Lact Unit			NA	0	1312110	0	0
Vapor Recovery Unit			NA	0	1312110	0	0
Other Well Equipment			NA	0	1312110	0	0
ROW and Damages			NA	0	1312360	2,120	2,120
Surface Equipment Installation Costs			NA	0	1312110	15,900	15,900
Elect. Installation			NA	0	1312110	0	0
<b>ESTIMATED TOTAL TANGIBLES</b>				84,000		262,752	346,752
<b>ESTIMATED TOTAL WELL COSTS</b>				877,119		402,488	1,279,607

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: HRW	03/31/00
REVIEWED BY: TRM	
APPROVED BY: 	5/31/00
APPROVED BY:	

WI APPROVAL:

COMPANY

Eloy S. Duran

BY

TITLE

DATE

**Nearburg Producing Company**

Exploration and Production  
Dallas, Texas

**AUTHORITY FOR EXPENDITURE**

LEASE: Stetson 13 Federal Com. WELL NUMBER: 1 PBTD: 13,600'  
LOCATION: 1,650' FNL & 1,650' FEL, Section 13, T19S, R33E, Lea County NM  
FIELD: Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E  
DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

DATE PREPARED: 3/31/00 EST. START DATE: 6/15/00 EST. COMPLETION DATE: 8/1/00  
ACCOUNTING WELL NUMBER:  
COMMUNICATIONS ACCOUNT NUMBER:

INTANGIBLE COSTS:	CODE	TO CSG PT.	CODE	COMPLETION	TOTAL WELL
Drilling Footage 13,600 Ft @ 25.95 \$/Ft	1514100	374,095	NA	0	374,095
Drilling Daywork 2 2 6,200 \$/day	1514100	13,144	1514100	13,144	26,288
Drilling Turnkey	1514110	0	1514110	0	0
Rig Mobilization and Demobilization	1514110	0	1514110	0	0
Road & Location Expense	1514120	27,295	1514120	3,180	30,475
Damages	1514130	5,000	1514130	0	5,000
Directional Drilling - Tools and Service	1514130	0	1514130	0	0
Drilling Fluids	1514130	53,000	1514130	0	53,000
Fuel, Power, and Water	1514140	26,500	1514140	0	26,500
Supplies - Bits	1514150	0	1514150	795	795
Supplies - Casing Equipment	1514150	5,989	1514150	7,420	13,409
Supplies - Liner Equipment	1514150	0	1514150	0	0
Supplies - Miscellaneous	1514160	0	1514160	0	0
Cement and Cmt. Services - Surface Csg	1514170	8,480	NA	0	8,480
Cement and Cmt. Services - Int. Csg	1514170	15,900	NA	0	15,900
Cement and Cmt. Services - Prod. Csg	NA	0	1514170	21,200	21,200
Cement and Cmt. Services - Other	1514170	0	1514170	0	0
Rental - Drilling Tools and Equipment	1514180	0	1514180	0	0
Rental - Misc.	1514180	24,910	1514180	3,710	28,620
Testing - Drill Stem / Production	1514180	4,770	1514180	3,710	8,480
Open Hole Logging	1514190	37,100	NA	0	37,100
Mudlogging Services	1514190	21,465	NA	0	21,465
Special Services	1514190	0	1514190	0	0
Plug and Abandon	1514210	15,000	1514210	(15,000)	0
Pulling and/or Swabbing Unit	NA	0	1514210	15,264	15,264
Reverse Equipment	NA	0	1514210	5,830	5,830
Wireline Services	1514210	0	1514210	19,080	19,080
Stimulation	NA	0	1514210	12,720	12,720
Pump / Vacuum Truck Services	1514210	0	1514210	5,944	5,944
Transportation	1514210	2,120	1514210	2,650	4,770
Tubular Goods - Inspection & Testing	1514210	0	1514210	5,300	5,300
Unclassified	1514210	530	1514210	0	530
Telephone and Radio Expense	1514210	1,590	1514210	636	2,226
Engineer / Geologist / Landman	1514210	22,500	1514210	2,500	25,000
Company Labor - Field Supervision	1514210	26,500	1514210	7,500	34,000
Contract Labor / Roustabout	1514210	2,120	1514210	7,950	10,070
Legal and Professional Service	1514270	5,000	1514270	0	5,000
Insurance	1514270	14,008	1514270	0	14,008
Overhead	1514280	14,000	1514280	3,500	17,500
<b>SUBTOTAL</b>		<b>721,017</b>		<b>127,033</b>	<b>848,050</b>
Contingencies (10%)		72,102		12,703	84,805
<b>ESTIMATED TOTAL INTANGIBLES</b>		<b>793,119</b>		<b>139,736</b>	<b>932,855</b>

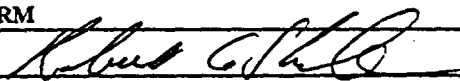
AUTHORITY FOR EXPENDITURE

LEASE: Stetson 13 Federal Com. WELL NUMBER: 1 PBTB: 13,600'  
LOCATION: 1,650' FNL & 1,650' FEL, Section 13, T19S, R33E, Lea County NM  
FIELD: Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E  
DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

0  
DATE PREPARED: 3/31/00 EST. START DATE: 6/15/00 EST. COMPLETION DATE: 8/1/00  
ACCOUNTING WELL NUMBER:  
COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:			TO CSG PT	COMPLETION	TOTAL WELL
Conductor Casing	0 Ft@	0.00 \$/Ft	0	0	0
Surface Csg	500 Ft@	24.00 \$/Ft	12,000	0	12,000
Intermediate Csg	5,000 Ft@	14.00 \$/Ft	70,000	0	70,000
Protection Csg	0 Ft@	0.00 \$/Ft	0	0	0
Production Csg	13,600 Ft@	10.00 \$/Ft	0	136,000	136,000
Protection Liner	0 Ft@	0.00 \$/Ft	0	0	0
Production Liner	0 Ft@	0.00 \$/Ft	0	0	0
Tubing	13,400 Ft@	3.38 \$/Ft	0	45,292	45,292
Rods	0 Ft@	0.00 \$/Ft	0	0	0
Artificial Lift Equipment			0	0	0
Tank Battery			0	15,900	15,900
Separators/Heater Treater/Gas Units/FWKO			0	12,720	12,720
* Well Head Equipment & Christmas Tree			2,000	11,500	13,500
Subsurface Well Equipment			0	6,890	6,890
Flow Lines			0	13,250	13,250
Saltwater Disposal Pump			0	0	0
Gas Meter			0	3,180	3,180
Lact Unit			0	0	0
Vapor Recovery Unit			0	0	0
Other Well Equipment			0	0	0
ROW and Damages			0	2,120	2,120
Surface Equipment Installation Costs			0	15,900	15,900
Elect. Installation			0	0	0
ESTIMATED TOTAL TANGIBLES			84,000	262,752	346,752
ESTIMATED TOTAL WELL COSTS			877,119	402,488	1,279,607

THIS AFE IS ONLY AN ESTIMATE. BY SIGNING YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

NPC APPROVAL	DATE
PREPARED BY: HRW	03/31/00
REVIEWED BY: TRM	
APPROVED BY: 	3/31/00
APPROVED BY:	

WI APPROVAL: COMPANY S. H. Cavin  
BY  
TITLE  
DATE

**Nearburg Producing Company**

Exploration and Production  
Dallas, Texas

Page 1 of 2

**AUTHORITY FOR EXPENDITURE**

LEASE: Stetson 13 Federal Com. WELL NUMBER: 1 PBTD: 13,600'  
LOCATION: 1,650' FNL & 1,650' FEL, Section 13, T19S, R33E, Lea County NM  
FIELD: Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E  
DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

DATE PREPARED: 3/31/00 EST. START DATE: 6/15/00 EST. COMPLETION DATE: 8/1/00  
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 13,600 Ft @ 25.95 \$/Ft	1514101	374,095	NA	0	374,095
Drilling Daywork 2 2 6,200 \$/day	1514102	13,144	1514104	13,144	26,288
Drilling Turnkey	1514110	0	1514110	0	0
Rig Mobilization and Demobilization	1514115	0	1514115	0	0
Road & Location Expense	1514120	27,295	1514120	3,180	30,475
Damages	1514125	5,000	1514125	0	5,000
Directional Drilling - Tools and Service	1514130	0	1514130	0	0
Drilling Fluids	1514135	53,000	1514135	0	53,000
Fuel, Power, and Water	1514140	26,500	1514140	0	26,500
Supplies - Bits	1514145	0	1514145	795	795
Supplies - Casing Equipment	1514150	5,989	1514150	7,420	13,409
Supplies - Liner Equipment	1514155	0	1514155	0	0
Supplies - Miscellaneous	1514160	0	1514160	0	0
Cement and Cmt. Services - Surface Csg	1514165	8,480	NA	0	8,480
Cement and Cmt. Services - Int. Csg	1514170	15,900	NA	0	15,900
Cement and Cmt. Services - Prod. Csg	NA	0	1514175	21,200	21,200
Cement and Cmt. Services - Other	1514175	0	1514175	0	0
Rental - Drilling Tools and Equipment	1514180	0	1514180	0	0
Rental - Misc.	1514185	24,910	1514185	3,710	28,620
Testing - Drill Stem / Production	1514190	4,770	1514190	3,710	8,480
Open Hole Logging	1514200	37,100	NA	0	37,100
Mudlogging Services	1514210	21,465	NA	0	21,465
Special Services	1514220	0	1514220	0	0
Plug and Abandon	1514225	15,000	1514225	(15,000)	0
Pulling and/or Swabbing Unit	NA	0	1514235	15,264	15,264
Reverse Equipment	NA	0	1514235	5,830	5,830
Wireline Services	1514240	0	1514240	19,080	19,080
Stimulation	NA	0	1514245	12,720	12,720
Pump / Vacuum Truck Services	1514250	0	1514250	5,944	5,944
Transportation	1514255	2,120	1514255	2,650	4,770
Tubular Goods - Inspection & Testing	1514260	0	1514260	5,300	5,300
Unclassified	1514265	530	1514265	0	530
Telephone and Radio Expense	1514270	1,590	1514270	636	2,226
Engineer / Geologist / Landman	1514280	22,500	1514280	2,500	25,000
Company Labor - Field Supervision	1514285	26,500	1514285	7,500	34,000
Contract Labor / Roustabout	1514290	2,120	1514290	7,950	10,070
Legal and Professional Service	1514295	5,000	1514295	0	5,000
Insurance	1514300	14,008	1514300	0	14,008
Overhead	1514305	14,000	1514305	3,500	17,500
<b>SUBTOTAL</b>		<b>721,017</b>		<b>127,033</b>	<b>848,050</b>
Contingencies (10%)		72,102		12,703	84,805
<b>ESTIMATED TOTAL INTANGIBLES</b>		<b>793,119</b>		<b>139,736</b>	<b>932,855</b>

**Nearburg Producing Company**Exploration and Production  
Dallas, Texas

Page 2 of 2

**AUTHORITY FOR EXPENDITURE**

LEASE: Stetson 13 Federal Com.

WELL NUMBER: 1

PBTD: 13,600'

LOCATION: 1,650' FNL &amp; 1,650' FEL, Section 13, T19S, R33E, Lea County NM

FIELD: Morrow

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

0

DATE PREPARED: 3/31/00

EST. START DATE: 6/15/00

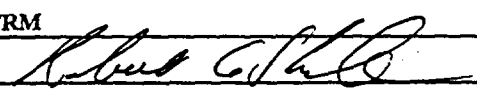
EST. COMPLETION DATE: 8/1/00

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

<b>TANGIBLE COSTS:</b>			COGS	TO CSG PT	COOP	COMPLETION	TOTAL WELL
Conductor Casin <sub>g</sub>	0 Ft @	0.00 \$/Ft	1520400	0	NA	0	0
Surface Csg	500 Ft @	24.00 \$/Ft	1125318	12,000	NA	0	12,000
Intermediate Csg	5,000 Ft @	14.00 \$/Ft	1125318	70,000	NA	0	70,000
Protection Csg	0 Ft @	0.00 \$/Ft	1520410	0	NA	0	0
Production Csg	13,600 Ft @	10.00 \$/Ft	NA	0	1121318	136,000	136,000
Protection Liner	0 Ft @	0.00 \$/Ft	1125318	0	NA	0	0
Production Liner	0 Ft @	0.00 \$/Ft	NA	0	1121318	0	0
Tubing	13,400 Ft @	3.38 \$/Ft	NA	0	1121318	45,292	45,292
Rods	0 Ft @	0.00 \$/Ft	NA	0	1121318	0	0
Artificial Lift Equipment			NA	0	1121318	0	0
Tank Battery			NA	0	1121318	15,900	15,900
Separators/Heater Treater/Gas Units/FWKO			NA	0	1121318	12,720	12,720
* Well Head Equipment & Christmas Tree			1120400	2,000	1121318	11,500	13,500
Subsurface Well Equipment			NA	0	1121318	6,890	6,890
Flow Lines			NA	0	1121318	13,250	13,250
Saltwater Disposal Pump			NA	0	1121318	0	0
Gas Meter			NA	0	1121318	3,180	3,180
Lact Unit			NA	0	1121318	0	0
Vapor Recovery Unit			NA	0	1121318	0	0
Other Well Equipment			NA	0	1121318	0	0
ROW and Damages			NA	0	1121318	2,120	2,120
Surface Equipment Installation Costs			NA	0	1121318	15,900	15,900
Elect. Installation			NA	0	1121318	0	0
<b>ESTIMATED TOTAL TANGIBLES</b>				84,000		262,752	346,752
<b>ESTIMATED TOTAL WELL COSTS</b>				877,119		402,488	1,279,607

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: HRW		03/31/00
REVIEWED BY: TRM		
APPROVED BY: 		5/31/00
APPROVED BY:		

WI APPROVAL:

COMPANY

Hutchings Oil Company

BY

TITLE

DATE

AUTHORITY FOR EXPENDITURE

LEASE: Stetson 13 Federal Com. WELL NUMBER: 1 PBSD: 13,600'  
LOCATION: 1,650' FNL & 1,650' FEL, Section 13, T19S, R33E, Lea County NM  
FIELD: Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E  
DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

DATE PREPARED: 3/31/00 EST. START DATE: 6/15/00 EST. COMPLETION DATE: 8/1/00  
ACCOUNTING WELL NUMBER:  
COMMUNICATIONS ACCOUNT NUMBER:

INTANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Drilling Footage 13,600 Ft @ 25.95 \$/Ft	1514201	374,095	NA	0	374,095
Drilling Daywork 2 2 6,200 \$/day	1514202	13,144	1514202	13,144	26,288
Drilling Turnkey	1514203	0	1514203	0	0
Rig Mobilization and Demobilization	1514204	0	1514204	0	0
Road & Location Expense	1514205	27,295	1514205	3,180	30,475
Damages	1514206	5,000	1514206	0	5,000
Directional Drilling - Tools and Service	1514207	0	1514207	0	0
Drilling Fluids	1514208	53,000	1514208	0	53,000
Fuel, Power, and Water	1514209	26,500	1514209	0	26,500
Supplies - Bits	1514210	0	1514210	795	795
Supplies - Casing Equipment	1514211	5,989	1514211	7,420	13,409
Supplies - Liner Equipment	1514212	0	1514212	0	0
Supplies - Miscellaneous	1514213	0	1514213	0	0
Cement and Cmt. Services - Surface Csg	1514214	8,480	NA	0	8,480
Cement and Cmt. Services - Int. Csg	1514215	15,900	NA	0	15,900
Cement and Cmt. Services - Prod. Csg	NA	0	1514216	21,200	21,200
Cement and Cmt. Services - Other	1514217	0	1514217	0	0
Rental - Drilling Tools and Equipment	1514218	0	1514218	0	0
Rental - Misc.	1514219	24,910	1514219	3,710	28,620
Testing - Drill Stem / Production	1514220	4,770	1514220	3,710	8,480
Open Hole Logging	1514221	37,100	NA	0	37,100
Mudlogging Services	1514222	21,465	NA	0	21,465
Special Services	1514223	0	1514223	0	0
Plug and Abandon	1514224	15,000	1514224	(15,000)	0
Pulling and/or Swabbing Unit	NA	0	1514225	15,264	15,264
Reverse Equipment	NA	0	1514226	5,830	5,830
Wireline Services	1514227	0	1514227	19,080	19,080
Stimulation	NA	0	1514228	12,720	12,720
Pump / Vacuum Truck Services	1514229	0	1514229	5,944	5,944
Transportation	1514230	2,120	1514230	2,650	4,770
Tubular Goods - Inspection & Testing	1514231	0	1514231	5,300	5,300
Unclassified	1514232	530	1514232	0	530
Telephone and Radio Expense	1514233	1,590	1514233	636	2,226
Engineer / Geologist / Landman	1514234	22,500	1514234	2,500	25,000
Company Labor - Field Supervision	1514235	26,500	1514235	7,500	34,000
Contract Labor / Roustabout	1514236	2,120	1514236	7,950	10,070
Legal and Professional Service	1514237	5,000	1514237	0	5,000
Insurance	1514238	14,008	1514238	0	14,008
Overhead	1514239	14,000	1514239	3,500	17,500
SUBTOTAL		721,017		127,033	848,050
Contingencies (10%)		72,102		12,703	84,805
ESTIMATED TOTAL INTANGIBLES		793,119		139,736	932,855

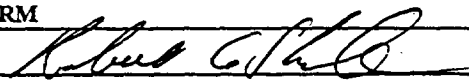
AUTHORITY FOR EXPENDITURE

LEASE: Stetson 13 Federal Com. WELL NUMBER: 1 PBTD: 13,600'  
LOCATION: 1,650' FNL & 1,650' FEL, Section 13, T19S, R33E, Lea County NM  
FIELD: Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E  
DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

0  
DATE PREPARED: 3/31/00 EST. START DATE: 6/15/00 EST. COMPLETION DATE: 8/1/00  
ACCOUNTING WELL NUMBER:  
COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:			CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casing	0 Ft@	0.00 \$/Ft	1520000	0	NA	0	0
Surface Csg	500 Ft@	24.00 \$/Ft	1520000	12,000	NA	0	12,000
Intermediate Csg	5,000 Ft@	14.00 \$/Ft	1520000	70,000	NA	0	70,000
Protection Csg	0 Ft@	0.00 \$/Ft	1520000	0	NA	0	0
Production Csg	13,600 Ft@	10.00 \$/Ft	NA	0	1520000	136,000	136,000
Protection Liner	0 Ft@	0.00 \$/Ft	1520000	0	NA	0	0
Production Liner	0 Ft@	0.00 \$/Ft	NA	0	1520000	0	0
Tubing	13,400 Ft@	3.38 \$/Ft	NA	0	1520000	45,292	45,292
Rods	0 Ft@	0.00 \$/Ft	NA	0	1520000	0	0
Artificial Lift Equipment			NA	0	1520000	0	0
Tank Battery			NA	0	1520000	15,900	15,900
Separators/Heater Treater/Gas Units/FWKO			NA	0	1520000	12,720	12,720
* Well Head Equipment & Christmas Tree			1520000	2,000	1520000	11,500	13,500
Subsurface Well Equipment			NA	0	1520000	6,890	6,890
Flow Lines			NA	0	1520000	13,250	13,250
Saltwater Disposal Pump			NA	0	1520000	0	0
Gas Meter			NA	0	1520000	3,180	3,180
Lact Unit			NA	0	1520000	0	0
Vapor Recovery Unit			NA	0	1520000	0	0
Other Well Equipment			NA	0	1520000	0	0
ROW and Damages			NA	0	1520000	2,120	2,120
Surface Equipment Installation Costs			NA	0	1520000	15,900	15,900
Elect. Installation			NA	0	1520000	0	0
ESTIMATED TOTAL TANGIBLES				84,000		262,752	346,752
ESTIMATED TOTAL WELL COSTS				877,119		402,488	1,279,607

THIS AFE IS ONLY AN ESTIMATE. BY SIGNING YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

NPC APPROVAL		DATE
PREPARED BY: HRW		03/31/00
REVIEWED BY: TRM		
APPROVED BY: 		5/31/00
APPROVED BY:		

WI APPROVAL: COMPANY Kenneth D. Reynolds  
BY  
TITLE  
DATE

**AUTHORITY FOR EXPENDITURE**

LEASE: Stetson 13 Federal Com.                      WELL NUMBER: 1                      PBTB: 13,600'  
LOCATION: 1,650' FNL & 1,650' FEL, Section 13, T19S, R33E, Lea County NM  
FIELD: Morrow                      EXPLORATORY, DEVELOPMENT, WORKOVER: E  
DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

DATE PREPARED: 3/31/00                      EST. START DATE: 6/15/00                      EST. COMPLETION DATE: 8/1/00  
ACCOUNTING WELL NUMBER:  
COMMUNICATIONS ACCOUNT NUMBER:

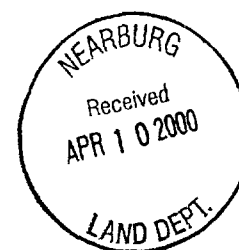
<b>INTANGIBLE COSTS:</b>	<b>CODE</b>	<b>TO CSG PT</b>	<b>CODE</b>	<b>COMPLETION</b>	<b>TOTAL WELL</b>
Drilling Footage 13,600 Ft @ 25.95 \$/Ft	1514101	374,095	NA	0	374,095
Drilling Daywork 2 2 6,200 \$/day	1514102	13,144	1515102	13,144	26,288
Drilling Turnkey	1514110	0	1515110	0	0
Rig Mobilization and Demobilization	1514115	0	1515115	0	0
Road & Location Expense	1514130	27,295	1515130	3,180	30,475
Damages	1514135	5,000	1515135	0	5,000
Directional Drilling - Tools and Service	1514139	0	1515139	0	0
Drilling Fluids	1514155	53,000	1515155	0	53,000
Fuel, Power, and Water	1514160	26,500	1515160	0	26,500
Supplies - Bits	1514165	0	1515165	795	795
Supplies - Casing Equipment	1514170	5,989	1515170	7,420	13,409
Supplies - Liner Equipment	1514185	0	1515185	0	0
Supplies - Miscellaneous	1514190	0	1515190	0	0
Cement and Cmt. Services - Surface Csg	1514195	8,480	NA	0	8,480
Cement and Cmt. Services - Int. Csg	1514210	15,900	NA	0	15,900
Cement and Cmt. Services - Prod. Csg	NA	0	1515275	21,200	21,200
Cement and Cmt. Services - Other	1514275	0	1515275	0	0
Rental - Drilling Tools and Equipment	1514280	0	1515280	0	0
Rental - Misc.	1514285	24,910	1515285	3,710	28,620
Testing - Drill Stem / Production	1514295	4,770	1515295	3,710	8,480
Open Hole Logging	1514300	37,100	NA	0	37,100
Mudlogging Services	1514310	21,465	NA	0	21,465
Special Services	1514390	0	1515390	0	0
Plug and Abandon	1514315	15,000	1515315	(15,000)	0
Pulling and/or Swabbing Unit	NA	0	1515317	15,264	15,264
Reverse Equipment	NA	0	1515319	5,830	5,830
Wireline Services	1514360	0	1515360	19,080	19,080
Stimulation	NA	0	1515375	12,720	12,720
Pump / Vacuum Truck Services	1514390	0	1515390	5,944	5,944
Transportation	1514395	2,120	1515395	2,650	4,770
Tubular Goods - Inspection & Testing	1514399	0	1515399	5,300	5,300
Unclassified	1514395	530	1515395	0	530
Telephone and Radio Expense	1514400	1,590	1515400	636	2,226
Engineer / Geologist / Landman	1514400	22,500	1515400	2,500	25,000
Company Labor - Field Supervision	1514430	26,500	1515430	7,500	34,000
Contract Labor / Roustabout	1514465	2,120	1515465	7,950	10,070
Legal and Professional Service	1514470	5,000	1515470	0	5,000
Insurance	1514475	14,008	1515475	0	14,008
Overhead	1514480	14,000	1515480	3,500	17,500
<b>SUBTOTAL</b>		<b>721,017</b>		<b>127,033</b>	<b>848,050</b>
Contingencies (10%)		72,102		12,703	84,805
<b>ESTIMATED TOTAL INTANGIBLES</b>		<b>793,119</b>		<b>139,736</b>	<b>932,855</b>

**Nearburg Producing Company**

Exploration and Production

Dallas, Texas

Page 1 of 2

**AUTHORITY FOR EXPENDITURE**

LEASE: Stetson 13 Federal Com.

WELL NUMBER: 1

PBSD: 13,600'

LOCATION: 1,650' FNL &amp; 1,650' FEL, Section 13, T19S, R33E, Lea County NM

FIELD: Morrow

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

DATE PREPARED: 3/31/00

EST. START DATE: 6/15/00

EST. COMPLETION DATE: 8/1/00

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

<b><u>INTANGIBLE COSTS:</u></b>	<b>CODE</b>	<b>TO CSG PT</b>	<b>CODE</b>	<b>COMPLETION</b>	<b>TOTAL WELL</b>
Drilling Footage 13,600 Ft @ 25.95 \$/Ft	1514201	374,095	NA	0	374,095
Drilling Daywork 2 2 6,200 \$/day	1514202	13,144	1514202	13,144	26,288
Drilling Turnkey	1514210	0	1514210	0	0
Rig Mobilization and Demobilization	1514212	0	1514212	0	0
Road & Location Expense	1514230	27,295	1514230	3,180	30,475
Damages	1514232	5,000	1514232	0	5,000
Directional Drilling - Tools and Service	1514234	0	1514234	0	0
Drilling Fluids	1514236	53,000	1514236	0	53,000
Fuel, Power, and Water	1514240	26,500	1514240	0	26,500
Supplies - Bits	1514242	0	1514242	795	795
Supplies - Casing Equipment	1514250	5,989	1514250	7,420	13,409
Supplies - Liner Equipment	1514252	0	1514252	0	0
Supplies - Miscellaneous	1514260	0	1514260	0	0
Cement and Cmt. Services - Surface Csg	1514262	8,480	NA	0	8,480
Cement and Cmt. Services - Int. Csg	1514270	15,900	NA	0	15,900
Cement and Cmt. Services - Prod. Csg	NA	0	1514272	21,200	21,200
Cement and Cmt. Services - Other	1514274	0	1514274	0	0
Rental - Drilling Tools and Equipment	1514280	0	1514280	0	0
Rental - Misc.	1514282	24,910	1514282	3,710	28,620
Testing - Drill Stem / Production	1514284	4,770	1514284	3,710	8,480
Open Hole Logging	1514290	37,100	NA	0	37,100
Mudlogging Services	1514292	21,465	NA	0	21,465
Special Services	1514294	0	1514294	0	0
Plug and Abandon	1514312	15,000	1514312	(15,000)	0
Pulling and/or Swabbing Unit	NA	0	1514314	15,264	15,264
Reverse Equipment	NA	0	1514316	5,830	5,830
Wireline Services	1514302	0	1514302	19,080	19,080
Stimulation	NA	0	1514322	12,720	12,720
Pump / Vacuum Truck Services	1514320	0	1514320	5,944	5,944
Transportation	1514324	2,120	1514324	2,650	4,770
Tubular Goods - Inspection & Testing	1514330	0	1514330	5,300	5,300
Unclassified	1514342	530	1514342	0	530
Telephone and Radio Expense	1514340	1,590	1514340	636	2,226
Engineer / Geologist / Landman	1514350	22,500	1514350	2,500	25,000
Company Labor - Field Supervision	1514352	26,500	1514352	7,500	34,000
Contract Labor / Roustabout	1514354	2,120	1514354	7,950	10,070
Legal and Professional Service	1514370	5,000	1514370	0	5,000
Insurance	1514372	14,008	1514372	0	14,008
Overhead	1514380	14,000	1514380	3,500	17,500
<b>SUBTOTAL</b>		<b>721,017</b>		<b>127,033</b>	<b>848,050</b>
Contingencies (10%)		72,102		12,703	84,805
<b>ESTIMATED TOTAL INTANGIBLES</b>		<b>793,119</b>		<b>139,736</b>	<b>932,855</b>

**Nearburg Producing Company**Exploration and Production  
Dallas, Texas

Page 2 of 2

**AUTHORITY FOR EXPENDITURE**

LEASE: Stetson 13 Federal Com.

WELL NUMBER: 1

PBTD: 13,600'

LOCATION: 1,650' FNL &amp; 1,650' FEL, Section 13, T19S, R33E, Lea County NM

FIELD: Morrow

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

0

DATE PREPARED: 3/31/00

EST. START DATE: 6/15/00

EST. COMPLETION DATE: 8/1/00

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

<b>TANGIBLE COSTS:</b>			CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casing	0 Ft @	0.00 \$/Ft	1520400	0	NA	0	0
Surface Csg	500 Ft @	24.00 \$/Ft	1520510	12,000	NA	0	12,000
Intermediate Csg	5,000 Ft @	14.00 \$/Ft	1520515	70,000	NA	0	70,000
Protection Csg	0 Ft @	0.00 \$/Ft	1520520	0	NA	0	0
Production Csg	13,600 Ft @	10.00 \$/Ft	NA	0	1520525	136,000	136,000
Protection Liner	0 Ft @	0.00 \$/Ft	1520530	0	NA	0	0
Production Liner	0 Ft @	0.00 \$/Ft	NA	0	1520535	0	0
Tubing	13,400 Ft @	3.38 \$/Ft	NA	0	1520540	45,292	45,292
Rods	0 Ft @	0.00 \$/Ft	NA	0	1520545	0	0
Artificial Lift Equipment			NA	0	1520550	0	0
Tank Battery			NA	0	1520555	15,900	15,900
Separators/Heater Treater/Gas Units/FWKO			NA	0	1520560	12,720	12,720
* Well Head Equipment & Christmas Tree			1520565	2,000	1520565	11,500	13,500
Subsurface Well Equipment			NA	0	1520570	6,890	6,890
Flow Lines			NA	0	1520575	13,250	13,250
Saltwater Disposal Pump			NA	0	1520580	0	0
Gas Meter			NA	0	1520585	3,180	3,180
Lact Unit			NA	0	1520590	0	0
Vapor Recovery Unit			NA	0	1520595	0	0
Other Well Equipment			NA	0	1520600	0	0
ROW and Damages			NA	0	1520605	2,120	2,120
Surface Equipment Installation Costs			NA	0	1520610	15,900	15,900
Elect. Installation			NA	0	1520615	0	0
<b>ESTIMATED TOTAL TANGIBLES</b>				84,000		262,752	346,752
<b>ESTIMATED TOTAL WELL COSTS</b>				877,119		402,438	1,279,607

THIS AFE IS ONLY AN ESTIMATE. BY SIGNING YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

NPC APPROVAL	DATE
PREPARED BY: HRW	03/31/00
REVIEWED BY: TRM	
APPROVED BY: <i>Robert G. Hill</i>	3/31/00
APPROVED BY:	

WI APPROVAL:

COMPANY

David J. Sorenson

2.8235280%

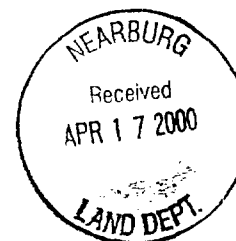
BY

TITLE

DATE

*David J. Sorenson*  
*Ma.*  
*April 6, 2000*

**AUTHORITY FOR EXPENDITURE**



LEASE: Stetson 13 Federal Com. WELL NUMBER: 1 PBTB: 13,600'  
LOCATION: 1,650' FNL & 1,650' FEL, Section 13, T19S, R33E, Lea County NM  
FIELD: Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E  
DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

DATE PREPARED: 3/31/00 EST. START DATE: 6/15/00 EST. COMPLETION DATE: 8/1/00  
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 13,600 Ft @ 25.95 \$/Ft	1514101	374,095	NA	0	374,095
Drilling Daywork 2 2 6,200 \$/day	1514102	13,144	1514102	13,144	26,288
Drilling Turnkey	1514103	0	1514103	0	0
Rig Mobilization and Demobilization	1514104	0	1514104	0	0
Road & Location Expense	1514105	27,295	1514105	3,180	30,475
Damages	1514106	5,000	1514106	0	5,000
Directional Drilling - Tools and Service	1514107	0	1514107	0	0
Drilling Fluids	1514108	53,000	1514108	0	53,000
Fuel, Power, and Water	1514109	28,500	1514109	0	28,500
Supplies - Bits	1514110	0	1514110	795	795
Supplies - Casing Equipment	1514111	5,989	1514111	7,420	13,409
Supplies - Liner Equipment	1514112	0	1514112	0	0
Supplies - Miscellaneous	1514113	0	1514113	0	0
Cement and Cmt. Services - Surface Csg	1514114	8,480	NA	0	8,480
Cement and Cmt. Services - Int. Csg	1514115	15,900	NA	0	15,900
Cement and Cmt. Services - Prod. Csg	NA	0	1514116	21,200	21,200
Cement and Cmt. Services - Other	1514117	0	1514117	0	0
Rental - Drilling Tools and Equipment	1514118	0	1514118	0	0
Rental - Misc.	1514119	24,910	1514119	3,710	28,620
Testing - Drill Stem / Production	1514120	4,770	1514120	3,710	8,480
Open Hole Logging	1514121	37,100	NA	0	37,100
Mudlogging Services	1514122	21,465	NA	0	21,465
Special Services	1514123	0	1514123	0	0
Plug and Abandon	1514124	15,000	1514124	(15,000)	0
Pulling and/or Swabbing Unit	NA	0	1514125	15,264	15,264
Reverse Equipment	NA	0	1514126	5,830	5,830
Wireline Services	1514127	0	1514127	19,080	19,080
Stimulation	NA	0	1514128	12,720	12,720
Pump / Vacuum Truck Services	1514129	0	1514129	5,944	5,944
Transportation	1514130	2,120	1514130	2,650	4,770
Tubular Goods - Inspection & Testing	1514131	0	1514131	5,300	5,300
Unclassified	1514132	530	1514132	0	530
Telephone and Radio Expense	1514133	1,590	1514133	636	2,226
Engineer / Geologist / Landman	1514134	22,500	1514134	2,500	25,000
Company Labor - Field Supervision	1514135	26,500	1514135	7,500	34,000
Contract Labor / Roustabout	1514136	2,120	1514136	7,950	10,070
Legal and Professional Service	1514137	5,000	1514137	0	5,000
Insurance	1514138	14,008	1514138	0	14,008
Overhead	1514139	14,000	1514139	3,500	17,500
<b>SUBTOTAL</b>		<b>721,017</b>		<b>127,033</b>	<b>848,050</b>
Contingencies (10%)		<b>72,102</b>		<b>12,703</b>	<b>84,805</b>
<b>ESTIMATED TOTAL INTANGIBLES</b>		<b>793,119</b>		<b>139,736</b>	<b>932,855</b>

# **AUTHORITY FOR EXPENDITURE**

LEASE: Stetson 13 Federal Com. WELL NUMBER: 1 PBTD: 13,600'  
LOCATION: 1,650' FNL & 1,650' FEL, Section 13, T19S, R33E, Lea County NM  
FIELD: Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E  
DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

0

DATE PREPARED: 3/31/00 EST. START DATE: 6/15/00 EST. COMPLETION DATE: 8/1/00  
ACCOUNTING WELL NUMBER:  
COMMUNICATIONS ACCOUNT NUMBER:

<b>TANGIBLE COSTS:</b>			CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casing	0 Ft @	0.00 \$/Ft	1520.500	0	NA	0	0
Surface Csg	500 Ft @	24.00 \$/Ft	1520.510	12,000	NA	0	12,000
Intermediate Csg	5,000 Ft @	14.00 \$/Ft	1520.515	70,000	NA	0	70,000
Protection Csg	0 Ft @	0.00 \$/Ft	1520.520	0	NA	0	0
Production Csg	13,600 Ft @	10.00 \$/Ft	NA	0	1520.525	136,000	136,000
Protection Liner	0 Ft @	0.00 \$/Ft	1520.530	0	NA	0	0
Production Liner	0 Ft @	0.00 \$/Ft	NA	0	1520.535	0	0
Tubing	13,400 Ft @	3.38 \$/Ft	NA	0	1520.540	45,292	45,292
Rods	0 Ft @	0.00 \$/Ft	NA	0	1520.545	0	0
Artificial Lift Equipment			NA	0	1520.550	0	0
Tank Battery			NA	0	1520.555	15,900	15,900
Separators/Heater Treater/Gas Units/FWKO			NA	0	1520.560	12,720	12,720
* Well Head Equipment & Christmas Tree			1520.565	2,000	1520.565	11,500	13,500
Subsurface Well Equipment			NA	0	1520.570	6,890	6,890
Flow Lines			NA	0	1520.575	13,250	13,250
Saltwater Disposal Pump			NA	0	1520.580	0	0
Gas Meter			NA	0	1520.585	3,180	3,180
Lact Unit			NA	0	1520.590	0	0
Vapor Recovery Unit			NA	0	1520.595	0	0
Other Well Equipment			NA	0	1520.600	0	0
ROW and Damages			NA	0	1520.605	2,120	2,120
Surface Equipment Installation Costs			NA	0	1520.610	15,900	15,900
Elect. Installation			NA	0	1520.615	0	0
<b>ESTIMATED TOTAL TANGIBLES</b>				84,000		262,752	346,752
<b>ESTIMATED TOTAL WELL COSTS</b>				877,119		402,488	1,279,607

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: HRW	03/31/00
REVIEWED BY: TRM	
APPROVED BY: <i>Robert C. Hill</i>	3/31/00
APPROVED BY:	

WI APPROVAL: COMPANY Daniel W. Varel 1.7647050%  
BY *Daniel W. Varel*  
TITLE  
DATE *Apr 8, 2000*

*7*

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

RECEIVED APR - 4 2000



March 31, 2000

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

TO ALL WORKING INTEREST OWNERS:  
(See Distribution List)

Re: Stetson 13 Federal Com. #1 Well  
1,650' FNL and 1,650' FEL  
Section 13, T-19-S, R-33-E  
Lea County, New Mexico  
Stetson Prospect


Gentlemen:

Enclosed herewith please find Nearburg Producing Company's AFE for the Stetson 13 Federal Com. #1 well proposed to be drilled to a depth of 13,600' testing the Morrow formation. The well is proposed to be located 1,650' FNL and 1,650' FEL of Section 13, T-19-S, R-33-E, Lea County, New Mexico. As a working interest owner in the proposed N/2 spacing unit, you have the right to participate for your proportionate share in the well. I will forward to your attention an Operating Agreement, designating Nearburg Producing Company as the operator in the near future.

If you elect not to participate in the proposed well, Nearburg would like to acquire your interest under mutually acceptable terms.

If you have any questions, please feel free to contact the undersigned.

Yours very truly,

  
Mark Wheeler  
Senior Landman, CPL

MW/dw  
encl.

GENTLEMEN:

April 13, 2000

I am returning the signed AFE dated today. It is my understanding I own a .004411758 working interest. Please furnish to me the Operating Agreement.

WILLIAMSON ENTERPRISES, a Nominee Partnership  
By:   
G. Dec Williamson