

**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	1514.101	374,095	NA	0	374,095
Drilling Daywork 2 2 6,200 \$/day	1514.102	13,144	1518.103	13,144	26,288
Drilling Turnkey	1514.110	0	1518.110	0	0
Rig Mobilization and Demobilization	1514.115	0	1518.115	0	0
Road & Location Expense	1514.120	27,295	1518.122	3,180	30,475
Damages	1514.125	5,000	1518.125	0	5,000
Directional Drilling - Tools and Service	1514.130	0	1518.130	0	0
Drilling Fluids	1514.135	53,000	1518.132	0	53,000
Fuel, Power, and Water	1514.140	26,500	1518.140	0	26,500
Supplies - Bits	1514.145	0	1518.145	795	795
Supplies - Casing Equipment	1514.150	5,989	1518.140	7,420	13,409
Supplies - Liner Equipment	1514.155	0	1518.155	0	0
Supplies - Miscellaneous	1514.160	0	1518.160	0	0
Cement and Cmt. Services - Surface Csg	1514.165	8,480	NA	0	8,480
Cement and Cmt. Services - Int. Csg	1514.170	15,900	NA	0	15,900
Cement and Cmt. Services - Prod. Csg	NA	0	1518.172	21,200	21,200
Cement and Cmt. Services - Other	1514.175	0	1518.172	0	0
Rental - Drilling Tools and Equipment	1514.180	0	1518.180	0	0
Rental - Misc.	1514.182	24,910	1518.185	3,710	28,620
Testing - Drill Stem / Production	1514.185	4,770	1518.185	3,710	8,480
Open Hole Logging	1514.190	37,100	NA	0	37,100
Mudlogging Services	1514.210	21,465	NA	0	21,465
Special Services	1514.190	0	1518.190	0	0
Plug and Abandon	1514.215	15,000	1518.215	(15,000)	0
Pulling and/or Swabbing Unit	NA	0	1518.217	15,264	15,264
Reverse Equipment	NA	0	1518.218	5,830	5,830
Wireline Services	1514.200	0	1518.205	19,080	19,080
Stimulation	NA	0	1518.225	12,720	12,720
Pump / Vacuum Truck Services	1514.220	0	1518.220	5,944	5,944
Transportation	1514.225	2,120	1518.225	2,650	4,770
Tubular Goods - Inspection & Testing	1514.230	0	1518.230	5,300	5,300
Unclassified	1514.245	530	1518.245	0	530
Telephone and Radio Expense	1514.240	1,590	1518.240	636	2,226
Engineer / Geologist / Landman	1514.250	22,500	1518.250	2,500	25,000
Company Labor - Field Supervision	1514.255	26,500	1518.255	7,500	34,000
Contract Labor / Roustabout	1514.265	2,120	1518.265	7,950	10,070
Legal and Professional Service	1514.270	5,000	1518.270	0	5,000
Insurance	1514.275	14,008	1518.275	0	14,008
Overhead	1514.280	14,000	1518.280	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

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<b>TANGIBLE COSTS:</b>	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casing 0 Ft @ 0.00 \$/Ft	1520.505	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	1522.275	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	1522.280	0	0
Tubing 13,400 Ft @ 3.38 \$/Ft	NA	0	1522.260	45,292	45,292
Rods 0 Ft @ 0.00 \$/Ft	NA	0	1522.265	0	0
Artificial Lift Equipment	NA	0	1522.260	0	0
Tank Battery	NA	0	1522.265	15,900	15,900
Separators/Heater Treater/Gas Units/FWKO	NA	0	1522.260	12,720	12,720
* Well Head Equipment & Christmas Tree	1520.505	2,000	1522.265	11,500	13,500
Subsurface Well Equipment	NA	0	1522.270	6,890	6,890
Flow Lines	NA	0	1522.275	13,250	13,250
Saltwater Disposal Pump	NA	0	1522.291	0	0
Gas Meter	NA	0	1522.285	3,180	3,180
Lact Unit	NA	0	1522.287	0	0
Vapor Recovery Unit	NA	0	1522.288	0	0
Other Well Equipment	NA	0	1522.280	0	0
ROW and Damages	NA	0	1522.292	2,120	2,120
Surface Equipment Installation Costs	NA	0	1522.295	15,900	15,900
Elect. Installation	NA	0	1522.297	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 \_\_\_\_\_  
 BY \_\_\_\_\_  
 TITLE \_\_\_\_\_  
 DATE \_\_\_\_\_