

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

*- Tell Rate -
17-28
Also*

December 20, 1999

Conoco, Inc.
10 Desta Drive, Suite 100
Midland, TX 79705

Attention: Carl E. Sherrill *686-6152*

Re: T-18-S, R-28-E
Section 19: SE/4 SE/4;
Section 29: W/2 NW/4;
Section 30: E/2 NE/4
Eddy County, New Mexico
Pathfinder Prospect

Dear Carl:

According to a recent take-off it appears that Conoco is the owner of a leasehold interests under the captioned lands. Nearburg Exploration Company, L. L. C. proposes to purchase a Term Assignment from Conoco on these lands for the cash consideration of \$200 per net acre (\$10,000) for a two year primary term. Conoco would deliver a 78% net revenue interest.

*\$325
7970
NAT*

Please review this offer and contact me at the letterhead address and phone number if you have any interest in a trade. Thanks for your consideration.

Yours truly,

\$16,250.00



Mark Wheeler
Senior Landman

/cmw:pathfinder(conoco)(1m)

Nearburg Exploration Co.
Exhibit No. 4
NMOCD Case No. 12,465

NEARBURG MIDLAND

Fax: 915-686-7806

Feb 8 '00 11:21 P.02

Nearburg Exploration Company, L.L.C.

Exploration and Production

3300 North "A" Street

Building 2 Suite 120

Midland, Texas 79705

915/686-8235

Fax 915/686-7806

February 8, 2000

Mr. Thomas Schneider
505 N. Big Spring
Suite 204
Midland, TX 70701

Re: Term Assignment
W/2 SE/4 of Section 19,
T-18-S, R-28-E, NMPM,
Pathfinder Prospect
Eddy County, New Mexico

Dear Mr. Schneider:

Pursuant to our telephone conversation this date, this letter shall set forth the general terms and conditions of our agreement for you to grant a term assignment to Nearburg Exploration Company, LLC ("Nearburg") on the captioned lands. The accepted terms for said assignment are as follows:

1. Nearburg will pay you \$200.00 per acre (or a total of \$16,000.00) for a two (2) year term assignment, commencing February 14, 2000 of 100% of the leasehold rights under the captioned acreage, limited to depths below 3000' subsurface.
2. You will retain an overriding royalty interest equal to the difference between existing burdens and 22.5%, thus delivering to Nearburg a 77.5% net revenue interest under the term assignment.
3. You agree to not divulge the fact that Nearburg has negotiated a trade with you to any party for a period of six (6) months.

Nearburg will prepare a formal term assignment instrument for your review and approval, with an anticipated closing of this transaction on February 14th or 15th. If this letter sets forth your understanding of our trade, please execute this letter in the space provided below and return one original to the undersigned as soon as possible. We would also appreciate your faxing a copy of the executed letter agreement to 686-7806 this morning, so we can begin processing our check request.

Mr. Thomas Schneider
February 8, 2000
Page -2-

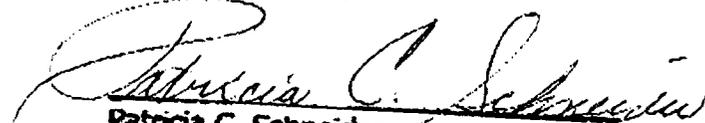
Should you have any questions concerning these matters, please contact me at the number shown in the letterhead. Thank you for your cooperation and we look forward to closing this trade early next week.

Sincerely,



Mark Wheeler, CPL
Senior Landman

AGREED TO AND ACCEPTED
this 8TH day of February, 2000.


Thomas Schneider
Patricia C. Schneider

/cmw:pathfinder19(1m)
xc: Bob Shelton

IF NEEDED YOU CAN REVIEW MY FILES COVERING REFERENCED.

Nearburg Exploration Company, L.L.C.

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

February 15, 2000

Phillips Petroleum Company
4001 Penbrook
Odessa, TX 79762

Attn: Mr. Randy Lewicki, CPL

Re: Term Assignment
NW/4 NE/4 of Section 19,
T-18-S, R-28-E, NMPM,
Pathfinder Prospect
Eddy County, New Mexico

Dear Randy:

Pursuant to our telephone conversation this date, this letter shall set forth the general terms and conditions of our request for Phillips Petroleum Company ("Phillips") to grant a term assignment to Nearburg Exploration Company, LLC ("Nearburg") on the captioned lands (40 net acres). The requested terms for said assignment are as follows:

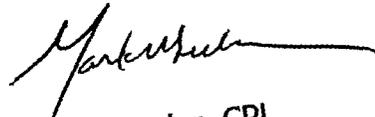
1. Nearburg will pay Phillips \$300.00 per acre (or a total of \$12,000.00) for a two (2) year term assignment, covering 100% of the leasehold rights under the captioned acreage, limited in depths to below 3000' below the surface to the base of the Morrow formation thereunder.
2. Phillips will retain an overriding royalty interest equal to the difference between existing burdens and 20%, thus delivering to Nearburg a 80% net revenue interest under the term assignment.

If these terms are acceptable, Nearburg will prepare a formal term assignment instrument for your review and approval or we will review Phillips' preferred form if

Phillips Petroleum Company
February 15, 2000
Page -2-

Should you have any questions concerning these matters, please contact me at the number shown in the letterhead. Thank you for your cooperation and we look forward to hearing from you shortly.

Sincerely,



Mark Wheeler, CPL
Senior Landman

Nearburg Exploration Company, L.L.C.

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

February 24, 2000

Marathon Oil Company
P. O. Box 552
Midland, TX 70702

Attn: Mr. Ken Dixon

Re: Term Assignment Request
Section 18: NW/4 NE/4 (below 500'
below top of San Andres);
Section 19: NE/4 NE/4 (below 3000');
Section 20: E/2 SE/4 (below 500' below
top of San Andres);
Section 29: S/2 (below 500' below top
of San Andres, save & except
the oil field pay zone lying between
400'-500' below the base of the Artesia
Red sand formation);
Section 29: E/2 NW/4 and SE/4 NE/4
(below 500' below top of San Andres);
Section 30: W/2, W/2 SE/4 and SE/4
SE/4 (below 500' below top of San
Andres);
Section 31: N/2 (below 500' below top
of San Andres), all in T-18-S, R-28-E,
NMPM, Eddy County, New Mexico; and;
Section 6: N/2 N/2 (below 500' below
top of San Andres), in T-19-S, R-28-E,
NMPM, Eddy County, New Mexico
Pathfinder Prospect

Dear Ken:

Pursuant to our telephone conversation this date, this letter shall set forth the general terms and conditions of our request for Marathon Oil Company ("Marathon") to grant a term assignment to Nearburg Exploration Company, LLC ("Nearburg") on the captioned lands (1,870.78 gross and 460.43781 net acres). The requested terms for said assignment are as follows:

Marathon Oil Company
February 24, 2000
Page -2-

1. Nearburg will pay Marathon \$150.00 per acre (or a total of \$69,065.68) for a one (1) year term assignment, covering 100% of the Marathon's leasehold rights under the captioned acreage, from below the depths listed above to the base of the Morrow formation thereunder. There would be a 180 day continuous development obligation for Nearburg to maintain any leasehold outside of the initial test well's proration unit.
2. Marathon will retain an overriding royalty interest equal to the difference between existing burdens and 20%, thus delivering to Nearburg a 80% net revenue interest under the term assignment.

If these terms are acceptable, Nearburg will prepare a formal term assignment instrument for your review and approval or we will review Marathon's preferred form if needed.

Should you have any questions concerning these matters, please contact me at the number shown in the letterhead. Thank you for your cooperation and we look forward to hearing from you shortly.

Sincerely,



Mark Wheeler, CPL
Senior Landman

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

March 3, 2000

Marathon Oil Company
P. O. Box 552
Midland, TX 70702

Attn: Mr. Ken Dixon

Re: Term Assignment Request
Section 18: NW/4 NE/4 (below 500'
below top of San Andres);
Section 19: NE/4 NE/4 (below 3000');
Section 20: E/2 SE/4 (below 500' below
top of San Andres);
Section 29: S/2 (below 500' below top
of San Andres, save & except
the oil field pay zone lying between
400'-500' below the base of the Artesia
Red sand formation);
Section 29: E/2 NW/4 and SE/4 NE/4
(below 500' below top of San Andres);
Section 30: W/2, W/2 SE/4 and SE/4
SE/4 (below 500' below top of San
Andres);
Section 31: All (below 500' below top of
San Andres), all in T-18-S, R-28-E,
NMPM, Eddy County, New Mexico; and;
Section 6: N/2 N/2 (below 500' below
top of San Andres), in T-19-S, R-28-E,
NMPM, Eddy County, New Mexico
Pathfinder Prospect

Dear Ken:

Pursuant to our telephone conversation this date, this letter shall set forth the general terms and conditions of our request for Marathon Oil Company ("Marathon") to grant a term assignment to Nearburg Exploration Company, LLC ("Nearburg") on the captioned lands (1,870.78 gross and 460.38423 net acres). The requested terms for said assignment are as follows:

Marathon Oil Company
March 3, 2000
Page -2-

1. Nearburg will pay Marathon \$150.00 per acre (or a total of \$69,057.34) for a one (1) year term assignment, covering 100% of the Marathon's leasehold rights under the captioned acreage, from below the depths listed above to the base of the Morrow formation thereunder. There would be a 180 day continuous development obligation for Nearburg to maintain any leasehold outside of the initial test well's proration unit.
2. Marathon will retain an overriding royalty interest equal to the difference between existing burdens and 20%, thus delivering to Nearburg a 80% net revenue interest under the term assignment.

If these terms are acceptable, Nearburg will prepare a formal term assignment instrument for your review and approval or we will review Marathon's preferred form if needed.

Should you have any questions concerning these matters, please contact me at the number shown in the letterhead. Thank you for your cooperation and we look forward to hearing from you shortly.

Sincerely,



Mark Wheeler, CPL
Senior Landman

cc: Kathie
TRM

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

June 22, 2000

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

WORKING INTEREST OWNERS
(See Distribution List)

Rc: Pathfinder "19" State #1
1,980' FEL and 660' FNL
Section 19, T-18-S, R-28-E
Eddy County, New Mexico
Pathfinder Prospect

Gentlemen:

Nearburg Exploration Company, L.L.C. (NEC) hereby proposes the drilling of a 11,000' Morrow well at the captioned location. We have enclosed herewith, an AFE setting forth NEC's estimated cost to drill and complete for your review and execution, should you elect to participate in the drilling of this well.

Should you not elect to participate, NEC would consider acquiring a term assignment or farmout of your interest on reasonable terms.

We will forward our proposed Joint Operating Agreement soon under a separate cover letter.

If we can be of further assistance, please advise.

Yours very truly,


Mark Wheeler, CPL
Senior Landman

MW/dw
encl.

all green
inclusion.

**Pathfinder "19" State #1
1,980' FEL and 660' FNL
Section 19, T-18-S, R-28-E
Eddy County, New Mexico**

Yates Petroleum Corporation
Yates Drilling Company
MYCO Industries, Inc.
ABO Petroleum Company
105 S. Fourth St.
Artesia, New Mexico 88210

Louis Dreyfus Gas Holdings, Inc.
Quail Springs Corporate Park
14000 Quail Springs Parkway #600
Oklahoma City, Oklahoma 73134

Mowbourn Oil Company
P. O. Box 7698
Tyler, Texas 75711

Phillips Petroleum Co.
4044 Penbrook
Odessa, Texas 79762

Bulldog Energy Corp.
P. O. Box 668
Artesia, New Mexico 88210

Marbob Energy Corporation
P. O. Box 227
Artesia, New Mexico 88211

Pitch Energy Corporation
P. O. Box 304
Artesia, New Mexico 88211

Wilson Oil Company & Wilson, Ltd.
960 Downing
Denver, CO 80218

Nearburg Producing Company

Exploration and Production
Dallas, Texas

AUTHORITY FOR EXPENDITURE

LEASE: Pathfinder 19 State WELL NUMBER: 1 PBDT: 11,000'
 LOCATION: 1,980' FEL & 660' FNL, Section 19, T18S, R28E, Eddy County NM
 FIELD: Wildcat Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E
 DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.
 DATE PREPARED: 6/21/00 EST. START DATE: 10/1/2000 EST. COMPLETION DATE: 11/15/2000
 ACCOUNTING WELL NUMBER:
 COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casin 0 Ft @ 0.00 \$/Ft	#####	0	NA	0	0
Surface Csg 400 Ft @ 24.00 \$/Ft	1520 310	9,600	NA	0	9,600
Intermediate Cs 2,900 Ft @ 14.00 \$/Ft	1520 315	40,600	NA	0	40,600
Protection Csg 0 Ft @ 0.00 \$/Ft	#####	0	NA	0	0
Production Csg ##### Ft @ 10.00 \$/Ft	NA	0	#####	110,000	110,000
Protection Liner 0 Ft @ 0.00 \$/Ft	#####	0	NA	0	0
Production Line 0 Ft @ 0.00 \$/Ft	NA	0	#####	0	0
Tubing ##### Ft @ 3.25 \$/Ft	NA	0	#####	35,100	35,100
Rods 0 Ft @ 0.00 \$/Ft	NA	0	#####	0	0
Artificial Lift Equipment	NA	0	#####	0	0
Tank Battery	NA	0	#####	10,600	10,600
Separators/Heater Treater/Gas Units/FWKO	NA	0	#####	12,720	12,720
* Well Head Equipment & Christmas Tree	#####	2,500	#####	11,500	14,000
Subsurface Well Equipment	NA	0	#####	6,148	6,148
Flow Lines	NA	0	#####	13,250	13,250
Saltwater Disposal Pump	NA	0	1522 331	0	0
Gas Meter	NA	0	#####	1,484	1,484
Lact Unit	NA	0	#####	0	0
Vapor Recovery Unit	NA	0	#####	0	0
Other Well Equipment	NA	0	#####	0	0
ROW and Damages	NA	0	#####	2,650	2,650
Surface Equipment Installation Costs	NA	0	#####	9,540	9,540
Elect. Installation	NA	0	#####	0	0
ESTIMATED TOTAL TANGIBLES		52,700		212,992	265,692
ESTIMATED TOTAL WELL COSTS		574,438		349,093	923,531

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	06/21/00
REVIEWED BY: TRM	
APPROVED BY:	
APPROVED BY:	

WI APPROVAL: COMPANY Yates Petroleum Corporation 2.34375%
 BY _____
 TITLE _____
 DATE _____

Nearburg Producing Company

Exploration and Production
Dallas, Texas

AUTHORITY FOR EXPENDITURE

LEASE: Pathfinder 19 State WELL NUMBER: 1 PBDT: 11,000'
 LOCATION: 1,980' FEL & 660' FNL, Section 19, T18S, R28E, Eddy County NM
 FIELD: Wildcat Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E
 DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.
 DATE PREPARED: 6/21/00 EST. START DATE: 10/1/2000 EST. COMPLETION DATE: 11/15/2000
 ACCOUNTING WELL NUMBER:
 COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casin 0 Ft @ 0.00 \$/Ft	*****	0	NA	0	0
Surface Csg 400 Ft @ 24.00 \$/Ft	1520 810	9,600	NA	0	9,600
Intermediate Cs 2,900 Ft @ 14.00 \$/Ft	1520 815	40,600	NA	0	40,600
Protection Csg 0 Ft @ 0.00 \$/Ft	*****	0	NA	0	0
Production Csg ***** Ft @ 10.00 \$/Ft	NA	0	*****	110,000	110,000
Protection Liner 0 Ft @ 0.00 \$/Ft	*****	0	NA	0	0
Production Line 0 Ft @ 0.00 \$/Ft	NA	0	*****	0	0
Tubing ***** Ft @ 3.25 \$/Ft	NA	0	*****	35,100	35,100
Rods 0 Ft @ 0.00 \$/Ft	NA	0	*****	0	0
Artificial Lift Equipment	NA	0	*****	0	0
Tank Battery	NA	0	*****	10,600	10,600
Separators/Heater Treater/Gas Units/FWKO	NA	0	*****	12,720	12,720
* Well Head Equipment & Christmas Tree	*****	2,500	*****	11,500	14,000
Subsurface Well Equipment	NA	0	*****	6,148	6,148
Flow Lines	NA	0	*****	13,250	13,250
Saltwater Disposal Pump	NA	0	1521 301	0	0
Gas Meter	NA	0	*****	1,484	1,484
Lact Unit	NA	0	*****	0	0
Vapor Recovery Unit	NA	0	*****	0	0
Other Well Equipment	NA	0	*****	0	0
ROW and Damages	NA	0	*****	2,650	2,650
Surface Equipment Installation Costs	NA	0	*****	9,540	9,540
Elect. Installation	NA	0	*****	0	0
ESTIMATED TOTAL TANGIBLES		52,700		212,992	265,692
ESTIMATED TOTAL WELL COSTS		574,438		349,093	923,531

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	06/21/00
REVIEWED BY: TRM	
APPROVED BY:	
APPROVED BY:	

WI APPROVAL: COMPANY Yates Drilling Company 2.34375%
 BY _____
 TITLE _____
 DATE _____

Nearburg Producing Company

Exploration and Production
Dallas, Texas

AUTHORITY FOR EXPENDITURE

LEASE: Pathfinder 19 State WELL NUMBER: 1 PBTB: 11,000'
 LOCATION: 1,980' FEL & 660' FNL, Section 19, T18S, R28E, Eddy County NM
 FIELD: Wildcat Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E
 DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.
 DATE PREPARED: 6/21/00 EST. START DATE: 10/1/2000 EST. COMPLETION DATE: 11/15/2000
 ACCOUNTING WELL NUMBER:
 COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casin 0 Ft @ 0.00 \$/Ft	*****	0	NA	0	0
Surface Csg 400 Ft @ 24.00 \$/Ft	1820 310	9,600	NA	0	9,600
Intermediate Cs 2,900 Ft @ 14.00 \$/Ft	1820 315	40,600	NA	0	40,600
Protection Csg 0 Ft @ 0.00 \$/Ft	*****	0	NA	0	0
Production Csg ***** Ft @ 10.00 \$/Ft	NA	0	*****	110,000	110,000
Protection Liner 0 Ft @ 0.00 \$/Ft	*****	0	NA	0	0
Production Line 0 Ft @ 0.00 \$/Ft	NA	0	*****	0	0
Tubing ***** Ft @ 3.25 \$/Ft	NA	0	*****	35,100	35,100
Rods 0 Ft @ 0.00 \$/Ft	NA	0	*****	0	0
Artificial Lift Equipment	NA	0	*****	0	0
Tank Battery	NA	0	*****	10,600	10,600
Separators/Heater Treater/Gas Units/FWKO	NA	0	*****	12,720	12,720
* Well Head Equipment & Christmas Tree	*****	2,500	*****	11,500	14,000
Subsurface Well Equipment	NA	0	*****	6,148	6,148
Flow Lines	NA	0	*****	13,250	13,250
Saltwater Disposal Pump	NA	0	1821 101	0	0
Gas Meter	NA	0	*****	1,484	1,484
Lact Unit	NA	0	*****	0	0
Vapor Recovery Unit	NA	0	*****	0	0
Other Well Equipment	NA	0	*****	0	0
ROW and Damages	NA	0	*****	2,650	2,650
Surface Equipment Installation Costs	NA	0	*****	9,540	9,540
Elect. Installation	NA	0	*****	0	0
ESTIMATED TOTAL TANGIBLES		52,700		212,992	265,692
ESTIMATED TOTAL WELL COSTS		574,438		349,093	923,531

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	06/21/00
REVIEWED BY: TRM	
APPROVED BY:	
APPROVED BY:	

WI APPROVAL: COMPANY MYCO Industries, Inc. 2.34375%

BY _____

TITLE _____

DATE _____

Nearburg Producing Company

Exploration and Production
Dallas, Texas

AUTHORITY FOR EXPENDITURE

LEASE: Pathfinder 19 State WELL NUMBER: 1 PBSD: 11,000'
 LOCATION: 1,980' FEL & 660' FNL, Section 19, T18S, R28E, Eddy County NM
 FIELD: Wildcat Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E
 DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.
 DATE PREPARED: 6/21/00 EST. START DATE: 10/1/2000 EST. COMPLETION DATE: 11/15/2000
 ACCOUNTING WELL NUMBER:
 COMMUNICATIONS ACCOUNT NUMBER:

<u>TANGIBLE COSTS:</u>	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casin 0 Ft @ 0.00 \$/Ft	*****	0	NA	0	0
Surface Csg 400 Ft @ 24.00 \$/Ft	IF20-110	9,600	NA	0	9,600
Intermediate Cs 2,900 Ft @ 14.00 \$/Ft	IF20-115	40,600	NA	0	40,600
Protection Csg 0 Ft @ 0.00 \$/Ft	*****	0	NA	0	0
Production Csg ***** Ft @ 10.00 \$/Ft	NA	0	*****	110,000	110,000
Protection Liner 0 Ft @ 0.00 \$/Ft	*****	0	NA	0	0
Production Line 0 Ft @ 0.00 \$/Ft	NA	0	*****	0	0
Tubing ***** Ft @ 3.25 \$/Ft	NA	0	*****	35,100	35,100
Rods 0 Ft @ 0.00 \$/Ft	NA	0	*****	0	0
Artificial Lift Equipment	NA	0	*****	0	0
Tank Battery	NA	0	*****	10,600	10,600
Separators/Heater Treater/Gas Units/FWKO	NA	0	*****	12,720	12,720
* Well Head Equipment & Christmas Tree	*****	2,500	*****	11,500	14,000
Subsurface Well Equipment	NA	0	*****	6,148	6,148
Flow Lines	NA	0	*****	13,250	13,250
Saltwater Disposal Pump	NA	0	IF22-191	0	0
Gas Meter	NA	0	*****	1,484	1,484
Lact Unit	NA	0	*****	0	0
Vapor Recovery Unit	NA	0	*****	0	0
Other Well Equipment	NA	0	*****	0	0
ROW and Damages	NA	0	*****	2,650	2,650
Surface Equipment Installation Costs	NA	0	*****	9,540	9,540
Elect. Installation	NA	0	*****	0	0
ESTIMATED TOTAL TANGIBLES		52,700		212,992	265,692
ESTIMATED TOTAL WELL COSTS		574,438		349,093	923,531

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

<u>NPC APPROVAL</u>	<u>DATE</u>
PREPARED BY: HRW	06/21/00
REVIEWED BY: TRM	
APPROVED BY:	
APPROVED BY:	

WI APPROVAL: COMPANY ABO Petroleum Company 2.34375%
 BY _____
 TITLE _____
 DATE _____

Nearburg Producing Company

Exploration and Production
Dallas, Texas

AUTHORITY FOR EXPENDITURE

LEASE: Pathfinder 19 State WELL NUMBER: 1 PBTD: 11,000'
 LOCATION: 1,980' FEL & 660' FNL, Section 19, T18S, R28E, Eddy County NM
 FIELD: Wildcat Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E
 DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.
 DATE PREPARED: 6/21/00 EST. START DATE: 10/1/2000 EST. COMPLETION DATE: 11/15/2000
 ACCOUNTING WELL NUMBER:
 COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casin 0 Ft @ 0.00 \$/Ft	*****	0	NA	0	0
Surface Csg 400 Ft @ 24.00 \$/Ft	1520310	9,600	NA	0	9,600
Intermediate Cs 2,900 Ft @ 14.00 \$/Ft	1520315	40,600	NA	0	40,600
Protection Csg 0 Ft @ 0.00 \$/Ft	*****	0	NA	0	0
Production Csg ***** Ft @ 10.00 \$/Ft	NA	0	*****	110,000	110,000
Protection Liner 0 Ft @ 0.00 \$/Ft	*****	0	NA	0	0
Production Line 0 Ft @ 0.00 \$/Ft	NA	0	*****	0	0
Tubing ***** Ft @ 3.25 \$/Ft	NA	0	*****	35,100	35,100
Rods 0 Ft @ 0.00 \$/Ft	NA	0	*****	0	0
Artificial Lift Equipment	NA	0	*****	0	0
Tank Battery	NA	0	*****	10,600	10,600
Separators/Heater Treater/Gas Units/FWKO	NA	0	*****	12,720	12,720
* Well Head Equipment & Christmas Tree	*****	2,500	*****	11,500	14,000
Subsurface Well Equipment	NA	0	*****	6,148	6,148
Flow Lines	NA	0	*****	13,250	13,250
Saltwater Disposal Pump	NA	0	1522331	0	0
Gas Meter	NA	0	*****	1,484	1,484
Lact Unit	NA	0	*****	0	0
Vapor Recovery Unit	NA	0	*****	0	0
Other Well Equipment	NA	0	*****	0	0
ROW and Damages	NA	0	*****	2,650	2,650
Surface Equipment Installation Costs	NA	0	*****	9,540	9,540
Elect. Installation	NA	0	*****	0	0
ESTIMATED TOTAL TANGIBLES		52,700		212,992	265,692
ESTIMATED TOTAL WELL COSTS		574,438		349,093	923,531

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	06/21/00
REVIEWED BY: TRM	
APPROVED BY:	
APPROVED BY:	

WI APPROVAL: COMPANY Louis Dreyfus Gas Holdings, Inc. 1.99652%
 BY _____
 TITLE _____
 DATE _____

Nearburg Producing Company

Exploration and Production
Dallas, Texas

AUTHORITY FOR EXPENDITURE

LEASE: Pathfinder 19 State WELL NUMBER: 1 PBTD: 11,000'
 LOCATION: 1,980' FEL & 660' FNL, Section 19, T18S, R28E, Eddy County NM
 FIELD: Wildcat Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E
 DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.
 DATE PREPARED: 6/21/00 EST. START DATE: 10/1/2000 EST. COMPLETION DATE: 11/15/2000
 ACCOUNTING WELL NUMBER:
 COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casin 0 Ft @ 0.00 \$/Ft	*****	0	NA	0	0
Surface Csg 400 Ft @ 24.00 \$/Ft	1520 310	9,600	NA	0	9,600
Intermediate Cs 2,900 Ft @ 14.00 \$/Ft	1520 315	40,600	NA	0	40,600
Protection Csg 0 Ft @ 0.00 \$/Ft	*****	0	NA	0	0
Production Csg ***** Ft @ 10.00 \$/Ft	NA	0	*****	110,000	110,000
Protection Liner 0 Ft @ 0.00 \$/Ft	*****	0	NA	0	0
Production Line 0 Ft @ 0.00 \$/Ft	NA	0	*****	0	0
Tubing ***** Ft @ 3.25 \$/Ft	NA	0	*****	35,100	35,100
Rods 0 Ft @ 0.00 \$/Ft	NA	0	*****	0	0
Artificial Lift Equipment	NA	0	*****	0	0
Tank Battery	NA	0	*****	10,600	10,600
Separators/Heater Treater/Gas Units/FWKO	NA	0	*****	12,720	12,720
* Well Head Equipment & Christmas Tree	*****	2,500	*****	11,500	14,000
Subsurface Well Equipment	NA	0	*****	6,148	6,148
Flow Lines	NA	0	*****	13,250	13,250
Saltwater Disposal Pump	NA	0	1521 311	0	0
Gas Meter	NA	0	*****	1,484	1,484
Lact Unit	NA	0	*****	0	0
Vapor Recovery Unit	NA	0	*****	0	0
Other Well Equipment	NA	0	*****	0	0
ROW and Damages	NA	0	*****	2,650	2,650
Surface Equipment Installation Costs	NA	0	*****	9,540	9,540
Elect. Installation	NA	0	*****	0	0
ESTIMATED TOTAL TANGIBLES		52,700		212,992	265,692
ESTIMATED TOTAL WELL COSTS		574,438		349,093	923,531

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	06/21/00
REVIEWED BY: TRM	
APPROVED BY:	
APPROVED BY:	

WI APPROVAL: COMPANY Phillips Petroleum Co. 12.5%
 BY _____
 TITLE _____
 DATE _____

Nearburg Producing Company

Exploration and Production
Dallas, Texas

AUTHORITY FOR EXPENDITURE

LEASE: Pathfinder 19 State WELL NUMBER: 1 PBTD: 11,000'
 LOCATION: 1,980' FEL & 660' FNL, Section 19, T18S, R28E, Eddy County NM
 FIELD: Wildcat Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E
 DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.
 DATE PREPARED: 6/21/00 EST. START DATE: 10/1/2000 EST. COMPLETION DATE: 11/15/2000
 ACCOUNTING WELL NUMBER:
 COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casin 0 Ft @ 0.00 \$/Ft	*****	0	NA	0	0
Surface Csg 400 Ft @ 24.00 \$/Ft	1E20 310	9,600	NA	0	9,600
Intermediate Cs 2,900 Ft @ 14.00 \$/Ft	1E20 315	40,600	NA	0	40,600
Protection Csg 0 Ft @ 0.00 \$/Ft	*****	0	NA	0	0
Production Csg ***** Ft @ 10.00 \$/Ft	NA	0	*****	110,000	110,000
Protection Liner 0 Ft @ 0.00 \$/Ft	*****	0	NA	0	0
Production Line 0 Ft @ 0.00 \$/Ft	NA	0	*****	0	0
Tubing ***** Ft @ 3.25 \$/Ft	NA	0	*****	35,100	35,100
Rods 0 Ft @ 0.00 \$/Ft	NA	0	*****	0	0
Artificial Lift Equipment	NA	0	*****	0	0
Tank Battery	NA	0	*****	10,600	10,600
Separators/Heater Treater/Gas Units/FWKO	NA	0	*****	12,720	12,720
* Well Head Equipment & Christmas Tree	*****	2,500	*****	11,500	14,000
Subsurface Well Equipment	NA	0	*****	6,148	6,148
Flow Lines	NA	0	*****	13,250	13,250
Saltwater Disposal Pump	NA	0	1521 131	0	0
Gas Meter	NA	0	*****	1,484	1,484
Lact Unit	NA	0	*****	0	0
Vapor Recovery Unit	NA	0	*****	0	0
Other Well Equipment	NA	0	*****	0	0
ROW and Damages	NA	0	*****	2,650	2,650
Surface Equipment Installation Costs	NA	0	*****	9,540	9,540
Elect. Installation	NA	0	*****	0	0
ESTIMATED TOTAL TANGIBLES		52,700		212,992	265,692
ESTIMATED TOTAL WELL COSTS		574,438		349,093	923,531

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	06/21/00
REVIEWED BY: TRM	
APPROVED BY:	
APPROVED BY:	

WI APPROVAL: COMPANY Bulldog Energy Corp. 10.9375%
 BY _____
 TITLE _____
 DATE _____

Nearburg Producing Company

Exploration and Production
Dallas, Texas

AUTHORITY FOR EXPENDITURE

LEASE: Pathfinder 19 State WELL NUMBER: 1 PBSD: 11,000'
 LOCATION: 1,980' FEL & 660' FNL, Section 19, T18S, R28E, Eddy County NM
 FIELD: Wildcat Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E
 DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.
 DATE PREPARED: 6/21/00 EST. START DATE: 10/1/2000 EST. COMPLETION DATE: 11/15/2000
 ACCOUNTING WELL NUMBER:
 COMMUNICATIONS ACCOUNT NUMBER:

<u>TANGIBLE COSTS:</u>	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casin 0 Ft @ 0.00 \$/Ft	*****	0	NA	0	0
Surface Csg 400 Ft @ 24.00 \$/Ft	SE20-310	9,600	NA	0	9,600
Intermediate Cs 2,900 Ft @ 14.00 \$/Ft	SE20-315	40,600	NA	0	40,600
Protection Csg 0 Ft @ 0.00 \$/Ft	*****	0	NA	0	0
Production Csg ***** Ft @ 10.00 \$/Ft	NA	0	*****	110,000	110,000
Protection Liner 0 Ft @ 0.00 \$/Ft	*****	0	NA	0	0
Production Line 0 Ft @ 0.00 \$/Ft	NA	0	*****	0	0
Tubing ***** Ft @ 3.25 \$/Ft	NA	0	*****	35,100	35,100
Rods 0 Ft @ 0.00 \$/Ft	NA	0	*****	0	0
Artificial Lift Equipment	NA	0	*****	0	0
Tank Battery	NA	0	*****	10,600	10,600
Separators/Heater Treater/Gas Units/FWKO	NA	0	*****	12,720	12,720
* Well Head Equipment & Christmas Tree	*****	2,500	*****	11,500	14,000
Subsurface Well Equipment	NA	0	*****	6,148	6,148
Flow Lines	NA	0	*****	13,250	13,250
Saltwater Disposal Pump	NA	0	SE22-301	0	0
Gas Meter	NA	0	*****	1,484	1,484
Lact Unit	NA	0	*****	0	0
Vapor Recovery Unit	NA	0	*****	0	0
Other Well Equipment	NA	0	*****	0	0
ROW and Damages	NA	0	*****	2,650	2,650
Surface Equipment Installation Costs	NA	0	*****	9,540	9,540
Elect. Installation	NA	0	*****	0	0
ESTIMATED TOTAL TANGIBLES		52,700		212,992	265,692
ESTIMATED TOTAL WELL COSTS		574,438		349,093	923,531

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

<u>NPC APPROVAL</u>	<u>DATE</u>
PREPARED BY: HRW	06/21/00
REVIEWED BY: TRM	
APPROVED BY:	
APPROVED BY:	

WI APPROVAL: COMPANY Marbob Energy Corporation 1.5625%
 BY _____
 TITLE _____
 DATE _____

Nearburg Producing Company

Exploration and Production
Dallas, Texas

AUTHORITY FOR EXPENDITURE

LEASE: Pathfinder 19 State WELL NUMBER: 1 PBTB: 11,000'
 LOCATION: 1,980' FEL & 660' FNL, Section 19, T18S, R28E, Eddy County NM
 FIELD: Wildcat Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E
 DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.
 DATE PREPARED: 6/21/00 EST. START DATE: 10/1/2000 EST. COMPLETION DATE: 11/15/2000
 ACCOUNTING WELL NUMBER:
 COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casin 0 Ft @ 0.00 \$/Ft	*****	0	NA	0	0
Surface Csg 400 Ft @ 24.00 \$/Ft	1520 310	9,600	NA	0	9,600
Intermediate Cs 2,900 Ft @ 14.00 \$/Ft	1520 315	40,600	NA	0	40,600
Protection Csg 0 Ft @ 0.00 \$/Ft	*****	0	NA	0	0
Production Csg ***** Ft @ 10.00 \$/Ft	NA	0	*****	110,000	110,000
Protection Liner 0 Ft @ 0.00 \$/Ft	*****	0	NA	0	0
Production Line 0 Ft @ 0.00 \$/Ft	NA	0	*****	0	0
Tubing ***** Ft @ 3.25 \$/Ft	NA	0	*****	35,100	35,100
Rods 0 Ft @ 0.00 \$/Ft	NA	0	*****	0	0
Artificial Lift Equipment	NA	0	*****	0	0
Tank Battery	NA	0	*****	10,600	10,600
Separators/Heater Treater/Gas Units/FWKO	NA	0	*****	12,720	12,720
* Well Head Equipment & Christmas Tree	*****	2,500	*****	11,500	14,000
Subsurface Well Equipment	NA	0	*****	6,148	6,148
Flow Lines	NA	0	*****	13,250	13,250
Saltwater Disposal Pump	NA	0	1521 231	0	0
Gas Meter	NA	0	*****	1,484	1,484
Lact Unit	NA	0	*****	0	0
Vapor Recovery Unit	NA	0	*****	0	0
Other Well Equipment	NA	0	*****	0	0
ROW and Damages	NA	0	*****	2,650	2,650
Surface Equipment Installation Costs	NA	0	*****	9,540	9,540
Elect. Installation	NA	0	*****	0	0
ESTIMATED TOTAL TANGIBLES		52,700		212,992	265,692
ESTIMATED TOTAL WELL COSTS		574,438		349,093	923,531

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	06/21/00
REVIEWED BY: TRM	
APPROVED BY:	
APPROVED BY:	

WI APPROVAL: COMPANY Pitch Energy Corporation 1.5625%
 BY _____
 TITLE _____
 DATE _____

Nearburg Producing Company

Exploration and Production
Dallas, Texas

AUTHORITY FOR EXPENDITURE

LEASE: Pathfinder 19 State WELL NUMBER: 1 PBTD: 11,000'
 LOCATION: 1,980' FEL & 660' FNL, Section 19, T18S, R28E, Eddy County NM
 FIELD: Wildcat Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E
 DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.
 DATE PREPARED: 6/21/00 EST. START DATE: 10/1/2000 EST. COMPLETION DATE: 11/15/2000
 ACCOUNTING WELL NUMBER:
 COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casin 0 Ft @ 0.00 \$/Ft	*****	0	NA	0	0
Surface Csg 400 Ft @ 24.00 \$/Ft	FE20 310	9,600	NA	0	9,600
Intermediate Cs 2,900 Ft @ 14.00 \$/Ft	FE20 315	40,600	NA	0	40,600
Protection Csg 0 Ft @ 0.00 \$/Ft	*****	0	NA	0	0
Production Csg ***** Ft @ 10.00 \$/Ft	NA	0	*****	110,000	110,000
Protection Liner 0 Ft @ 0.00 \$/Ft	*****	0	NA	0	0
Production Line 0 Ft @ 0.00 \$/Ft	NA	0	*****	0	0
Tubing ***** Ft @ 3.25 \$/Ft	NA	0	*****	35,100	35,100
Rods 0 Ft @ 0.00 \$/Ft	NA	0	*****	0	0
Artificial Lift Equipment	NA	0	*****	0	0
Tank Battery	NA	0	*****	10,600	10,600
Separators/Heater Treater/Gas Units/FWKO	NA	0	*****	12,720	12,720
* Well Head Equipment & Christmas Tree	*****	2,500	*****	11,500	14,000
Subsurface Well Equipment	NA	0	*****	6,148	6,148
Flow Lines	NA	0	*****	13,250	13,250
Saltwater Disposal Pump	NA	0	52237	0	0
Gas Meter	NA	0	*****	1,484	1,484
Lact Unit	NA	0	*****	0	0
Vapor Recovery Unit	NA	0	*****	0	0
Other Well Equipment	NA	0	*****	0	0
ROW and Damages	NA	0	*****	2,650	2,650
Surface Equipment Installation Costs	NA	0	*****	9,540	9,540
Elect. Installation	NA	0	*****	0	0
ESTIMATED TOTAL TANGIBLES		52,700		212,992	265,692
ESTIMATED TOTAL WELL COSTS		574,438		349,093	923,531

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	06/21/00
REVIEWED BY: TRM	
APPROVED BY:	
APPROVED BY:	

WI APPROVAL: COMPANY Wilson Oil Company & Wilson, Ltd. 1.5625%
 BY _____
 TITLE _____
 DATE _____

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
KC.

June 27, 2000

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

WORKING INTEREST OWNERS
(See Distribution List)

Re: Pathfinder "19" State #1
1,980' FEL and 660' FNL
Section 19, T-18-S, R-28-E
Eddy County, New Mexico
Pathfinder Prospect

Gentlemen:

Nearburg Exploration Company, L.L.C. (NEC) hereby proposes the drilling of a 11,000' Morrow well at the captioned location. We have enclosed herewith, an AFE setting forth NEC's estimated cost to drill and complete for your review and execution, should you elect to participate in the drilling of this well.

Should you not elect to participate, NEC would consider acquiring a term assignment or farmout of your interest on reasonable terms.

We will forward our proposed Joint Operating Agreement soon under a separate cover letter.

If we can be of further assistance, please advise.

Yours very truly,

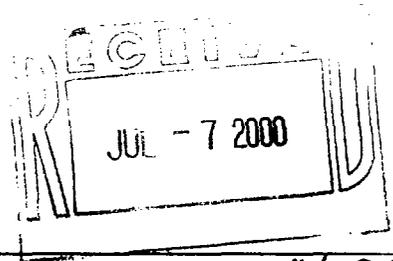


for Mark Wheeler, CPL
Senior Landman

MW/dw



marbob
energy corporation



July 3, 2000

✓ 7-14-00
cc: AFE to

KC
TRM
will reg. to
Kim
Linda

Certified Return Receipt
#7000 0600 0027 2941 1184

Nearburg Exploration Company
3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705

Attn: Mr. Mark Wheeler

RE: Pathfinder 19 State #1
1980' FEL and 660' FNL
Section 19, T-18S, R-28E
Eddy County, New Mexico

Dear Mark:

Enclosed are the executed A.F.E.'s for both Marbob Energy Corporation and Pitch Energy Corporation. Please advise us if you need anything else.

Sincerely,

Raye Miller

Raye Miller
Land Department

RM/mm
Enclosures

Nearburg Producing Company

Exploration and Production
Dallas, Texas

AUTHORITY FOR EXPENDITURE

LEASE: Pathfinder 19 State WELL NUMBER: 1 PBDT: 11,000'
 LOCATION: 1,980' FEL & 660' FNL, Section 19, T18S, R28E, Eddy County NM
 FIELD: Wildcat Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E
 DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.
 DATE PREPARED: 6/21/00 EST. START DATE: 10/1/2000 EST. COMPLETION DATE: 11/15/2000
 ACCOUNTING WELL NUMBER:
 COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casin 0 Ft @ 0.00 \$/Ft	*****	0	NA	0	0
Surface Csg 400 Ft @ 24.00 \$/Ft	1520.310	9,600	NA	0	9,600
Intermediate Cs 2,900 Ft @ 14.00 \$/Ft	1520.315	40,600	NA	0	40,600
Protection Csg 0 Ft @ 0.00 \$/Ft	*****	0	NA	0	0
Production Csg ***** Ft @ 10.00 \$/Ft	NA	0	*****	110,000	110,000
Protection Liner 0 Ft @ 0.00 \$/Ft	*****	0	NA	0	0
Production Line 0 Ft @ 0.00 \$/Ft	NA	0	*****	0	0
Tubing ***** Ft @ 3.25 \$/Ft	NA	0	*****	35,100	35,100
Rods 0 Ft @ 0.00 \$/Ft	NA	0	*****	0	0
Artificial Lift Equipment	NA	0	*****	0	0
Tank Battery	NA	0	*****	10,600	10,600
Separators/Heater Treater/Gas Units/FWKO	NA	0	*****	12,720	12,720
* Well Head Equipment & Christmas Tree	*****	2,500	*****	11,500	14,000
Subsurface Well Equipment	NA	0	*****	6,148	6,148
Flow Lines	NA	0	*****	13,250	13,250
Saltwater Disposal Pump	NA	0	1522.351	0	0
Gas Meter	NA	0	*****	1,484	1,484
Lact Unit	NA	0	*****	0	0
Vapor Recovery Unit	NA	0	*****	0	0
Other Well Equipment	NA	0	*****	0	0
ROW and Damages	NA	0	*****	2,650	2,650
Surface Equipment Installation Costs	NA	0	*****	9,540	9,540
Elect. Installation	NA	0	*****	0	0
ESTIMATED TOTAL TANGIBLES		52,700		212,992	265,692
ESTIMATED TOTAL WELL COSTS		574,438		349,093	923,531

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	06/21/00
REVIEWED BY: TRM	
APPROVED BY:	
APPROVED BY:	

WI APPROVAL: COMPANY Pitch Energy Corporation 1.5625%
 BY _____
 TITLE Vice President
 DATE July 3, 2000

XC BOB

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

July 20, 2000

[Via Fax (915) 686-7806 and U.S. Mail]

Nearburg Exploration Company, L.L.C.
3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705

Attn: Mark Wheeler

Re: Your Pathfinder "19" State #1 Well
E/2 of Section 19, T18S, R28E
Eddy County, New Mexico

Gentlemen:

\$400 one(1)

Regarding the captioned well proposed by Nearburg, Mewbourne Oil Company is not interested in participating in same. However, Mewbourne would be agreeable to granting a two (2) year term assignment of operating rights to Nearburg for \$500.00 per acre covering a 100% WI and 87.5% NRI as to rights below 2,600' in the SE/4NE/4 and NE/4SE/4 of the captioned Section 19 in support of your well.

The above offer is available exclusively for Nearburg's acceptance for a period ending Thursday, July 27th at 5:00 P.M. Please call if you are interested in the above offer.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

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

July 27, 2000

Kaiser-Francis Oil Company
P. O. Box 21468
Tulsa, OK 74121-1468
Attn: Debbie Stout

Re: Pathfinder "19" St. Com #1 Well
E/2 Section 19, T-18-S, R-28-E,
Eddy County, New Mexico

Dear Debbie:

Pursuant to our telephone conversations yesterday, please be advised the Nearburg has taken both farmout agreements and term assignments from other industry companies in the captioned prospect and we are prepared to go either way with Kaiser-Francis' interest in the captioned half section.

As we discussed, Nearburg could either purchase a term assignment of your interest for a primary term of two (2) years for \$250.00/acre (35.00 net acres X \$250.00 per acre = \$8,750.00) with Kaiser-Francis delivering a 77.5% NRI, or we could take a farmout of your interest with no bonus consideration, with Kaiser-Francis delivering a 75% NRI, with your ORRI convertible to a proportionately reduced 25% working interest after payout of the initial test well.

Please advise if you have any questions. As we discussed, we are going to the OCD for our force pooling hearing on this well on August 10th and would like to know what position Kaiser-Francis is taking prior to that date. We look forward to hearing from you shortly.

Sincerely,


Mark Wheeler, CPL
Senior Landman

/cmw:pathfinder19(10m)

cc: Bob Shelton

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

July 31, 2000

Mewbourne Oil Company
500 W. Texas, Suite 1020
Midland, Texas 79701

Attn: Mr. Paul Haden
Senior Landman

Re: Check Receipt
SE/4 NE/4 and NE/4 SE/4 of Section 19,
T-18-S, R-28-E, NMPM,
Pathfinder Prospect
Eddy County, New Mexico

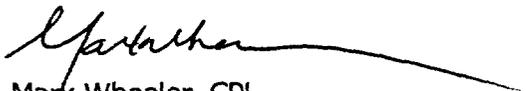
Dear Paul:

Please find enclosed our check number 505882, made payable to Mewbourne's order in the amount of \$32,000.00, representing Nearburg's payment of the consideration for the one year term assignment we have purchased from Mewbourne on the captioned acreage. Also enclosed is one of the original executed instruments you forwarded, which has been executed by Nearburg.

Please evidence your acceptance of the enclosed consideration by signing and returning a copy of this letter. Once we have executed and recorded the Term Assignment instrument, we will forward a copy for your records.

Should you have any questions concerning these matters, please feel free to call me. Thank you for your continuing cooperation.

Sincerely,


Mark Wheeler, CPL
Senior Landman

CHECK NO. 505882 RECEIVED THIS
_____ DAY OF AUGUST, 2000.

MEWBOURNE OIL COMPANY

By: _____
Name/Title:

Nearburg Exploration Company, L. L. C. P.O. Box 823085 Dallas, Texas 75382-3085 Ph. 214-739-1778

505882

DESCRIPTION	INVOICE NUMBER	GROSS	DISCOUNT	NET AMOUNT
	TERM ASGMT			32000.00
0132540	MEWBOURNE OIL COMPANY		0505882	32000.00

DETACH BEFORE DEPOSITING. IN FULL SETTLEMENT OF ACCOUNT AS SHOWN. ENDORSEMENT OF THIS CHECK CONSTITUTES RECEIPT IN FULL.

Nearburg Exploration Company, L. L. C.

NATIONS BANK-ABILENE
ABILENE, TEXAS
88-1135/1113

505882

P.O. Box 823085
Dallas, Texas 75382-3085

DATE CHECK NO. AMOUNT

7/28/00 0505882

PAY THIRTY-TWO THOUSAND DOLLARS AND ZERO CENTS ***32,000.00

TO THE ORDER OF MEWBOURNE OIL COMPANY
P.O. BOX 7698
TYLER, TX 75711-7698

Nearburg Exploration Company

⑈ 505882 ⑈ ⑆ 11301135 ⑆ ⑈ 0188809295 ⑈

Nearburg Producing Company

Exploration and Production
Dallas, Texas

AUTHORITY FOR EXPENDITURE

LEASE: Pathfinder 19 State WELL NUMBER: 1 PBTD: 11,000'
 LOCATION: 1,980' FEL & 660' FNL, Section 19, T18S, R28E, Eddy County NM
 FIELD: Wildcat Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E
 DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.
 DATE PREPARED: 6/21/00 EST. START DATE: 10/1/2000 EST. COMPLETION DATE: 11/15/2000
 ACCOUNTING WELL NUMBER:
 COMMUNICATIONS ACCOUNT NUMBER:

<u>TANGIBLE COSTS:</u>	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casin 0 Ft @ 0.00 \$/Ft	#####	0	NA	0	0
Surface Csg 400 Ft @ 24.00 \$/Ft	1520.313	9,600	NA	0	9,600
Intermediate Cs 2,900 Ft @ 14.00 \$/Ft	1520.315	40,600	NA	0	40,600
Protection Csg 0 Ft @ 0.00 \$/Ft	#####	0	NA	0	0
Production Csg ##### Ft @ 10.00 \$/Ft	NA	0	#####	110,000	110,000
Protection Liner 0 Ft @ 0.00 \$/Ft	#####	0	NA	0	0
Production Line 0 Ft @ 0.00 \$/Ft	NA	0	#####	0	0
Tubing ##### Ft @ 3.25 \$/Ft	NA	0	#####	35,100	35,100
Rods 0 Ft @ 0.00 \$/Ft	NA	0	#####	0	0
Artificial Lift Equipment	NA	0	#####	0	0
Tank Battery	NA	0	#####	10,600	10,600
Separators/Heater Treater/Gas Units/FWKO	NA	0	#####	12,720	12,720
* Well Head Equipment & Christmas Tree	#####	2,500	#####	11,500	14,000
Subsurface Well Equipment	NA	0	#####	6,148	6,148
Flow Lines	NA	0	#####	13,250	13,250
Saltwater Disposal Pump	NA	0	1522.291	0	0
Gas Meter	NA	0	#####	1,484	1,484
Lact Unit	NA	0	#####	0	0
Vapor Recovery Unit	NA	0	#####	0	0
Other Well Equipment	NA	0	#####	0	0
ROW and Damages	NA	0	#####	2,650	2,650
Surface Equipment Installation Costs	NA	0	#####	9,540	9,540
Elect. Installation	NA	0	#####	0	0
ESTIMATED TOTAL TANGIBLES		52,700		212,992	265,692
ESTIMATED TOTAL WELL COSTS		574,438		349,093	923,531

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	06/21/00
REVIEWED BY: TRM	
APPROVED BY:	
APPROVED BY:	

WI APPROVAL: COMPANY _____
 BY _____
 TITLE _____
 DATE _____