

Brooks

**NADEL AND GUSSMAN PERMIAN, L.L.C.**  
**601 N. Marienfeld, Suite 508**  
**Midland, TX 79701**  
**Office: (915)682-4429**  
**Fax: (915)682-4325**

RECEIVED

MAY 12 2003

OIL CONSERVATION  
DIVISION

CERTIFIED MAIL

May 8, 2003

Devon Energy Corporation  
20 North Broadway, Suite 1500  
Oklahoma City, Oklahoma 73102  
Attn: Mr. Ken Gray

Oxy USA WTP, Inc.  
6 Desta Drive, Suite 6000  
Midland, Texas 79710  
Attn: Mr. David Evans

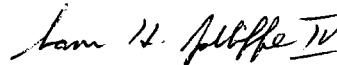


Re: Domino Federal #1  
E/2 Section 28, T-21-S, R-27-E  
Eddy County, New Mexico  
Case No. 13043  
Order No. R-11953

Gentlemen:

Please find enclosed a copy of the State of New Mexico Oil Conservation Pooling Order No. R-11953. Pursuant to the provisions of the Order, we have enclosed our AFE for this well for your evaluation. The approximate location of said well is 660' FNL & 1,150' FEL Section 28, T-21-S, R-27-E. The well is on a Federal Lease, therefore the location may need to be moved slightly due to potential archeological issues, etc. Per the provisions of the Order, please advise within thirty (30) days from receipt of this letter as to whether or not you elect to participate in this well proposal. We will also consider a farm-in of your interest on terms acceptable to Nadel and Gussman Permian.

Sincerely,



Sam H. Jolliffe IV  
Land Manager

c: NMOCD  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

**AUTHORITY FOR EXPENDITURE**  
**NADEL AND GUSSMAN PERMIAN, LLC MIDLAND, TX**

PROSPECT NAME: Thunderball FIELD: \_\_\_\_\_ DATE: 05/08/03  
 LEASE/WELL NUMBER: Domino Fed Well # 1 PREPARED BY: K E McCready  
 LOCATION: 1150 FEI, 660 FNL S28, 21S 27E  
 COUNTY, STATE: EDDY, NM daywork contract  
 PRIMARY OBJECTIVES: Morrow, ATOKA, DST IN ATOKA SAND ASSUMED  
 PROJECTED TOTAL DEPTH: 11900 SINGLE MORROW SAND COMPL ASSUMED

ASSUMES OCD APPROVES CSG PROGRAM AND PROTECTION LINER NOT NEEDED					CASING POINT	COMPLETION COSTS
INTANGIBLE COSTS						
LEGAL WORK/PERMITTING/SURVEY/STAKING					2000	500
ROW						500
SITE PREPARATION/CLEAN-UP					8000	10000
RIG MOVES					20000	
DRILLING TURN-KEY						
DRILLING DAYWORK					280800	23400
DRILLING FOOTAGE					0	
DRILL PIPE/TOOL RENTAL - INCL IN DAYWORK BID					0	
BITS					35000	500
WATER					25000	3500
DIRECTIONAL EQUIP (MONEL COLLAR/ SINGLE SHOT)					0	
MUD/CHEMICALS/PKR FLUID					45000	2000
MUD LOGGING					13500	
OPEN HOLE LOGGING					25000	
STABILIZERS/SHOCK SUBS/ROTATING HEAD						
DIESEL - INCL IN BID					31200	
DST'S 1 @ \$4000/TEST					4000	
WELDING						
CASING CREW/TOOLS						5000
CASING CEMENTING					25000	20000
SQUEEZE CMTG/PLUGGING					15000	-15000
TRANSPORTATION					2500	2500
RENTAL TOOLS/EQUIP						5000
COMPLETION RIG					8 DAYS @ 1850 /DAY	14800
PERFORATING/CASED HOLE LOGGING/CIBP/CMT						15000
BREAKDOWN						10000
FRACTURING/STIMULATION						75000
FRAC TANKS/WATER TRANSPORTS						5000
PIT LINER					4000	
LABOR/ROUSTABOUT CREWS					1500	5000
INSURANCE					6000	
BOP TESTING - 3RD PARTY					1200	
COLLAR INSPECTION/DAMAGES						
TREATING PACKER						
FIELD SUPERVISION					33 14 500 /DAY	7000
ADMINISTRATIVE SERVICES/OVERHEAD					1000	1000
CONTINGENCY					56220	18870
TOTAL INTANGIBLE COSTS					618420	209570
TANGIBLE COSTS						
20"	CONDUCTOR	40 FT @	40.13 /FT	1605		
13-3/8"	SURFACE	500 FT @	17.23 /FT	8614		
9-5/8"	INTERMEDIATE	5100 FT @	13.00 /FT	66300		
7-0"	2 nd "INTERMEDIATE	0 FT @	10.00 /FT	0		
5-1/2"	PRODUCTION	11900 FT @	7.00 /FT			83300
2-7/8"	TUBING	11700 FT @	3.50 /FT			40950
	RODS	0 FT @	0 /FT			0
FLOAT EQUIP, DV TOOL, ETC						
CATTLEGUARDS/GATES						
WELLHEAD					5000	7500
PACKER						7000
DOWNHOLE PUMP/TAC						
FORKLIFT/PIPE RACKS					1500	1500
STOCK TANKS/WATER TANKS						10000
SEPARATORS						
GPU/TREATER						10000
VALVES/FITTINGS						5000
FLOWLINE						2500
METER RUN, ETC.						2500
MISCELLANEOUS (ROCK, FIREWALL, ETC)						3000
CONTINGENCY					650	17325
TOTAL TANGIBLE					83669	190575
TOTAL TANGIBLE/INTANGIBLE					702089	400145

**TOTAL WELL COST** **1102234**

JOINT INTEREST APPROVAL \_\_\_\_\_

COMPANY: \_\_\_\_\_

BY: \_\_\_\_\_ DATE: \_\_\_\_/\_\_\_\_/\_\_\_\_

NADEL AND GUSSMAN

BY: John F. McCready

DATE: 5 18 12 00 3