

Brooks

NADEL AND GUSSMAN PERMIAN, L.L.C.
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Midland, TX 79701
Office: (915)682-4429
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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

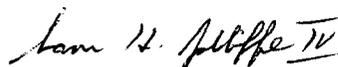


Re: Domino Federal #1
E/2 Section 28, T-21-S, R-27-E
Eddy County, New Mexico
Case No. 13043
Order No. R-11953

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					
	DRLG	COMPL	DAYS		
DRILLING DAYWORK				280800	23400
DRILLING FOOTAGE				0	
	FT. @		/FT		
DRILL PIPE/TOOL RENTAL - INCL IN DAYWORK BID				0	
			/DAY		
BITS				35000	500
WATER				25000	3500
DIRECTIONAL EQUIP (MONEL COLLAR/ SINGLE SHOT)				0	
			250 /DAY		
MUD/CHEMICALS/PKR FLUID				45000	2000
MUD LOGGING				13500	
		27 DAYS @	500 /DAY		
OPEN HOLE LOGGING				25000	
STABILIZERS/SHOCK SUBS/ROTATING HEAD					
DIESEL - INCL IN BID				31200	
		39	800 /DAY		
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					14800
		8 DAYS @	1850 /DAY		
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					
	DRLG	COMPL	DAYS		
FIELD SUPERVISION				16500	7000
		33	14 500 /DAY		
ADMINISTRATIVE SERVICES/OVERHEAD				1000	1000
CONTINGENCY				56220	18870
TOTAL INTANGIBLE COSTS				618420	209670
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	190576
TOTAL TANGIBLE/INTANGIBLE				702089	400145

TOTAL WELL COST **1102234**

JOINT INTEREST APPROVAL _____
 COMPANY: _____
 BY: _____ DATE: ____/____/____

NADEL AND GUSSMAN
 BY: [Signature]
 DATE: 5 13 2003