

Nearburg Producing Company

Exploration and Production
Dallas, Texas

Page 1 of 2

AUTHORITY FOR EXPENDITURE

LEASE: Rio Pecos 19 Com. WELL NUMBER: 1 PBDT: 9,700'
LOCATION: 1,980' FNL & 660' FWL, Section 19, T18S, R27E, Eddy County NM
FIELD: Wildcat Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E
DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.

DATE PREPARED: 12/28/99 EST. START DATE: 5/1/2000 EST. COMPLETION DATE: 6/15/2000
ACCOUNTING WELL NUMBER:
COMMUNICATIONS ACCOUNT NUMBER:

<u>INTANGIBLE COSTS:</u>	TO CSG PT	COMPLETION	TOTAL WELL
Drilling Footage 9,700 Ft @ 17.00 \$/Ft	174,794	0	174,794
Drilling Daywork 2 2 5,800 \$/day	12,296	12,296	24,592
Drilling Turnkey	0	0	0
Rig Mobilization and Demobilization	0	0	0
Road & Location Expense	18,815	2,120	20,935
Damages	5,000	0	5,000
Directional Drilling - Tools and Service	0	0	0
Drilling Fluids	26,500	0	26,500
Fuel, Power, and Water	12,720	0	12,720
Supplies - Bits	0	795	795
Supplies - Casing Equipment	1,060	4,240	5,300
Supplies - Liner Equipment	0	0	0
Supplies - Miscellaneous	0	0	0
Cement and Cmt. Services - Surface Csg	10,600	0	10,600
Cement and Cmt. Services - Int. Csg	0	0	0
Cement and Cmt. Services - Prod. Csg	0	21,200	21,200
Cement and Cmt. Services - Other	0	0	0
Rental - Drilling Tools and Equipment	0	0	0
Rental - Misc.	19,716	3,180	22,896
Testing - Drill Stem / Production	4,770	2,650	7,420
Open Hole Logging	31,800	0	31,800
Mudlogging Services	11,925	0	11,925
Special Services	0	0	0
Plug and Abandon	12,000	(12,000)	0
Pulling and/or Swabbing Unit	0	15,264	15,264
Reverse Equipment	0	5,300	5,300
Wireline Services	0	19,080	19,080
Stimulation	0	12,720	12,720
Pump / Vacuum Truck Services	0	6,075	6,075
Transportation	1,590	2,650	4,240
Tubular Goods - Inspection & Testing	1,961	5,300	7,261
Unclassified	530	0	530
Telephone and Radio Expense	954	318	1,272
Engineer / Geologist / Landman	22,500	3,000	25,500
Company Labor - Field Supervision	13,250	6,500	19,750
Contract Labor / Roustabout	1,590	9,540	11,130
Legal and Professional Service	5,000	0	5,000
Insurance	4,998	0	4,998
Overhead	7,000	3,500	10,500
SUBTOTAL	401,369	123,728	525,097
Contingencies (10%)	40,137	12,373	52,510
ESTIMATED TOTAL INTANGIBLES	441,506	136,101	577,607

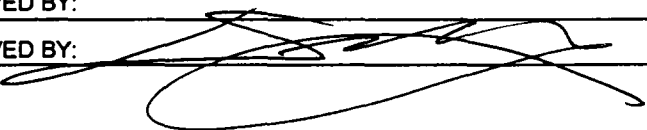
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TANGIBLE COSTS:			DATE	TO CSG PT	DATE	COMPLETION	TOTAL WELL
Conductor Casing	0 Ft @	0.00 \$/Ft	12/28/99	0	12/28/99	0	0
Surface Csg	1,100 Ft @	24.00 \$/Ft	12/28/99	26,400	12/28/99	0	26,400
Intermediate Csg	0 Ft @	0.00 \$/Ft	12/28/99	0	12/28/99	0	0
Protection Csg	0 Ft @	0.00 \$/Ft	12/28/99	0	12/28/99	0	0
Production Csg	9,700 Ft @	10.00 \$/Ft	12/28/99	0	12/28/99	97,000	97,000
Protection Liner	0 Ft @	0.00 \$/Ft	12/28/99	0	12/28/99	0	0
Production Liner	0 Ft @	0.00 \$/Ft	12/28/99	0	12/28/99	0	0
Tubing	9,500 Ft @	3.25 \$/Ft	12/28/99	0	12/28/99	30,875	30,875
Rods	0 Ft @	0.00 \$/Ft	12/28/99	0	12/28/99	0	0
Artificial Lift Equipment			12/28/99	0	12/28/99	0	0
Tank Battery			12/28/99	0	12/28/99	10,600	10,600
Separators/Heater Treater/Gas Units/FWKO			12/28/99	0	12/28/99	12,720	12,720
* Well Head Equipment & Christmas Tree			12/28/99	2,500	12/28/99	11,500	14,000
Subsurface Well Equipment			12/28/99	0	12/28/99	6,148	6,148
Flow Lines			12/28/99	0	12/28/99	13,250	13,250
Saltwater Disposal Pump			12/28/99	0	12/28/99	0	0
Gas Meter			12/28/99	0	12/28/99	1,484	1,484
Lact Unit			12/28/99	0	12/28/99	0	0
Vapor Recovery Unit			12/28/99	0	12/28/99	0	0
Other Well Equipment			12/28/99	0	12/28/99	0	0
ROW and Damages			12/28/99	0	12/28/99	2,650	2,650
Surface Equipment Installation Costs			12/28/99	0	12/28/99	9,540	9,540
Elect. Installation			12/28/99	0	12/28/99	0	0
ESTIMATED TOTAL TANGIBLES				28,900		195,767	224,667
ESTIMATED TOTAL WELL COSTS				470,406		331,868	802,274

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	12/28/99
REVIEWED BY: TRM	
APPROVED BY:	
APPROVED BY: 	12/28/99

WI APPROVAL: COMPANY _____
BY _____
TITLE _____
DATE _____