

LF

FASKEN OIL AND RANCH, LTD.
303 West Wall, Suite 1800
Midland, Texas 79701
915/687-1777
fax 915/687-0669

April 7, 2000

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

Attention: Mark Wheeler

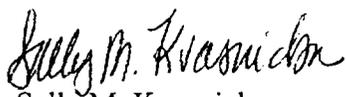
RE: White Tip "12" Federal #1
660' FSL & 710' FEL
Section 12, T-22-S, R-25-E
Eddy County, New Mexico

Gentlemen:

Fasken Oil and Ranch, Ltd. has executed Nearburg Exploration Company LLC's Authority for Expenditure for the drilling of the White Tip "12" Federal #1 Well. Fasken's participation is subject to approval of title and negotiation of a mutually agreeable Joint Operating Agreement.

Enclosed is Fasken's well requirement listing for sending well information to us during the drilling and completion phase of the White Tip "12" Federal #1 Well. Should you have any questions, please feel free to call.

Sincerely,


Sally M. Kvasnicka
Land Manager

SMK:me
enclosures

Nearburg Producing Company

Exploration and Production
Dallas, Texas

AUTHORITY FOR EXPENDITURE

LEASE: White Tip "12" Federal WELL NUMBER: 1 PBTD: 11,700'
LOCATION: 660' FSL & 710' FEL, Section 12, T22S, R25E, Eddy County NM
FIELD: Happy Valley Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E
DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.

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DATE PREPARED: 2/25/00 EST. START DATE: EST. COMPLETION DATE:
ACCOUNTING WELL NUMBER:
COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:			TO CSG PT		COMPLETION	TOTAL WELL
Conductor Casing	0 Ft @	0.00 \$/Ft	0		0	0
Surface Csg	300 Ft @	24.00 \$/Ft	7,200		0	7,200
Intermediate Csg	3,000 Ft @	18.00 \$/Ft	54,000		0	54,000
Protection Csg	0 Ft @	0.00 \$/Ft	0		0	0
Production Csg	11,700 Ft @	8.00 \$/Ft	0		93,600	93,600
Protection Liner	0 Ft @	0.00 \$/Ft	0		0	0
Production Liner	0 Ft @	0.00 \$/Ft	0		0	0
Tubing	11,500 Ft @	3.38 \$/Ft	0		38,870	38,870
Rods	0 Ft @	0.00 \$/Ft	0		0	0
Artificial Lift Equipment			0		0	0
Tank Battery			0		10,600	10,600
Separators/Heater Treater/Gas Units/FWKO			0		12,720	12,720
* Well Head Equipment & Christmas Tree			5,500		11,500	17,000
Subsurface Well Equipment			0		6,148	6,148
Flow Lines			0		13,250	13,250
Saltwater Disposal Pump			0		0	0
Gas Meter			0		1,484	1,484
Lact Unit			0		0	0
Vapor Recovery Unit			0		0	0
Other Well Equipment			0		0	0
ROW and Damages			0		0	0
Surface Equipment Installation Costs			0		9,540	9,540
Elect. Installation			0		0	0
ESTIMATED TOTAL TANGIBLES			66,700		197,712	264,412
ESTIMATED TOTAL WELL COSTS			647,184		335,024	982,208

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	02/25/00
REVIEWED BY: TRM	
APPROVED BY: <i>[Signature]</i>	3/8/00
APPROVED BY: <i>[Signature]</i>	3/9/00

WI APPROVAL: COMPANY Fasken Land & Minerals, Ltd. 8.288169%

BY *Nobert Dickmeis*

TITLE Vice President

DATE 4/7/00