

AUTHORITY FOR EXPENDITURE

LEASE: Stetson 13 Federal Com. WELL NUMBER: 1 PBTD: 13,600'
LOCATION: 1,650' FNL & 1,650' FEL, Section 13, T19S, R33E, Lea County NM
FIELD: Morrow EXPLORATORY, DEVELOPMENT, WORKOVER: E
DESCRIPTION OF WORK: Drill and complete as a Morrow gas well.

DATE PREPARED: 3/31/00 EST. START DATE: 6/15/00 EST. COMPLETION DATE: 8/1/00
ACCOUNTING WELL NUMBER:
COMMUNICATIONS ACCOUNT NUMBER:

INTANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Drilling Footage 13,600 Ft @ 25.95 \$/Ft	1514.101	374,095	NA	0	374,095
Drilling Daywork 2 2 6,200 \$/day	1514.102	13,144	1515.102	13,144	26,288
Drilling Turnkey	1514.110	0	1515.110	0	0
Rig Mobilization and Demobilization	1514.115	0	1515.115	0	0
Road & Location Expense	1514.120	27,295	1515.120	3,180	30,475
Damages	1514.125	5,000	1515.125	0	5,000
Directional Drilling - Tools and Service	1514.130	0	1515.130	0	0
Drilling Fluids	1514.135	53,000	1515.135	0	53,000
Fuel, Power, and Water	1514.140	26,500	1515.140	0	26,500
Supplies - Bits	1514.145	0	1515.145	795	795
Supplies - Casing Equipment	1514.150	5,989	1515.150	7,420	13,409
Supplies - Liner Equipment	1514.155	0	1515.155	0	0
Supplies - Miscellaneous	1514.160	0	1515.160	0	0
Cement and Cmt. Services - Surface Csg	1514.165	8,480	NA	0	8,480
Cement and Cmt. Services - Int. Csg	1514.170	15,900	NA	0	15,900
Cement and Cmt. Services - Prod. Csg	NA	0	1515.170	21,200	21,200
Cement and Cmt. Services - Other	1514.175	0	1515.175	0	0
Rental - Drilling Tools and Equipment	1514.180	0	1515.180	0	0
Rental - Misc.	1514.185	24,910	1515.185	3,710	28,620
Testing - Drill Stem / Production	1514.190	4,770	1515.190	3,710	8,480
Open Hole Logging	1514.200	37,100	NA	0	37,100
Mudlogging Services	1514.210	21,465	NA	0	21,465
Special Services	1514.220	0	1515.220	0	0
Plug and Abandon	1514.215	15,000	1515.215	(15,000)	0
Pulling and/or Swabbing Unit	NA	0	1515.217	15,264	15,264
Reverse Equipment	NA	0	1515.218	5,830	5,830
Wireline Services	1514.205	0	1515.205	19,080	19,080
Stimulation	NA	0	1515.225	12,720	12,720
Pump / Vacuum Truck Services	1514.220	0	1515.220	5,944	5,944
Transportation	1514.225	2,120	1515.225	2,650	4,770
Tubular Goods - Inspection & Testing	1514.230	0	1515.230	5,300	5,300
Unclassified	1514.245	530	1515.245	0	530
Telephone and Radio Expense	1514.240	1,590	1515.240	636	2,226
Engineer / Geologist / Landman	1514.250	22,500	1515.250	2,500	25,000
Company Labor - Field Supervision	1514.255	26,500	1515.255	7,500	34,000
Contract Labor / Roustabout	1514.265	2,120	1515.265	7,950	10,070
Legal and Professional Service	1514.270	5,000	1515.270	0	5,000
Insurance	1514.275	14,008	1515.275	0	14,008
Overhead	1514.280	14,000	1515.280	3,500	17,500
SUBTOTAL		721,017		127,033	848,050
Contingencies (10%)		72,102		12,703	84,805
ESTIMATED TOTAL INTANGIBLES		793,119		139,736	932,855

Nearburg Producing CompanyExploration and Production
Dallas, Texas

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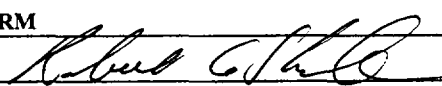
EST. COMPLETION DATE: 8/1/00

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TANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casing 0 Ft @ 0.00 \$/Ft	1520.505	0	NA	0	0
Surface Csg 500 Ft @ 24.00 \$/Ft	1520.510	12,000	NA	0	12,000
Intermediate Csg 5,000 Ft @ 14.00 \$/Ft	1520.515	70,000	NA	0	70,000
Protection Csg 0 Ft @ 0.00 \$/Ft	1520.520	0	NA	0	0
Production Csg 13,600 Ft @ 10.00 \$/Ft	NA	0	1522.375	136,000	136,000
Protection Liner 0 Ft @ 0.00 \$/Ft	1520.530	0	NA	0	0
Production Liner 0 Ft @ 0.00 \$/Ft	NA	0	1522.380	0	0
Tubing 13,400 Ft @ 3.38 \$/Ft	NA	0	1522.360	45,292	45,292
Rods 0 Ft @ 0.00 \$/Ft	NA	0	1522.365	0	0
Artificial Lift Equipment	NA	0	1522.360	0	0
Tank Battery	NA	0	1522.365	15,900	15,900
Separators/Heater Treater/Gas Units/FWKO	NA	0	1522.360	12,720	12,720
* Well Head Equipment & Christmas Tree	1520.505	2,000	1522.365	11,500	13,500
Subsurface Well Equipment	NA	0	1522.370	6,890	6,890
Flow Lines	NA	0	1522.375	13,250	13,250
Saltwater Disposal Pump	NA	0	1522.391	0	0
Gas Meter	NA	0	1522.385	3,180	3,180
Lact Unit	NA	0	1522.385	0	0
Vapor Recovery Unit	NA	0	1522.385	0	0
Other Well Equipment	NA	0	1522.380	0	0
ROW and Damages	NA	0	1522.395	2,120	2,120
Surface Equipment Installation Costs	NA	0	1522.395	15,900	15,900
Elect. Installation	NA	0	1522.397	0	0
ESTIMATED TOTAL TANGIBLES		84,000		262,752	346,752
ESTIMATED TOTAL WELL COSTS		877,119		402,488	1,279,607

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	03/31/00
REVIEWED BY: TRM	
APPROVED BY: 	5/31/00
APPROVED BY:	

WI APPROVAL: COMPANY

BY

TITLE

DATE