Exploration and Production 3300 North "A" Street Building 2, Suite 120 Midland, Texas 79705 915/686-8235 Fax 915/686-7806 Toll Rober

December 20, 1999

Conoco, Inc. 10 Desta Drive, Suite 100 Midland, TX 79705

Attention: Carl E. Sherrill 686-6152

Re: T-18-S, R-28-E

Section 19: SE/4 SE/4; Section 29: W/2 NW/4; Section 30: E/2 NE/4 Eddy County, New Mexico Pathfinder Prospect

Dear Carl:

According to a recent take-off it appears that Conoco is the owner of a leasehold interests under the captioned lands. Nearburg Exploration Company, L. L. C. proposes to purchase a Term Assignment from Conoco on these lands for the cash consideration of \$200 per net acre (\$10,000) for a two year primary term. Conoco would deliver a 78% net revenue interest.

7570 7570

Please review this offer and contact me at the letterhead address and phone number if you have any interest in a trade. Thanks for your consideration.

Yours truly,

\$16,2500

Mark Wheeler Senior Landman

/cmw:pathfinder(conoco)(1m)

Nearburg Exploration Co. Exhibit No. \_\_\_\_\_

NMOCD Case No. 12,465

r2. 1

# Nearburg Exploration Company, L.L.C.

Exploration and Production 3300 North "A" Street Building 2 Suite 120 Midland, Texas 79705 915/686-8235 Fax 915/686-7806

February 8, 2000

Mr. Thomas Schneider 505 N. Big Soring Suite 204 Midland, TX 70701

> Re: Term Assignment W/2 SE/4 of Section 19, T-18-S, R-28-E, NMPM, Pathfinder Prospect Eddy County, New Mexico

## Dear Mr. Schneider:

Pursuant to our telephone conversation this date, this letter shall set forth the general terms and conditions of our agreement for you to grant a term assignment to Nearburg Exploration Company, LLC ("Nearburg") on the captioned lands. The accepted terms for said assignment are as follows:

- Nearburg will pay you \$200.00 per acre (or a total of \$16,000.00) for a 1. two (2) year term assignment, commencing February 14, 2000 of 100% of the leasehold rights under the captioned acreage, limited to depths below 3000' subsurface.
- 2. You will retain an overriding royalty interest equal to the difference between existing burdens and 22.5%, thus delivering to Nearburg a 77.5% net revenue interest under the term assignment.
- 3. You agree to not divulge the fact that Nearburg has negotiated a trade with you to any party for a period of six (6) months.

Nearburg will prepare a formal term assignment instrument for your review and approval, with an anticipated closing of this transaction on February 14th or 15th. If this letter sets forth your understanding of our trade, please execute this letter in the space provided below and return one original to the undersigned as soon as possible. We would also appreciate your faxing a copy of the executed letter agreement to 686-7806 this morning, so we can begin processing our check request.

Mr. Thomas Schneider February 8, 2000 Page -2-

Should you have any questions concerning these matters, please contact me at the number shown in the letterhead. Thank you for your cooperation and we look forward to closing this trade early next week.

Sincerely,

Mark Wheeler, CPL Senior Landman

AGREED TO AND ACCEPTED this Strain day of February, 2000.

Thomas Schneider

Patricia C. Schneider

/cmw:pathfinder19(1m) xc: Bob Shelton

IF NOED BE YOU ON REVIEW MY

Exploration and Production 3300 North "A" Street Building 2, Suite 120 Midland, Texas 79705 915/686-8235 Fax 915/686-7806

February 15, 2000

Phillips Petroleum Company 4001 Penbrook Odessa, TX 79762

Attn: Mr. Randy Lewicki, CPL

Re: Term Assignment NW/4 NE/4 of Section 19, T-18-S, R-28-E, NMPM, Pathfinder Prospect Eddy County, New Mexico

## Dear Randy:

Pursuant to our telephone conversation this date, this letter shall set forth the general terms and conditions of our request for Phillips Petroleum Company ("Phillips") to grant a term assignment to Nearburg Exploration Company, LLC ("Nearburg") on the captioned lands (40 net acres). The requested terms for said assignment are as follows:

- 1. Nearburg will pay Phillips \$300.00 per acre (or a total of \$12,000.00) for a two (2) year term assignment, covering 100% of the leasehold rights under the captioned acreage, limited in depths to below 3000' below the surface to the base of the Morrow formation thereunder.
- 2. Phillips will retain an overriding royalty interest equal to the difference between existing burdens and 20%, thus delivering to Nearburg a 80% net revenue interest under the term assignment.

If these terms are acceptable, Nearburg will prepare a formal term assignment instrument for your review and approval or we will review Phillips' preferred form if

Phillips Petroleum Company February 15, 2000 page -2-

Should you have any questions concerning these matters, please contact me at the number shown in the letterhead. Thank you for your cooperation and we look forward to hearing from you shortly. Sincerely,

. 40/7m)

Senior Landman

Exploration and Production 3300 North "A" Street Building 2, Suite 120 Midland, Texas 79705 915/686-8235 Fax 915/686-7806

February 24, 2000

Marathon Oil Company P. O. Box 552 Midland, TX 70702

Attn: Mr. Ken Dixon

Re: Term Assignment Request Section 18: NW/4 NE/4 (below 500' below top of San Andres); Section 19: NE/4 NE/4 (below 3000'); Section 20: E/2 SE/4 (below 500' below top of San Andres); Section 29: S/2 (below 500' below top of San Andres, save & except the oil field pay zone lying between 400'-500' below the base of the Artesia Red sand formation); Section 29: E/2 NW/4 and SE/4 NE/4 (below 500' below top of San Andres); Section 30: W/2, W/2 SE/4 and SE/4 SE/4 (below 500' below top of San Andres); Section 31: N/2 (below 500' below top of San Andres), all in T-18-S, R-28-E, NMPM, Eddy County, New Mexico; and; Section 6: N/2 N/2(below 500' below top of San Andres), in T-19-S, R-28-E, NMPM, Eddy County, New Mexico Pathfinder Prospect

### Dear Ken:

Pursuant to our telephone conversation this date, this letter shall set forth the general terms and conditions of our request for Marathon Oil Company ("Marathon") to grant a term assignment to Nearburg Exploration Company, LLC ("Nearburg") on the captioned lands (1,870.78 gross and 460.43781 net acres). The requested terms for said assignment are as follows:

Marathon Oil Company February 24, 2000 Page --2-

- 1. Nearburg will pay Marathon \$150.00 per acre (or a total of \$69,065.68) for a one (1) year term assignment, covering 100% of the Marathon's leasehold rights under the captioned acreage, from below the depths listed above to the base of the Morrow formation thereunder. There would be a 180 day continuous development obligation for Nearburg to maintain any leasehold outside of the initial test well's proration unit.
- 2. Marathon will retain an overriding royalty interest equal to the difference between existing burdens and 20%, thus delivering to Nearburg a 80% net revenue interest under the term assignment.

If these terms are acceptable, Nearburg will prepare a formal term assignment instrument for your review and approval or we will review Marathon's preferred form if needed.

Should you have any questions concerning these matters, please contact me at the number shown in the letterhead. Thank you for your cooperation and we look forward to hearing from you shortly.

Sincerely,

Mark Wheeler, CPL Senior Landman

Exploration and Production 3300 North "A" Street Building 2, Suite 120 Midland, Texas 79705 915/686-8235 Fax 915/686-7806

March 3, 2000

Marathon Oil Company P. O. Box 552 Midland, TX 70702

Attn: Mr. Ken Dixon

Re: Term Assignment Request Section 18: NW/4 NE/4 (below 500' below top of San Andres); Section 19: NE/4 NE/4 (below 3000'); Section 20: E/2 SE/4 (below 500' below top of San Andres); Section 29: S/2 (below 500' below top of San Andres, save & except the oil field pay zone lying between 400'-500' below the base of the Artesia Red sand formation); Section 29: E/2 NW/4 and SE/4 NE/4 (below 500' below top of San Andres); Section 30: W/2, W/2 SE/4 and SE/4 SE/4 (below 500' below top of San Andres); Section 31: All (below 500' below top of San Andres), all in T-18-S, R-28-E, NMPM, Eddy County, New Mexico; and; Section 6: N/2 N/2(below 500' below top of San Andres), in T-19-S, R-28-E, NMPM, Eddy County, New Mexico Pathfinder Prospect

## Dear Ken:

Pursuant to our telephone conversation this date, this letter shall set forth the general terms and conditions of our request for Marathon Oil Company ("Marathon") to grant a term assignment to Nearburg Exploration Company, LLC ("Nearburg") on the captioned lands (1,870.78 gross and 460.38423 net acres). The requested terms for said assignment are as follows:

Marathon Oil Company March 3, 2000 Page -2-

- 1. Nearburg will pay Marathon \$150.00 per acre (or a total of \$69,057.34) for a one (1) year term assignment, covering 100% of the Marathon's leasehold rights under the captioned acreage, from below the depths listed above to the base of the Morrow formation thereunder. There would be a 180 day continuous development obligation for Nearburg to maintain any leasehold outside of the initial test well's proration unit.
- 2. Marathon will retain an overriding royalty interest equal to the difference between existing burdens and 20%, thus delivering to Nearburg a 80% net revenue interest under the term assignment.

If these terms are acceptable, Nearburg will prepare a formal term assignment instrument for your review and approval or we will review Marathon's preferred form if needed.

Should you have any questions concerning these matters, please contact me at the number shown in the letterhead. Thank you for your cooperation and we look forward to hearing from you shortly.

Sincerely,

Mark Wheeler, CPL Senior Landman

/cmw:pathfinder(marathon)(1m)

xc: Bob Shelton

Exploration and Production 3300 North "A" Street Building 2, Suite 120 Midland, Texas 79705 915/686-8235 Fax 915/686-7806

June 22, 2000

#### CERTIFIED MAIL - RETURN RECEIPT REQUESTED

WORKING INTEREST OWNERS (See Distribution List)

Rc:

Pathfinder "19" State #1 1,980' FEL and 660' FNL Section 19, T-18-S, R-28-E Eddy County, New Mexico Pathfinder Prospect

#### Gentlemen:

Nearburg Exploration Company, L.L.C. (NEC) hereby proposes the drilling of a 11,000' Morrow well at the captioned location. We have enclosed herewith, an AFE setting forth NEC's estimated cost to drill and complete for your review and execution, should you elect to participate in the drilling of this well.

Should you not elect to participate, NEC would consider acquiring a term assignment or farmout of your interest on reasonable terms.

We will forward our proposed Joint Operating Agreement soon under a separate cover letter.

If we can be of further assistance, please advise.

Yours very truly,

Mark Wheeler, CPL Scnior Landman

MW/dw encl.

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Pathfinder "19" State #1 1,980' FEL and 660' FNL Section 19, T-18-S, R-28-E Eddy County, New Mexico

Yates Petroleum Corporation Yates Drilling Company MYCO Industries, Inc. ABO Petroleum Company 105 S. Fourth St. Artesia, New Mexico 88210

Louis Drcyfus Gas Holdings, Inc. Quail Springs Corporate Park 14000 Quail Springs Parkway #600 Oklahoma City, Oklahoma 73134

Mewbourne Oil Company P. O. Box 7698 Tyler, Texas 75711

Phillips Petroleum Co. 4044 Penbrook Odessa, Texas 79762

Bulldog Encrgy Corp. P. O. Box 668 Artesia, New Mexico 88210

Marbob Energy Corporation P. O. Box 227 Artesia, New Mexico 88211

Pitch Energy Corporation P. O. Box 304 Artesia, New Mexico 88211

Wilson Oil Company & Wilson, Ltd. 960 Downing Denver, CO 80218

Exploration and Production Dallas, Texas

### **AUTHORITY FOR EXPENDITURE**

LEASE: Pathfinder 19 State

WELL NUMBER: 1

PBTD: 11,000'

LOCATION: 1,980' FEL & 660' FNL, Section 19, T18S, R28E, Eddy County NM

FIELD: Wildcat Morrow

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer. DATE PREPARED: 6/21/00

EST. START DATE: 10/1/2000 EST. COMPLETION DATE: 11/15/2000

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

INTANGIBLE COSTS:	CCDE	TO CSG PT	, c	ODF.	COMPLETION	ļ	TOTAL WELL
Drilling Footage ##### Ft @ #### \$/Ft	1514.40	221,540	1   1	MA.	0	1	221,540
Drilling Daywork 2 2 5,800 \$/day	1514.105	12,296	1531	5.105	12,296	1	24,592
Drilling Turnkey	1514,110	0	1 150	5 177	0	]	0
Rig Mobilization and Demobilization	1574.125	8	1 18888	5.175	0	1	0
Road & Location Expense	1514.120	20,935	1 18888	5 /23	2,120	1	23,055
Damages	1514,126	5,000	15#	. 125	0	1	5,000
Directional Drilling - Tools and Service	15 14.130	0	1 16#	F.J30	0	1	0
Drilling Fluids	#51 <b>4</b> .135	37,100	1 18888	5,132	0	1	37,100
Fuel, Power, and Water	1514,140	15,900	1 18888	5.140	0	1	15,900
Supplies - Bits	15.14.145	0	1 1888		795	1 .	795
Supplies - Casing Equipment	15 I4 I5 Q	2,226	1 18888	5.150	4,240	1	6,466
Supplies - Liner Equipment	15 14 155	0	1 188888		0	1	0
Supplies · Miscellaneous	1514.160	0	1 18888		0	1	0
Cement and Cmt. Services - Surface Csg	1514.186	4,240	]	w [	0	]	4,240
Cement and Cmt. Services - Int. Csg	1514.170	12,720	] ,	Μ.	0		12,720
Cement and Cmt. Services - Prod. Csg	344	0	15.15		21,200	]	21,200
Cement and Cmt. Services - Other	1514.175	0	15.15		0	]	0
Rental - Drilling Tools and Equipment	7514 180	0	15.15	180	0	]	0
Rental · Misc.	75 J# 185	20,140	JSJ5	185	3,180	]	23,320
Testing - Drill Stem / Production	1514 195	4,770	15.15	1185	2,650	}	7,420
Open Hole Logging	1514,200	31,800	,	ν [	0	Ì	31,800
Mudlogging Services	1614.210	11,925	,	va [	0	}	11,925
Special Services	B14.150	0	15.#	1,500	Ō		0
Plug and Abandon	1514.215	12,000	15.15	215	(12,000)	]	0
Pulling and/or Swabbing Unit	3VA	0	1515	2)?	15,264	]	15,264
Reverse Equipment	244	0	1515	275	5,300	}	5,300
Wireline Services	1814,205	0	<i>18</i> 18.	205	19,080		19,080
Stimulation	AA	. 0	15.15	<i>421</i> [	12,720		12,720
Pump / Vacuum Ţruck Services	1514.222	0	1515	2200	6,075		6,075
Transportation	514,225	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	15 15	205	0		530
Telephone and Radio Expense	1514.240	954	15.15.	240 L	318		1,272
	1514,250	22,500	15.15.	290 L	3,000		25,500
	1874,255	15,900	15 1S.	255	6,500		22,400
	1514,265	1,590	1515.	28	9,540		11,130
	1514.270	5,000	1515.	270 L	0		5,000
Insurance	5425	6,121	J\$15.	#* <u> </u> _	0		6,121
	1514,280	7,000	25 (5	280	3,500		10,500
SUBTOTAL		474,307		L	123,728		598,035
Contingencies (10%)		47,431		-	12,373		59,804
ESTIMATED TOTAL INTANGIBLES		521,738		上	136,101		657,839

Exploration and Production Dallas, Texas

## **AUTHORITY FOR EXPENDITURE**

LEASE: Pathfinder 19 State

WELL NUMBER: 1

PBTD: 11,000'

LOCATION: 1,980' FEL & 660' FNL, Section 19, T18S, R28E, Eddy County NM

EXPLORATORY, DEVELOPMENT, WORKOVER: E

FIELD: Wildcat Morrow

DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.

DATE PREPARED: 6/21/00

EST. START DATE: 10/1/2000 EST. COMPLETION DATE: 11/15/2000

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	CODE	TO CSG PT	cope	COMPLETION		TOTAL WELL
Conductor Casin 0 Ft @ 0.00 \$/Ft	эянцин	0	NA	0	1	0
Surface Csg 400 Ft @ 24.00 \$/Ft	1520.310	9,600	NA.	0	1	9,600
Intermediate Cs 2,900 Ft @ 14.00 \$/Ft	1520 315	40,600	A)A	0		40,600
Protection Csg 0 Ft @ 0.00 \$/Ft	2228884	0	NA	0		0
Production Csg ##### Ft @ 10.00 \$/Ft	A/A	0	*****	110,000		110,000
Protection Liner 0 Ft @ 0.00 \$/Ft	******	0	NA.	0	}	0
Production Line 0 Ft @ 0.00 \$/Ft	84	0	pa===##	0		0
Tubing ##### Ft @ 3.25 \$/Ft	244	0	ngunus	35,100		35,100
Rods 0 Ft @ 0.00 \$/Ft	11A	0	*****	0		0
Artificial Lift Equipment	544	0	<b>3222711</b>	0		0
Tank Battery	AA.	0	преня	10,600		10,600
Separators/Heater Treater/Gas Units/FWKO	A44	0	2255622	12,720		12,720
* Well Head Equipment & Christmas Tree	ининац	2,500	****	11,500		14,000
Subsurface Well Equipment	444	0	*****	6,148		6,148
Flow Lines	NA	0	*****	13,250		13,250
Saltwater Disposal Pump	144	0	1522.391	0		0
Gas Meter	354	0	BREUFFA	1,484		1,484
Lact Unit	35A	0	яруння	0		0
Vapor Recovery Unit	NA .	0	пруман	0		0
Other Well Equipment	ΑVA	0	20889CH	0		0
ROW and Damages	A44	0	******	2,650		2,650
Surface Equipment Installation Costs		0	******	9,540		9,540
Elect. Installation	NA	0	яннину	0		0
	•					
ESTIMATED TOTAL TANGIBLES		52,700		212,992	1	265,692
ESTIMATED TOTAL WELL COSTS		574 429		340,000		002 521
ESTRUMIED TOTAL WELL COSTS		574,438		349,093		923,531

NPC APPROVA		DATE
PREPARED BY:	HRW	06/21/00
REVIEWED BY:	TRM	
APPROVED BY:		
APPROVED BY:		

WI APPROVAL:	COMPANY	Yates Petroleum Corporation	2.34375%
	BY		
	TITLE		
	DATE		

Exploration and Production Dallas, Texas

## **AUTHORITY FOR EXPENDITURE**

LEASE: Pathfinder 19 State

WELL NUMBER: 1

PBTD: 11,000'

LOCATION: 1,980' FEL & 660' FNL, Section 19, T18S, R28E, Eddy County NM

EST. START DATE: 10/1/2000 EST. COMPLETION DATE: 11/15/2000

FIELD: Wildcat Morrow

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DATE PREPARED: 6/21/00

DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION		TOTAL WELL
Conductor Casin 0 Ft @ 0.00 \$/Ft	жанинин	0	NA.	0	1	0
Surface Csg 400 Ft @ 24.00 \$/Ft	1520.310	9,600	.NA	0	1	9,600
Intermediate Cs 2,900 Ft @ 14.00 \$/Ft	1820 115	40,600	MA	0		40,600
Protection Csg O Ft @ 0.00 \$/Ft	*******	0	MA	0	1	0
Production Csg ##### Ft @ 10.00 \$/Ft	244	0	****	110,000		110,000
Protection Liner 0 Ft @ 0.00 \$/Ft	******	0	NA.	0		0
Production Line 0 Ft @ 0.00 \$/Ft	844	0	suman.	0	]	0
Tubing ##### Ft @ 3.25 \$/Ft	244	0	8443488	35,100		35,100
Rods 0 Ft @ 0.00 \$/Ft	54A	0	******	0		0
Artificial Lift Equipment	MA	0	яринен	0	Ì	0
Tank Battery	P/A	0	нивания	10,600		10,600
Separators/Heater Treater/Gas Units/FWKO	PA4	0	навани	12,720		12,720
* Well Head Equipment & Christmas Tree	******	2,500	*******	11,500		14,000
Subsurface Well Equipment	A44	0	*****	6,148	]	6,148
Flow Lines	МА	0	******	13,250	)	13,250
Saltwater Disposal Pump	MA	0	/522.391	0		0
Gas Meter	51A	0	*****	1,484		1,484
Lact Unit	55A	0	******	0		0
Vapor Recovery Unit	NA	0	праниц	0		0
Other Well Equipment	A/A	0	********	0		0
ROW and Damages	A/A	0	#######	2,650		2,650
Surface Equipment Installation Costs	444	0	******	9,540		9,540
Elect. Installation	544	0	*****	0		0
			,			
ESTIMATED TOTAL TANGIBLES		52,700		212,992		265,692
ESTIMATED TOTAL WELL COSTS		574,438		349,093		923,531

NPC APPROVAL		DATE
PREPARED BY:	HRW	06/21/00
REVIEWED BY:	TRM	
APPROVED BY:		·
APPROVED BY:		

WI APPROVAL:	COMPANY	Yates Drilling Company	2.34375%	
	BY			
	TITLE			
	DATE			

Exploration and Production Dallas, Texas

## **AUTHORITY FOR EXPENDITURE**

LEASE: Pathfinder 19 State

WELL NUMBER: 1

PBTD: 11,000°

LOCATION: 1,980' FEL & 660' FNL, Section 19, T18S, R28E, Eddy County NM

FIELD: Wildcat Morrow

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DATE PREPARED: 6/21/00

DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.

EST. START DATE: 10/1/2000 EST. COMPLETION DATE: 11/15/2000

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	CC0#	TO CSG PT	coor	COMPLETION	T	TOTAL-WELL
Conductor Casin 0 Ft @ 0.00 \$/Ft	******	0	NA.	0		0
Surface Csg 400 Ft @ 24.00 \$/Ft	1520.310	9,600	AQ.	0	]	9,600
Intermediate Cs 2,900 Ft @ 14.00 \$/Ft	1520 315	40,600	rsa.	0		40,600
Protection Csg 0 Ft @ 0.00 \$/Ft	*******	0	A4	0		0
Production Csg ##### Ft @ 10.00 \$/Ft	344	0	2055222	110,000		110,000
Protection Liner 0 Ft @ 0.00 \$/Ft	******	0	144	0		0
Production Line 0 Ft @ 0.00 \$/Ft	NA.	0	******	0	ŀ	0
Tubing ##### Ft @ 3.25 \$/Ft	844	0	ACHARDS	35,100	ļ	35,100
Rods 0 Ft @ 0.00 \$/Ft	144	0	янцини	0	1	0
Artificial Lift Equipment	744	0	********	0	]	0
Tank Battery	A/A	0	премен	10,600		10,600
Separators/Heater Treater/Gas Units/FWKO		0	2064441	12,720	}	12,720
* Well Head Equipment & Christmas Tree	******	2,500	HUMARAH	11,500		14,000
Subsurface Well Equipment	444	0	*****	6,148		6,148
Flow Lines	344	0	яванную	13,250		13,250
Saltwater Disposal Pump	MA	0	1522.391	0		0
Gas Meter	544	0	*****	1,484		1,484
Lact Unit	5VA	0	Явиния	0		0
Vapor Recovery Unit	744	0	нанинан	0		0
Other Well Equipment	844	0	прежени	0		0
ROW and Damages	N/A	0	HANABUU	2,650		2,650
Surface Equipment Installation Costs		0	******	9,540		9,540
Elect. Installation	NA	0	******	0		0
			<del></del>			
ESTIMATED TOTAL TANGIBLES		52,700		212,992		265,692
ESTIMATED TOTAL WELL COSTS	·	574,438		349,093		923,531

NPC APPROVA		DATE
PREPARED BY:	HRW	06/21/00
REVIEWED BY:	TRM	
APPROVED BY:	-	
APPROVED BY:		

WI APPROVAL:	COMPANY	MYCO Industries, Inc.	2.34375%
	BY		
	TITLE		<del></del>
	DATE		

Exploration and Production Dallas, Texas

# **AUTHORITY FOR EXPENDITURE**

LEASE: Pathfinder 19 State

WELL NUMBER: 1

PBTD: 11,000'

LOCATION: 1,980' FEL & 660' FNL, Section 19, T18S, R28E, Eddy County NM

FIELD: Wildcat Morrow

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.

DATE PREPARED: 6/21/00

EST. START DATE: 10/1/2000 EST. COMPLETION DATE: 11/15/2000

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	cope	TO CSG PT	CODE	COMPLETION		TOTAL WELL
Conductor Casin 0 Ft @ 0.00 \$/Ft	******	0	NA.	0		0
Surface Csg 400 Ft @ 24.00 \$/Ft	1520,310	9,600	sia.	0		9,600
Intermediate Cs 2,900 Ft @ 14.00 \$/Ft	1620.335	40,600	HA	0		40,600
Protection Csg 0 Ft @ 0.00 \$/Ft	********		NA.	0		0
Production Csg #### Ft @ 10.00 \$/Ft	844	0	*****	110,000		110,000
Protection Liner 0 Ft @ 0.00 \$/Ft	******	0	NA.	0		0
Production Line 0 Ft @ 0.00 \$/Ft	144	0	entitike	0		0
Tubing ##### Ft @ 3.25 \$/Ft	344	0	saunus.	35,100		35,100
Rods 0 Ft @ 0.00 \$/Ft	5A	0	RHUHHHA	0		0
Artificial Lift Equipment	244	0	приняня	0		0
Tank Battery	7A	0	правин	10,600		10,600
Separators/Heater Treater/Gas Units/FWKO	A4A	0	REFRESE	12,720		12,720
* Well Head Equipment & Christmas Tree	******	2,500	****	11,500		14,000
Subsurface Well Equipment	NA.	0	SNEAR NA	6,148		6,148
Flow Lines	84	0	*****	13,250		13,250
Saltwater Disposal Pump	1/A	0	1522,391	0		0
Gas Meter	244	0	RHUMM#	1,484		1,484
Lact Unit	344	0	**************************************	0	i 1	0
Vapor Recovery Unit	744	0	******	0		0
Other Well Equipment	A4	0	******	0		0
ROW and Damages	A/A	0	****	2,650		2,650
Surface Equipment Installation Costs		0	*****	9,540		9,540
Elect. Installation	8/4	0	******	0		0
ESTIMATED TOTAL TANGIBLES		52,700		212,992		265,692
ESTIMATED TOTAL WELL COSTS		574,438		349,093		923,531

NPC APPROVAL		DATE
PREPARED BY: H	RW	06/21/00
REVIEWED BY: T	RM	
APPROVED BY:		
APPROVED BY:		

WI APPROVAL:	COMPANY	ABO Petroleum Company	2.34375%
	BY		
	TITLE		
	DATE	,	

Exploration and Production Dallas, Texas

## **AUTHORITY FOR EXPENDITURE**

LEASE: Pathfinder 19 State

WELL NUMBER: 1

PBTD: 11,000'

LOCATION: 1,980' FEL & 660' FNL, Section 19, T18S, R28E, Eddy County NM

FIELD: Wildcat Morrow

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.

DATE PREPARED: 6/21/00

EST. START DATE: 10/1/2000 EST. COMPLETION DATE: 11/15/2000

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	CODE	TO CSG PT	cope	COMPLETION	TOTAL WELL
Conductor Casin O Ft @ 0.00 \$/Ft	яяциния	0	NA.	0	0
Surface Csg 400 Ft @ 24.00 \$/Ft	1250.210	9,600	//A	0	9,600
Intermediate Cs 2,900 Ft @ 14.00 \$/Ft	1820 315	40,600	NA	0	40,600
Protection Csg 0 Ft @ 0.00 \$/Ft	*******	0	N/A	0	0
Production Csg ##### Ft @ 10.00 \$/Ft	A44	0	*******	110,000	110,000
Protection Liner 0 Ft @ 0.00 \$/Ft	*******	0	N4A	0	0
Production Line 0 Ft @ 0.00 \$/Ft	\$/A	0	******	0	0
Tubing ##### Ft @ 3.25 \$/Ft	34A	0	аппиня	35,100	35,100
Rods 0 Ft @ 0.00 \$/Ft	NA	0	******	0	0
Artificial Lift Equipment	\$AA	0	******	0	0
Tank Battery	7/A	0	наяженн	10,600	10,600
Separators/Heater Treater/Gas Units/FWKO	844	0	наяван	12,720	12,720
* Well Head Equipment & Christmas Tree	******	2,500	25557322	11,500	14,000
Subsurface Well Equipment	N4	0	******	6,148	6,148
Flow Lines	544	0	naunus	13,250	13,250
Saltwater Disposal Pump	NA.	0	1522.391	0	0
Gas Meter	5AA	0	яринея	1,484	1,484
Lact Unit	NA.	0	янинн	0	0
Vapor Recovery Unit	7VA	0	праннал	0	0
Other Well Equipment	NA	0	22,6842	0	0
ROW and Damages	NA.	0	HREFRE	2,650	2,650
Surface Equipment Installation Costs		0	*****	9,540	9,540
Elect. Installation	NA	0	наспарь	0	0
					,
ESTIMATED TOTAL TANGIBLES		52,700		212,992	265,692
ESTIMATED TOTAL WELL COSTS		574,438		349,093	923,531

NPC APPROVAL	DATE
PREPARED BY: HRW	06/21/00
REVIEWED BY: TRM	
APPROVED BY:	
APPROVED BY:	

WI APPROVAL:	COMPANY	Louis Dreyfus Gas Holdings, Inc.	1.99652%
	BY		_
	TITLE		
	DATE		_

Exploration and Production Dallas, Texas

# **AUTHORITY FOR EXPENDITURE**

LEASE: Pathfinder 19 State

WELL NUMBER: 1

PBTD: 11,000'

LOCATION: 1,980' FEL & 660' FNL, Section 19, T18S, R28E, Eddy County NM

EXPLORATORY, DEVELOPMENT, WORKOVER: E

FIELD: Wildcat Morrow

DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.

DATE PREPARED: 6/21/00

EST. START DATE: 10/1/2000 EST. COMPLETION DATE: 11/15/2000

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	COSE	TO CSG PT	ÇOPE	COMPLETION		TOTAL WELL
Conductor Casin 0 Ft @ 0.00 \$/Ft	******	0	NA.	0	}	0
Surface Csg 400 Ft @ 24.00 \$/Ft	1520,910	9,600	NA	0		9,600
Intermediate Cs 2,900 Ft @ 14.00 \$/Ft	1520 315	40,600	A.A.	0		40,600
Protection Csg 0 Ft @ 0.00 \$/Ft	пивижан	_ 0	NA.	0	]	0
Production Csg ##### Ft @ 10.00 \$/Ft	A/4	0	#######	110,000		110,000
Protection Liner 0 Ft @ 0.00 \$/Ft	*******	0	<b>A4</b> 4	0		0
Production Line 0 Ft @ 0.00 \$/Ft	NA	0	*******	0		0
Tubing ##### Ft @ 3.25 \$/Ft	NA	0	aumus s	35,100		35,100
Rods 0 Ft @ 0.00 \$/Ft	744	0	ARUNAN	0		0
Artificial Lift Equipment	144	0	H282264	0		0
Tank Battery	144	0	********	10,600		10,600
Separators/Heater Treater/Gas Units/FWKO	NA.	0	25****	12,720		12,720
* Well Head Equipment & Christmas Tree	******	2,500	*****	11,500		14,000
Subsurface Well Equipment	NA.	0	*****	6,148		6,148
Flow Lines	NA	0	******	13,250		13,250
Saltwater Disposal Pump		0	1522,391	0		0
Gas Meter	744	0	******	1,484		1,484
Lact Unit ,	144	0	******	0		0
Vapor Recovery Unit	NΑ	0	#######	0		0
Other Well Equipment	AA	0	11988BH	0	i	0
ROW and Damages	MA	. 0	******	2,650		2,650
Surface Equipment Installation Costs		0	*****	9,540		9,540
Elect. Installation	āva.	0	******	0		0
ESTIMATED TOTAL TANGIBLES		52,700		212,992		265,692
ESTIMATED TOTAL WELL COSTS		574,438		349,093		923,531

NPC APPROVAL	DATE
PREPARED BY: HRW	06/21/00
REVIEWED BY: TRM	
APPROVED BY:	·
APPROVED BY:	

WI APPROVAL:	COMPANY	Mewbourne Oil Company	25%
	BY		
	TITLE		
	DATE		

Exploration and Production Dallas, Texas

## **AUTHORITY FOR EXPENDITURE**

LEASE: Pathfinder 19 State

WELL NUMBER: 1

PBTD: 11,000'

LOCATION: 1,980' FEL & 660' FNL, Section 19, T18S, R28E, Eddy County NM

FIELD: Wildcat Morrow

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.

DATE PREPARED: 6/21/00 ACCOUNTING WELL NUMBER:

EST. START DATE: 10/1/2000 EST. COMPLETION DATE: 11/15/2000

COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION		TOTAL WELL
Conductor Casin 0 Ft @ 0.00 \$/Ft	******	0	NA.	0		0
Surface Csg 400 Ft @ 24.00 \$/Ft	1520,310	9,600	NA.	0		9,600
Intermediate Cs 2,900 Ft @ 14.00 \$/Ft	1520 315	40,600	NA.	0		40,600
Protection Csg 0 Ft @ 0.00 \$/Ft	2228864	0	A)A	0		0
Production Csg ##### Ft @ 10.00 \$/Ft	8/4	0	PHARRE	110,000		110,000
Protection Liner 0 Ft @ 0.00 \$/Ft	******	0	NA.	0		0
Production Line 0 Ft @ 0.00 \$/Ft	ŅΑ	0	******	0		0
Tubing ##### Ft @ 3.25 \$/Ft	344	0	aannes	35,100		35,100
Rods 0 Ft @ 0.00 \$/Ft	144	0	*****	0		0
Artificial Lift Equipment	144	0	яциния	0		0
Tank Battery	A/A	0	нижени	10,600		10,600
Separators/Heater Treater/Gas Units/FWKO	A4	0	#######	12,720		12,720
* Well Head Equipment & Christmas Tree	******	2,500	N#853###	11,500		14,000
Subsurface Well Equipment	44	0	#######	6,148		6,148
Flow Lines	344	0	*****	13,250		13,250
Saltwater Disposal Pump	MA	0	1522.391	0		0
Gas Meter	544	0	BRUNDES	1,484		1,484
Lact Unit	544	0	ЯВВИНИЯ	0		0
Vapor Recovery Unit	74	0	Habbaca	0	·	0
Other Well Equipment	AΑ	0	11888 SEL	0		0
ROW and Damages	ΑA	0	********	2,650		2,650
Surface Equipment Installation Costs		0	*****	9,540		9,540
Elect. Installation	MA	0	яницирь	0		0
ESTIMATED TOTAL TANGIBLES		52,700		212,992		265,692
	İ					
ESTIMATED TOTAL WELL COSTS		574,438		349,093		923,531

NPC APPROVA		DATE
PREPARED BY:	HRW	06/21/00
REVIEWED BY:	TRM	
APPROVED BY:		
APPROVED BY:		

WI APPROVAL:	COMPANY	Phillips Petroleum Co.	12.5%
	ВҮ		
	TITLE		
	DATE		

Exploration and Production Dallas, Texas

## **AUTHORITY FOR EXPENDITURE**

LEASE: Pathfinder 19 State

WELL NUMBER: 1

PBTD: 11,000'

LOCATION: 1,980' FEL & 660' FNL, Section 19, T18S, R28E, Eddy County NM

FIELD: Wildcat Morrow

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.

DATE PREPARED: 6/21/00

EST. START DATE: 10/1/2000 EST. COMPLETION DATE: 11/15/2000

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	cont	TO CSG PT	ÇODE	COMPLETION		TOTAL WELL
Conductor Casin 0 Ft @ 0.00 \$/Ft	******	0	NA.	0		0
Surface Csg 400 Ft @ 24.00 \$/Ft	1520 \$10	9,600	ма	0	}	9,600
Intermediate Cs 2,900 Ft @ 14.00 \$/Ft	1820315	40,600	A/A	0		40,600
Protection Csg 0 Ft @ 0.00 \$/Ft	пинана	0	NA.	0		0
Production Csg ##### Ft @ 10.00 \$/Ft	844	0	*******	110,000		110,000
Protection Liner 0 Ft @ 0.00 \$/Ft	******	0	A44	0		0
Production Line 0 Ft @ 0.00 \$/Ft	. MA	0	******	0	)	0
Tubing ##### Ft @ 3.25 \$/Ft	444	0	*****	35,100		35,100
Rods 0 Ft @ 0.00 \$/Ft	7A	0	*****	0		0
Artificial Lift Equipment	A4A	0	REFERE	0		0
Tank Battery	544	0	11224411	10,600		10,600
Separators/Heater Treater/Gas Units/FWKO	. 84	0	117848111	12,720		12,720
* Well Head Equipment & Christmas Tree	HHHHARP	2,500	******	11,500		14,000
Subsurface Well Equipment	344	0	*****	6,148		6,148
Flow Lines	NA.	0	******	13,250		13,250
Saltwater Disposal Pump	MA	0	1522,391	0		0
Gas Meter	\$4A	0	ARREAS	1,484		1,484
Lact Unit	504	0	<b>ЯПИМИНЯ</b>	0		0
Vapor Recovery Unit	NA.	0	HPRNSH	0		0
Other Well Equipment	**	0	2288811	0		0
ROW and Damages	AA.	0	******	2,650	}	2,650
Surface Equipment Installation Costs		0	******	9,540		9,540
Elect. Installation	884	0	*****	0		0
			-			
ESTIMATED TOTAL TANGIBLES		52,700		212,992		265,692
ESTIMATED TOTAL WELL COSTS		574,438		349,093	i	923,531

NPC APPROVAL		DATE
PREPARED BY: 1	HRW	06/21/00
REVIEWED BY: 1	TRM	
APPROVED BY:		
APPROVED BY:		

WI APPROVAL:	COMPANY	Bulldog Energy Corp.	10.9375%
	BY		
	TITLE		
	DATE		

Exploration and Production Dallas, Texas

## **AUTHORITY FOR EXPENDITURE**

LEASE: Pathfinder 19 State

WELL NUMBER: 1

PBTD: 11,000°

LOCATION: 1,980' FEL & 660' FNL, Section 19, T18S, R28E, Eddy County NM

FIELD: Wildcat Morrow

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.

DATE PREPARED: 6/21/00

EST. START DATE: 10/1/2000 EST. COMPLETION DATE: 11/15/2000

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

TANCIPI E COCTO	CODE	TO CSG PT		COMPLETION	Ι	TOTAL WELL
TANGIBLE COSTS:			CODE		İ	TOTAL WELL
Conductor Casin 0 Ft @ 0.00 \$/Ft	******	0	NA.	0	]	0
Surface Csg 400 Ft @ 24.00 \$/Ft	1520 310	9,600	KA	0		9,600
Intermediate Cs 2,900 Ft @ 14.00 \$/Ft	1820 315	40,600	MA	0	}	40,600
Protection Csg 0 Ft @ 0.00 \$/Ft	*******	0	NA	0		0
Production Csg ##### Ft @ 10.00 \$/Ft	NA.	0	*****	110,000	ļ	110,000
Protection Liner 0 Ft @ 0.00 \$/Ft	******	0	N4	0		0
Production Line 0 Ft @ 0.00 \$/Ft	3/4	0	namity	0		0
Tubing ##### Ft @ 3.25 \$/Ft	144	0	acuuss.	35,100		35,100
Rods 0 Ft @ 0.00 \$/Ft	NA.	0	*****	0		0
Artificial Lift Equipment	NA.	0	папиния	0		0
Tank Battery	AVA	0	1725544	10,600		10,600
Separators/Heater Treater/Gas Units/FWKO	AVA	0	NHARRE	12,720		12,720
* Well Head Equipment & Christmas Tree		2,500	****	11,500		14,000
Subsurface Well Equipment		0	ниилдии	6,148	Ì	6,148
Flow Lines	NA.	0	sannys*	13,250		13,250
Saltwater Disposal Pump	244	0	1522,391	0		0
Gas Meter	344	0	******	1,484		1,484
Lact Unit	NA.	0	RRENEGA	0		0
Vapor Recovery Unit	NA.	0	премин	0		0
Other Well Equipment	AA.	0		0		0
ROW and Damages	. AA	0	******	2,650		2,650
Surface Equipment Installation Costs	A/A	0	*****	9,540		9,540
Elect. Installation	NA	0	*****	0		0
ESTIMATED TOTAL TANGIBLES		52,700		212,992		265,692
	į			<u> </u>		
ESTIMATED TOTAL WELL COSTS		574,438		349,093		923,531

NPC APPROVA		DATE
PREPARED BY:	HRW	06/21/00
REVIEWED BY:	TRM	
APPROVED BY:		
APPROVED BY:		

WI APPROVAL:	COMPANY	Marbob Energy Corporation	1.5625%
	ВҮ		
	TITLE		
	DATE		

Exploration and Production Dallas, Texas

## **AUTHORITY FOR EXPENDITURE**

LEASE: Pathfinder 19 State

WELL NUMBER: 1

PBTD: 11,000°

LOCATION: 1,980' FEL & 660' FNL, Section 19, T18S, R28E, Eddy County NM

FIELD: Wildcat Morrow

EXPLORATORY, DEVELOPMENT, WORKOVER: E DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.

DATE PREPARED: 6/21/00

EST. START DATE: 10/1/2000 EST. COMPLETION DATE: 11/15/2000

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	<u> </u>	TOTAL WELL
Conductor Casin 0 Ft @ 0.00 \$/Ft	<b>ЯЯВИННЯ</b>	0	14A	0	1	0
Surface Csg 400 Ft @ 24.00 \$/Ft	1520.310	9,600	NA.	0	1	9,600
Intermediate Cs 2,900 Ft @ 14.00 \$/Ft	1820.315	40,600	.sa	0	1	40,600
Protection Csg 0 Ft @ 0.00 \$/Ft	111114401	0	NA.	0	1	0
Production Csg ##### Ft @ 10.00 \$/Ft	NA.	0	*****	110,000	]	110,000
Protection Liner 0 Ft @ 0.00 \$/Ft	*******	0	N4	0		0
Production Line 0 Ft @ 0.00 \$/Ft	244	0	******	0	}	0
Tubing #### Ft @ 3.25 \$/Ft	М	0	aannus.	35,100	]	35,100
Rods 0 Ft @ 0.00 \$/Ft	7A	0	явиния	0		0
Artificial Lift Equipment	300	0	######################################	0	1	0
Tank Battery	554	0	uppsett	10,600	}	10,600
Separators/Heater Treater/Gas Units/FWKO	ALA.	0	HURAGUE	12,720	]	12,720
* Well Head Equipment & Christmas Tree	******	2,500	HURAHU	11,500	]	14,000
Subsurface Well Equipment	4/4	0	<i><b>98433</b></i> 111	6,148		6,148
Flow Lines	364	0	*#####	13,250		13,250
Saltwater Disposal Pump	244	0	1522.391	0		0
Gas Meter	55A	0	******	1,484		1,484
Lact Unit	264	0	яврян <del>я</del>	0	]	0
Vapor Recovery Unit	A/A	0	нувуни	0		0
Other Well Equipment	A44	0	2244423	0		0
ROW and Damages	444	0	*****	2,650		2,650
Surface Equipment Installation Costs	MA	0	*****	9,540		9,540
Elect. Installation	MA	0	******	0		0
		ļ				
ESTIMATED TOTAL TANGIBLES		52,700		212,992	,	265,692
ESTIMATED TOTAL WELL COSTS		574,438		349,093		923,531

NPC APPROVAL	DATE
PREPARED BY: HRW	06/21/00
REVIEWED BY: TRM	
APPROVED BY:	
APPROVED BY:	

WI APPROVAL:	COMPANY	Pitch Energy Corporation	1.5625
	ву		
	TITLE		
	DATE		

Exploration and Production Dallas, Texas

## **AUTHORITY FOR EXPENDITURE**

LEASE: Pathfinder 19 State

WELL NUMBER: 1

PBTD: 11,000°

LOCATION: 1,980' FEL & 660' FNL, Section 19, T18S, R28E, Eddy County NM

FIELD: Wildcat Morrow

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.

DATE PREPARED: 6/21/00

EST. START DATE: 10/1/2000 EST. COMPLETION DATE: 11/15/2000

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	 TOTAL WELL
Conductor Casin 0 Ft @ 0.00 \$/Ft	******	0	SA.	0	0
Surface Csg 400 Ft @ 24.00 \$/Ft	1520.310	9,600	//A	0	9,600
Intermediate Cs 2,900 Ft @ 14.00 \$/Ft	1820 315	40,600	//A	0	40,600
Protection Csg 0 Ft @ 0.00 \$/Ft	*******	0	A/A	0	0
Production Csg ##### Ft @ 10.00 \$/Ft	A/A	0	2555A22	110,000	110,000
Protection Liner 0 Ft @ 0.00 \$/Ft	******	0	A4	0	0
Production Line 0 Ft @ 0.00 \$/Ft	144	0	*****	0	0
Tubing ##### Ft @ 3.25 \$/Ft	14A	0	eaunes	35,100	35,100
Rods 0 Ft @ 0.00 \$/Ft	1AA	0	*****	0	0
Artificial Lift Equipment	NA.	0	*********	0	0
Tank Battery	204	0	2222000	10,600	10,600
Separators/Heater Treater/Gas Units/FWKO	A/A	0	278822	12,720	12,720
* Well Head Equipment & Christmas Tree	*******	2,500	*****	11,500	14,000
Subsurface Well Equipment	NA.	0	*****	6,148	6,148
Flow Lines	MA	0	******	13,250	13,250
Saltwater Disposal Pump	NA	0	1522.391	0	0
Gas Meter	NA	0	янциня	1,484	1,484
Lact Unit	554	0	322××××	0	0
Vapor Recovery Unit	NA	0	друкия	0	0
Other Well Equipment	NA.	0	******	0	0
ROW and Damages	NA.	0	******	2,650	2,650
Surface Equipment Installation Costs	A/A	0	*****	9,540	9,540
Elect. Installation	844	0	######	0	0
ESTIMATED TOTAL TANGIBLES	,	52,700		212,992	265,692
ESTIMATED TOTAL WELL COSTS		574,438		349,093	923,531

NPC APPROVAL	DATE
PREPARED BY: HRW	06/21/00
REVIEWED BY: TRM	
APPROVED BY:	
APPROVED BY:	

WI APPROVAL:	COMPANY	Wilson Oil Company & Wilson, Ltd. 1.5625%
	BY	
	TITLE	
	DATE	

Exploration and Production 3300 North "A" Street Building 2, Suite 120 Midland, Texas 79705 915/686-8235 Fax 915/686-7806 CC:TRM K.C.

June 27, 2000

#### **CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

WORKING INTEREST OWNERS (See Distribution List)

Re:

Pathfinder "19" State #1 1,980' FEL and 660' FNL Section 19, T-18-S, R-28-E Eddy County, New Mexico Pathfinder Prospect

#### Gentlemen:

Nearburg Exploration Company, L.L.C. (NEC) hereby proposes the drilling of a 11,000' Morrow well at the captioned location. We have enclosed herewith, an AFE setting forth NEC's estimated cost to drill and complete for your review and execution, should you elect to participate in the drilling of this well.

Should you not elect to participate, NEC would consider acquiring a term assignment or farmout of your interest on reasonable terms.

We will forward our proposed Joint Operating Agreement soon under a separate cover letter.

If we can be of further assistance, please advise.

Dee De Walton

Yours very truly,

\_Mark Wheeler, CPL Senior Landman

MW/dw



JUL - 7 2000

July 3, 2000

CC: AFE to

KC TRM Will reg. 4 Kinn Linda

Certified Return Receipt #7000 0600 0027 2941 1184

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

Attn: Mr. Mark Wheeler

RE: Pathfinder 19 State #1

1980' FEL and 660' FNL Section 19, T-185, R-28E Eddy County, New Mexico

Dear Mark:

Enclosed are the executed A.F.E.'s for both Marbob Energy Corporation and Pitch Energy Corporation. Please advise us if you need anything else.

Sincerely,

Raye Miller

Ray Miller

Land Department

RM/mm Enclosures

Exploration and Production Dallas, Texas

## **AUTHORITY FOR EXPENDITURE**

LEASE: Pathfinder 19 State

WELL NUMBER: 1

PBTD: 11,000°

FIELD: Wildcat Morrow

LOCATION: 1,980' FEL & 660' FNL, Section 19, T18S, R28E, Eddy County NM

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.

EST. START DATE: 10/1/2000 EST. COMPLETION DATE: 11/15/2000

7 2000

DATE PREPARED: 6/21/00 ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

INTANGIBLE COSTS:	copr	TO CSG PT	2.7	COMPLETION		TOTAL WELL
Drilling Footage ##### Ft @ #### \$/Ft	1514.101	221,540	A/A	0		221,540
Drilling Daywork 2 2 5,800 \$/day	7514.105	12,296	15.15.105	12,296	]	24,592
Drilling Turnkey	1514 110	0	<i>1</i> 5 15 170	0	]	0
Rig Mobilization and Demobilization	1514,115	0	25 15 715	0	]	0
Road & Location Expense	15 14, 120	20,935	15/5./23	2,120		23,055
Damages	15 14,125	5,000	15.15.125	0		5,000
Directional Drilling - Tools and Service	15 14,130	0	15.15.130	0		0
Drilling Fluids	15.14.115	37,100	15.15.132	0		37,100
Fuel, Power, and Water	15,14,140	15,900	15.15.140	0	1	15,900
Supplies - Bits	15.14.145	0	15 15,145	795	]	795
Supplies - Casing Equipment	15.14 15.0	2,226	1515,150	4,240	]	6,466
Supplies - Liner Equipment	1514.155	0	15.15.155	0	1	0
Supplies · Miscellaneous	15 14, 160	0	15.15.150	0	]	0
Cement and Cmt. Services - Surface Csg	1514.166	4,240	NA.	0	1	4,240
Cement and Cmt. Services - Int. Csg	(514,170	12,720	NA.	0	1	12,720
Cement and Cmt. Services - Prod. Csg	MA	0	15.15.172	21,200	]	21,200
Cement and Cmt. Services - Other	1514.175	0	15.15.175	0		0
Rental - Drilling Tools and Equipment	1514.160	0	1515,180	0		0
Rental - Misc.	15 I4 IE5	20,140	15 15, 185	3,180	]	23,320
Testing - Drill Stem / Production	15 14.195	4,770	1515.195	2,650	]	7,420
Open Hole Logging	1514,200	31,800	JeA	0	}	31,800
Mudlogging Services	1614,210	11,925	N/	0	]	11,925
Special Services	f\$ 14,150	0	15.15.190	0		0
Plug and Abandon	1514,215	12,000	15.15.215	(12,000)	[	0
Pulling and/or Swabbing Unit	NA	0	15,15,217	15,264	]	15,264
Reverse Equipment	NA.	0	15.15.219	5,300		5,300
Wireline Services	1874,205	0	1515,205	19,080		19,080
Stimulation	AM.	0	1515.221	12,720		12,720
Pump / Vacuum Truck Services	1514.220	0	15 15.220	6,075		6,075
Transportation	15 (4.225	2,120	1515.226	2,650		4,770
Tubular Goods - Inspection & Testing	15 (4.230	0	15 15 230	5,300		5,300
Unclassified	1514.245	530	15 15 245	0		530
Telephone and Radio Expense	1514,240	954	15 15 ,240	318		1,272
Engineer / Geologist / Landman	1514,250	22,500	IS 15.250	3,000		25,500
Company Labor · Field Supervision	1814,255	15,900	1515,255	6,500		22,400
Contract Labor / Roustabout	1514.265	1,590	1515,265	9,540		11,130
Legal and Professional Service	1514.270	5,000	1515.270	0		5,000
Insurance	1514,275	6,121	15 15 275	0		6,121
Overhead	15:14,280	7,000	15 15 280	3,500		10,500
SUBTOTAL		474,307		123,728		598,035
Contingencies (10%)		47,431		12,373		59,804
THE CATED TOTAL DETANGUE OF		F01 700		100100		657.005
ESTIMATED TOTAL INTANGIBLES		521,738		136,101		657,839

Exploration and Production Dallas, Texas

## **AUTHORITY FOR EXPENDITURE**

LEASE: Pathfinder 19 State

WELL NUMBER: 1

PBTD: 11,000'

LOCATION: 1,980' FEL & 660' FNL, Section 19, T18S, R28E, Eddy County NM

FIELD: Wildcat Morrow

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.

EST. START DATE: 10/1/2000 EST. COMPLETION DATE: 11/15/2000

DATE PREPARED: 6/21/00

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	ÇODE	TO CSG PT	CODE	COMPLETION		TOTAL WELL
Conductor Casin 0 Ft @ 0.00 \$/Ft	*****	0	NA.	0		0
Surface Csg 400 Ft @ 24.00 \$/Ft	1520.310	9,600	NA	0	]	9,600
Intermediate Cs 2,900 Ft @ 14.00 \$/Ft	1520 375	40,600	NA.	0		40,600
Protection Csg 0 Ft @ 0.00 \$/Ft	222244	0	NA.	0		0
Production Csg ##### Ft @ 10.00 \$/Ft	NA.	0	######################################	110,000		110,000
Protection Liner 0 Ft @ 0.00 \$/Ft	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	0	NA.	0		0
Production Line 0 Ft @ 0.00 \$/Ft	MA	0	*****	0		0
Tubing ##### Ft @ 3.25 \$/Ft	3VA	0	*****	35,100		35,100
Rods 0 Ft @ 0.00 \$/Ft	NA	0	******	0		0
Artificial Lift Equipment	144	0	ликини	0		0
Tank Battery	NA	0	11989444	10,600		10,600
Separators/Heater Treater/Gas Units/FWKO	A/A	0	*****	12,720		12,720
* Well Head Equipment & Christmas Tree		2,500	*****	11,500		14,000
Subsurface Well Equipment		0	*****	6,148		6,148
Flow Lines	N4	0	*****	13,250		13,250
Saltwater Disposal Pump		0	1522.391	0		0
Gas Meter	NA .	0	******	1,484		1,484
Lact Unit	NA.	0	пинини	0		0
Vapor Recovery Unit	NA.	0	приянии	0		0
Other Well Equipment	**	0	*********	0		0
ROW and Damages	844	0	*****	2,650		2,650
Surface Equipment Installation Costs	N/A	0	*****	9,540		9,540
Elect. Installation	NA	0	нанинн	0		0
ESTIMATED TOTAL TANGIBLES		52,700		212,992		265,692
ESTIMATED TOTAL WELL COSTS		574,438		349,093		923,531

THIS AFE IS ONLY AN ESTIMATE. BY SIGNING YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

NPCAPPROVAL		DATE
PREPARED BY: HRW	<del></del>	06/21/00
REVIEWED BY: TRM		
APPROVED BY:		
APPROVED BY:	·	

WL	AP	PF	O)	/AL:	
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COMPANY

Marbob Energy Corporation

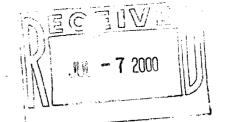
1.5625%

BY TITLE

DATE

-President July 3, 2000

Exploration and Production Dallas, Texas



## **AUTHORITY FOR EXPENDITURE**

LEASE: Pathfinder 19 State

WELL NUMBER: 1

PBTD: 11,000'

LOCATION: 1,980' FEL & 660' FNL, Section 19, T18S, R28E, Eddy County NM

FIELD: Wildcat Morrow

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer. DATE PREPARED: 6/21/00

EST. START DATE: 10/1/2000 EST. COMPLETION DATE: 11/15/2000

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

INTANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION		TOTAL WELL
Drilling Footage ##### Ft @ #### \$/Ft	1514.101	221,540	NA.	0	1	221,540
Drilling Daywork 2 2 5,800 \$/day	1514 105	12,296	1515,105	12,296	1	24,592
Drilling Turnkey	15 (4.170	8	J5 I5 II I		1	0
Rig Mobilization and Demobilization	1514:115	0	15 15 .115	0	1 1	0
Road & Location Expense	1514,120	20,935	15,15,123		1	23,055
Damages	1514.126	5,000	15.6.125	0	1	5,000
Directional Drilling - Tools and Service	1514,130	0	15.15.130	0		0
Drilling Fluids	1514,135	37,100	15.15,132	0	1	37,100
Fuel, Power, and Water	1514,140	15,900	15.15.140	0		15,900
Supplies · Bits	7514.145	0	15.15.145	795	1	795
Supplies - Casing Equipment	753# 150	2,226	1575,150	4,240	1	6,466
Supplies - Liner Equipment	1514 155	0	1975.155	0	1 1	0
Supplies · Miscellaneous	15 14.150	0	15.15.160	0	1	0
Cement and Cmt. Services - Surface Csg	1514.165	4,240	NA.	0	1	4,240
Cement and Cmt. Services - Int. Csg	I\$ 14,170	12,720	NA.	0	]	12,720
Cement and Cmt. Services - Prod. Csg	NA	0	15.15.172	21,200	] [	21,200
Cement and Cmt. Services - Other	1514,175	0	15.175	0	1 1	0
Rental - Drilling Tools and Equipment	<b>1514,1</b> 80	0	1515.180	0		0
Rental - Misc.	<i>1</i> 5 14 185	20,140	J5.I\$.IB5	3,180		23,320
Testing · Drill Stem / Production	75 14 795	4,770	1515.195	2,650	}	7,420
Open Hole Logging	1574/200	31,800	, se	0		31,800
Mudlogging Services	1514,210	11,925	144	0	] [	11,925
Special Services	IB 14,190	0	15.15.190	0		0
Plug and Abandon	15.14,2.15	12,000	15.15.215	(12,000)	] [	0
Pulling and/or Swabbing Unit	AVA	0	1515.217	15,264		15,264
Reverse Equipment	##A	0	1515,213	5,300	ĺ	5,300
Wireline Services	1874,205	0	£51 <b>5.20</b> 5	19,080		19,080
Stimulation	A/A	0	1515.221	12,720		12,720
Pump / Vacuum Truck Services	1514,220	0	1515.220	6,075		6,075
Transportation	1514,225	2,120	1515 225	2,650	,	4,770
Tubular Goods - Inspection & Testing	1574.230	0	1515.230	5,300		5,300
Unclassified	1574,245	530	15.15.245	0		530
Telephone and Radio Expense	1514.240	954	15.15.240	318		1,272
Engineer / Geologist / Landman	1514,250	22,500	IS 18.250	3,000		25,500
Company Labor - Field Supervision	1874,255	15,900	1615,255	6,500		22,400
Contract Labor / Roustabout	1514,265	1,590	15 15.265	9,540		11,130
Legal and Professional Service	1514.270	5,000	1515.270	0		5,000
Insurance	1514.275	6,121	J515.275	0	Ĺ	6,121
Overhead	15 (4,280	7,000	1515.280	3,500		10,500
SUBTOTAL		474,307		123,728		598,035
Contingencies (10%)		47,431		12,373		59,804
ESTIMATED TOTAL INTANGIBLES		521,738		136,101		657,839

Exploration and Production Dallas, Texas

# **AUTHORITY FOR EXPENDITURE**

LEASE: Pathfinder 19 State

WELL NUMBER: 1

PBTD: 11,000'

LOCATION: 1,980' FEL & 660' FNL, Section 19, T18S, R28E, Eddy County NM

FIELD: Wildcat Morrow

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.

DATE PREPARED: 6/21/00

EST. START DATE: 10/1/2000 EST. COMPLETION DATE: 11/15/2000

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	coer	TO CSG PT	CODE	COMPLETION		TOTAL WELL
Conductor Casin 0 Ft @ 0.00 \$/Ft	******	0	NA.	. 0		0
Surface Csg 400 Ft @ 24.00 \$/Ft	1520310	9,600	NA	0	]	9,600
Intermediate Cs 2,900 Ft @ 14.00 \$/Ft	1820.315	40,600	A/A	0		40,600
Protection Csg 0 Ft @ 0.00 \$/Ft	*********	0	NA.	0	]	0
Production Csg ##### Ft @ 10.00 \$/Ft	NA.	0	P######	110,000	]	110,000
Protection Liner 0 Ft @ 0.00 \$/Ft	пинали	0	N/A	0	]	0
Production Line 0 Ft @ 0.00 \$/Ft	NA	0	******	0	]	0
Tubing #### Ft @ 3.25 \$/Ft	NA	0	яашиня	35,100	]	35,100
Rods 0 Ft @ 0.00 \$/Ft	7/A	0	****	0		0
Artificial Lift Equipment	7LA	0	прилия	0		0
Tank Battery	NA.	0	приявия	10,600	Į	10,600
Separators/Heater Treater/Gas Units/FWKO	AVA	0	2255622	12,720		12,720
* Well Head Equipment & Christmas Tree	*****	2,500	#######	11,500		14,000
Subsurface Well Equipment	NA.	0	*****	6,148		6,148
Flow Lines	244	0	scanty.	13,250		13,250
Saltwater Disposal Pump	NA.	0	1522.391	0		0
Gas Meter	NA.	0	******	1,484		1,484
Lact Unit	NA.	0	<b>личини</b>	0		0
Vapor Recovery Unit	M	0	11188411	0		0
Other Well Equipment	M .	0	UURRRUU	0		0
ROW and Damages	144	0	PHARRE	2,650		2,650
Surface Equipment Installation Costs	NA.	0	*****	9,540		9,540
Elect. Installation	NA.	0	******	0		0
ESTIMATED TOTAL TANGIBLES		52,700		212,992		265,692
ESTIMATED TOTAL WELL COSTS		574,438		349,093		923,531

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	06/21/00
REVIEWED BY: TRM	
APPROVED BY:	
APPROVED BY:	

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**COMPANY** 

Pitch Energy Corporation

1.5625%

BY TITLE

Vice President DATE

July 3, 2000

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# MEWBOURNE OIL COMPANY

XC BOB

one(1)

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

> (915) 682-3715 FAX (915) 685-4170

July 20, 2000

[Via Fax (915) 686-7806 and U.S. Mail]

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

Attn: Mark Wheeler

Re: Your Pathfinder "19" State #1 Well

E/2 of Section 19, T18S, R28E Eddy County, New Mexico

Gentlemen:

Regarding the captioned well proposed by Nearburg, Mewbourne Oil Company is not interested in participating in same. However, Mewbourne would be agreeable to granting a two (2) year term assignment of operating rights to Nearburg for \$500.00 per acre covering a 100% WI and 87.5% NRI as to rights below 2,600' in the SE/4NE/4 and NE/4SE/4 of the captioned Section 19 in support of your well.

\$400

The above offer is available exclusively for Nearburg's acceptance for a period ending Thursday, July 27th at 5:00 P.M. Please call if you are interested in the above offer.

Sincerely yours,

MEWBOURNE OIL COMPANY

D. Paul Haden Senior Landman

DPH/gb

Exploration and Production 3300 North "A" Street Building 2, Suite 120 Midland, Texas 79705 915/686-8235 Fax 915/686-7806

July 27, 2000

Kaiser-Francis Oil Company P. O. Box 21468 Tulsa, OK 74121-1468 Attn: Debbie Stout

> Re: Pathfinder "19" St. Com #1 Well E/2 Section 19, T-18-S, R-28-E, Eddy County, New Mexico

## Dear Debbie:

Pursuant to our telephone conversations yesterday, please be advised the Nearburg has taken both farmout agreements and term assignments from other industry companies in the captioned prospect and we are prepared to go either way with Kaiser-Francis' interest in the captioned half section.

As we discussed, Nearburg could either purchase a term assignment of your interest for a primary term of two (2) years for \$250.00/acre (35.00 net acres X \$250.00 per acre = \$8,750.00) with Kaiser-Francis delivering a 77.5% NRI, or we could take a farmout of your interest with no bonus consideration, with Kaiser-Francis delivering a 75% NRI, with your ORRI convertible to a proportionately reduced 25% working interest after payout of the initial test well.

Please advise if you have any questions. As we discussed, we are going to the OCD for our force pooling hearing on this well on August 10<sup>th</sup> and would like to know what position Kaiser-Francis is taking prior to that date. We look forward to hearing from you shortly.

Sincerely,

Mark Wheeler, CPL Senior Landman

Exploration and Production 3300 North "A" Street Building 2, Suite 120 Midland, Texas 79705 915/686-8235 Fax 915/686-7806

July 31, 2000

Mewbourne Oil Company 500 W. Texas, Suite 1020 Midland, Texas 79701

Attn: Mr. Paul Haden Senior Landman

Re: Check Receipt

SE/4 NE/4 and NE/4 SE/4 of Section 19,

T-18-S, R-28-E, NMPM, Pathfinder Prospect Eddy County, New Mexico

Dear Paul:

Please find enclosed our check number 505882, made payable to Mewbourne's order in the amount of \$32,000.00, representing Nearburg's payment of the consideration for the one year term assignment we have purchased from Mewbourne on the captioned acreage. Also enclosed is one of the original executed instruments you forwarded, which has been executed by Nearburg.

Please evidence your acceptance of the enclosed consideration by signing and returning a copy of this letter. Once we have executed and recorded the Term Assignment instrument, we will forward a copy for your records.

Should you have any questions concerning these matters, please feel free to call me. Thank you for your continuing cooperation.

Sincerely,

Mark Wheeler, CPL Senior Landman

CHECK NO. 505882 RECEIVED THIS \_\_\_\_\_ DAY OF AUGUST, 2000.

MEWBOURNE OIL COMPANY

By:\_\_\_\_\_\_Name/Title:

DESCRIPTION	INVOICE NUMBER	GROSS	DISCOUNT	NET AMOUNT
	ERM ASGMT			32000.00
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0132540 MEWBOURNE	DIL COMPANY			32000.00

DETACH BEFORE DEPOSITING, IN FULL SETTLEMENT	NT OF ACCOUNT AS SHOWN, ENDOR	SEMENT OF THIS CHECK CONSTI	TUTES RECEIPT IN FULL
Nearburg Exploration Company,	and the Electric Land Committee of the	NATIONSBANK-ABILENE ABILENE, TEXAS	505882
P.O. Box 823085 Dallas, Texas 75382-3085		88-1135/1113	
		-  -  -  -  DATE-  -  -  -  -  -  -  -  -  -  -  -  -	CHECK NO. AMOUNT
PAY THIRTY-TWO T	HOUSAND DOLLARS A	ND ZERO CENTS	OSOS882
TO MEWBOURNE DI	LCOMPANY	Nearbu	
ORDER TYLER, TX 75	70		
" 50 588 2"	111130113511	018880939511	

Exploration and Production Dallas, Texas

### **AUTHORITY FOR EXPENDITURE**

LEASE: Pathfinder 19 State

WELL NUMBER: 1

PBTD: 11,000'

LOCATION: 1,980' FEL & 660' FNL, Section 19, T18S, R28E, Eddy County NM

FIELD: Wildcat Morrow

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.

DATE PREPARED: 6/21/00

EST. START DATE: 10/1/2000 EST. COMPLETION DATE: 11/15/2000

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

INTANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION		TOTAL WELL
Drilling Footage ##### Ft @ #### \$/Ft	1514.101	221,540	NA.	<u>-</u>	1	221,540
Drilling Daywork 2 2 5,800 \$/day	000000000000000000000000000000000000000	12,296	15.15.10	×	1	24,592
Drilling Turnkey	15 (4.1)0	0	15 15 27	<b>**</b>	1	0
Rig Mobilization and Demobilization	1514.115	0	1515.81	<b>8</b>	1	0
Road & Location Expense	1514.120	20,935	1515.12	<u> </u>	1	23,055
Damages	1514.125	5,000	15.15.12	***	1	5,000
Directional Drilling - Tools and Service	#51 <b>4.13</b> 0	0	15.15.13	<b>*</b>	1	0
Drilling Fluids	E514.135	37,100	15.15.13	<b>8</b> ————	1	37,100
Fuel, Power, and Water	15 (4.14)	15,900	1515.14	<b>*</b>	1	15,900
Supplies · Bits	7534.145	0	1515.14		1	795
Supplies - Casing Equipment	7514 150	2,226	1535.151	<b>⊗<del></del></b>		6,466
Supplies - Liner Equipment	1514 155	0	15.15.155	**	i	0,400
Supplies - Miscellaneous	15.14.160	0	15.15.150	·	1	Ö
Cement and Cmt. Services - Surface Csg	1514.186	4,240	NA.	ō	1	4,240
Cement and Cmt. Services - Int. Csg	B14.170	12,720	N4.	ř	1	12,720
Cement and Cmt. Services - Prod. Csg	NA.	0	15.15.1.82		1	21,200
Cement and Cmt. Services - Other	1514.175	0	1515.175		i	0
Rental - Drilling Tools and Equipment	7534 180	Ö	1515.180	·	1	Ů
Rental · Misc.	75 14 185	20,140	JSJ5.185		1	23,320
Testing - Drill Stem / Production	1514 195	4,770	1515.196		(	7,420
Open Hole Logging	1514,200	31,800	AyA.	0	1	31,800
Mudlogging Services	15 14.210	11,925	NA.	0		11,925
Special Services	15 14.190	0	15.15.15	<u> </u>	1	0
Plug and Abandon	1514.215	12,000	15.15.215	<u> </u>	1	0
Pulling and/or Swabbing Unit	NA.	0	1515.217			15,264
Reverse Equipment	NA.	0	1515,215	8		5,300
Wireline Services	1814,205	0	£5:15.20 <b>5</b>	<b>8</b>		19,080
Stimulation	AVA	0	1515.221	8		12,720
Pump / Vacuum Truck Services	1514.220	0	15 15:220	*		6,075
Transportation	1514,226	2,120	15 15 225	**		4,770
Tubular Goods - Inspection & Testing	15 (4,230	0	1515.230			5,300
Unclassified	1514.245	530	25.15. <b>2</b> 45	×		530
Telephone and Radio Expense	1514,240	954	1515.240	210		1,272
	15.74.250	22,500	1618.250	*		25,500
1 7	1514,255	15,900	16 15.255	*		22,400
· · · ·	1514,265	1,590	B15.265			11,130
I	1514.270	5,000	2515,270	8		5,000
· ·	1514.275	6,121	1515.275			6,121
	15.14.280	7,000	1515:280			10,500
SUBTOTAL		474,307	***************************************	123,728	İ	598,035
Contingencies (10%)		47,431		12,373		59,804
					]	
ESTIMATED TOTAL INTANGIBLES		521,738		136,101	_	657,839

Exploration and Production Dallas, Texas

### **AUTHORITY FOR EXPENDITURE**

LEASE: Pathfinder 19 State

WELL NUMBER: 1

PBTD: 11,000°

LOCATION: 1,980' FEL & 660' FNL, Section 19, T18S, R28E, Eddy County NM

FIELD: Wildcat Morrow

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DATE PREPARED: 6/21/00

EST. START DATE: 10/1/2000 EST. COMPLETION DATE: 11/15/2000

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casin 0 Ft @ 0.00 \$/Ft	*****	0	N/A	0	0
Surface Csg 400 Ft @ 24.00 \$/Ft	1520.310	9,600	NA.	0	9,600
Intermediate Cs 2,900 Ft @ 14.00 \$/Ft	1520.1/5	40,600	AVA	0	40,600
Protection Csg 0 Ft @ 0.00 \$/Ft	27728844	0	AVA	0	0
Production Csg ##### Ft @ 10.00 \$/Ft	144	0	****	110,000	110,000
Protection Liner 0 Ft @ 0.00 \$/Ft	инияли	0	N/A	0	0
Production Line 0 Ft @ 0.00 \$/Ft	N4 .	0	******	0	0
Tubing ##### Ft @ 3.25 \$/Ft	144	0	#######	35,100	35,100
Rods 0 Ft @ 0.00 \$/Ft	NA .	0	*****	0	0
Artificial Lift Equipment	NA .	0	драння	0	0
Tank Battery	NA.	0	nunnaa	10,600	10,600
Separators/Heater Treater/Gas Units/FWKO	NA.	0	#######	12,720	12,720
* Well Head Equipment & Christmas Tree	#######	2,500	*****	11,500	14,000
Subsurface Well Equipment	NA	0	HHUUHR	6,148	6,148
Flow Lines	N4	0	###UIII#	13,250	13,250
Saltwater Disposal Pump	NA .	0	1582.391	0	0
Gas Meter	NA	0	*****	1,484	1,484
Lact Unit	NA .	0	пининин	0	0
Vapor Recovery Unit	NA .	0	******	0	0
Other Well Equipment	NA .	0	####### #######	0	0
ROW and Damages	NA .	0	*****	2,650	2,650
Surface Equipment Installation Costs	NA .	0	<b>ниппин</b>	9,540	9,540
Elect. Installation	NA.	0	нациинь	0	0
ESTIMATED TOTAL TANGIBLES		52,700		212,992	265,692
ESTIMATED TOTAL WELL COSTS		574,438		349,093	923,531

NPC APPROVAL		DATE
PREPARED BY:	HRW	06/21/00
REVIEWED BY:	TRM	
APPROVED BY:		
APPROVED BY:		

WI APPROVAL:	COMPANY	
	BY	
	TITLE	
	DATE	