cc: Kathie TRM

# 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

June 29, 2000

#### **CERTIFIED MAIL – RETURN RECEIPT REQUESTED**

TO ALL WORKING INTEREST OWNERS: (See Distribution List)

Re:

Panama "13" Federal #2 Well 1,650' FSL and 990' FEL Section 13, T-19-S, R-33-E Lea County, New Mexico Stetson Prospect

# Gentlemen:

Enclosed herewith please find Nearburg Producing Company's AFE for the Panama "13" Federal Com. #2 well proposed to be drilled to a depth of 9,900' testing the Bone Spring formation. The well is proposed to be located 1,650' FSL and 990' FEL of Section 13, T-19-S, R-33-E, Lea County, New Mexico. As a working interest owner in the proposed NE/4 SE/4 spacing unit, you have the right to participate for your proportionate share in the well. I will forward to your attention an Operating Agreement, designating Nearburg Producing Company as the operator in the near future.

If you elect not to participate in the proposed well, Nearburg would like to acquire your interest under mutually acceptable terms.

If you have any questions, please feel free to contact the undersigned.

Yours very truly,

Mark Wheeler

Senior Landman, CPL

MW/dw encl.

Jan. r. all

# PANAMA "13" FEDERAL #1 WELL DISTRIBUTION LIST

Mr. Patrick J. Tower EOG Resources, Inc. P. O. Box 2267 Midland, Texas 79702

Williamson Enterprises 216 W. 3<sup>rd</sup> Street Roswell, New Mexico 88201

Mr. Stephen Scott Mitchell C/O Murchison Oil & Gas, Inc. 414 W. Texas, Suite 405 Midland, Texas 79701

Harold Kious
P. O. Box "L"
Albuquerque, New Mexico 87103

Mr. Bane Bigbie Red Oak Cattle Co. P. O. Box 998 Ardmore, OK 73402

Barbara E. Hannifin C/O Hannifin Oil & Gas P. O. Box 2588 Roswell, New Mexico 88201

David J. Sorenson P. O. Box 1453 Roswell, New Mexico 88202

Daniel W. Varel C/O Bright and Bright, L.L.P. 5944 Luther Lane, Suite 600 Dallas, Texas 75225

Manzano Oil Corporation P. O. Box 2107 Roswell, New Mexico 88201 Page 2 of the Distribution List

S. H. Cavin Sealy H. Cavin, Inc. 504 N. Wyoming Ave. Roswell, New Mexico 88201

Kenneth D. Reynolds P. O. Box 1498 Roswell, New Mexico 88202

•

Exploration and Production Dallas, Texas

#### **AUTHORITY FOR EXPENDITURE**

LEASE: Panama "13" Federal

WELL NUMBER: 2

PBTD: 9,900'

LOCATION: 1650' FSL & 990' FEL, Section 13, T19S, R33E, Lea County, New Mexico

FIELD: Gems Bone Spring East

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a Bone Springs pumping oil well.

, DATE PREPARED: 6/26/00

EST. START DATE: 9/1/00

EST. COMPLETION DATE: 10/15/00

ACCOUNTING WELL NUMBER:

INTANGIBLE COSTS:	e302	TO CSG PT	ciclos	COMPLETION		TOTAL WELL
Drilling Footage 9,900 Ft @ 0.00 \$/Ft	11.6101	0	84	0		0
Drilling Daywork 30 1 6,100 \$/day	1514.104	193,980	[#]#.1##	6,466	ĺ	200,446
Drilling Turnkey	15/4210	0	1118-129	0		0
Rig Mobilization and Demobilization	1818218	21,200	a co	O		21,200
Road & Location Expense	idi Cibi	29,945	Jan. 2	3,180		83,125
Damages	1514324	5,000	in in	0		5,000
Directional Drilling - Tools and Service	15,14,150	0	114.14	0		0
Drilling Fluids	1818.488	10,600	1212.424	0	i	10,600
Fuel, Power, and Water	14.4140	15,900	i el E. ja	0		15,900
Supplies - Bits	151434	20,140	nia, u	795		20,935
Supplies - Casing Equipment	1818746	2,544	Jane 184	4,240		6,784
Supplies - Liner Equipment	1874.244	0	Jana aa	0		0
Supplies - Miscellaneous	14.440	0	1413.J##	0		0
Cement and Cmt. Services - Surface Csg	1514164	10,600	N.	0		10,600
Cement and Cmt. Services - Int. Csg	18,2374	12,720	DAZ.	0		12,720
Cement and Cmt. Services - Prod. Csg	N4	0	1414.174	21,200		21,200
Cement and Cmt. Services - Other	uusm	0	tara.ea	0		0
Rental - Drilling Tools and Equipment	1414.480	6,360	rara.	0		6,360
Rental - Misc.	12.12.25	8,613	7.4	3,710		12,323
Testing - Drill Stem / Production	18,14,144	.0	1413.24	3,710		3,710
Open Hole Logging	1814 200	15,900		0		15,900
Mudlogging Services	1814214	7,950	, in the second	0		<b>7</b> ,950
Special Services	18,14,190	0	171 6.94	0		0
Plug and Abandon	14,44,8	10,000	linie	(10,000)		0
Pulling and/or Swabbing Unit	na.	0	Jala se	15,264	• 1	15,264
Reverse Equipment	84	0	nitre.	5,300	-	5,800
Wireline Services	16, 1204	0	i i i i i i i i i i i i i i i i i i i	5,300		5,300
Stimulation	764	0	i i i i i i i i i i i i i i i i i i i	42,400		42,400
Pump / Vacuum Truck Services	LLEAD	0	re i de se	2,650		2,650
Transportation	14.425	1,590	1214.24	2,120		8,710
Tubular Goods - Inspection & Testing	1212.00	1,272	1716.354	3,180		4,452
Unclassified	1414.144	530	i di de de	0		530
Telephone and Radio Expense	141424	954	1414340	636		1,590
Engineer / Geologist / Landman	1514110	10,000	nie	1,500		11,500
Company Labor - Field Supervision	18,14,245	15,900	i i e e	7,500		23,400
Contract Labor / Roustabout	1812.166	1,590	i di Cale	7,738		9,328
Legal and Professional Service	Jucan	5,000	1818.078	0		5,000
Insurance	1614375	7,048	illar	3,500		10,548
Overhead	1512.200	7,000	ne.	3,500		10,500
SUBTOTAL		422,336		133,889		556,225
Contingencies (10%)		42,284		13,389		55,623
ESTIMATED TOTAL INTANGIBLES		464,570		147,278		611,848

# **AUTHORITY FOR EXPENDITURE**

LEASE: Panama "13" Federal

WELL NUMBER: 2

PBTD: 9,900'

LOCATION: 1650' FSL & 990' FEL, Section 13, T19S, R33E, Lea County, New Mexico

FIELD: Gems Bone Spring East

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a Bone Springs pumping oil well.

0

DATE PREPARED: 6/26/00

EST. START DATE: 9/1/00

EST. COMPLETION DATE: 10/15/00

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	coloi∉	TO CSG PT	consus	COMPLETION	TOTAL WELL
Conductor Casing 0 Ft @ 0.00 \$/Ft	1410.444	0	N.	0	0
Surface Csg 1,550 Ft @ 24.00 \$/Ft	1828210	37,200		0	37,200
Intermediate Csg 3,300 Ft @ 14.00 \$/Ft	1834.213	46,200	<b>A4</b>	0	46,200
Protection Csg 0 Ft @ 0.00 \$/Ft	iniani	0	<b></b>	0	0
Production Csg 9,900 Ft@ 7.50 \$/Ft	10.1	0	1812.124	74,250	74,250
Protection Liner Ft @ \$/Ft	1830.230	0	ALA:	0	. 0
Production Liner 0 Ft@ 0.00 \$/Ft	764	0	1479.314	0	0
Tubing 9,600 Ft@ 2.50 \$/Ft	Nu.	0	i siri je	24,000	24,000
Rods 9,600 Ft@ 1.50 \$/Ft	194	0	1412.144	14,400	14,400
Artificial Lift Equipment	1964	0	1472.14	68,900	68,900
Tank Battery	764	0	1472.044	21,200	21,200
Separators/Heater Treater/Gas Units/FWKO	NA.	0	i dyd a the	10,600	10,600
* Well Head Equipment & Christmas Tree	1570.254	3,500	1322.265	5,000	8,500
Subsurface Well Equipment	N/A	0	1421.474	4,240	4,240
Flow Lines	N4	0	1478.07.4	1,656	1,656
Saltwater Disposal Pump		0	7829.70	0	0
Gas Meter		0	132234	1,484	1,484
Lact Unit	74	0	i den det	0	0
Vapor Recovery Unit	764	0	1191380	0	0
Other Well Equipment	144	. 0	12.72.28	0	0
ROW and Damages	.84	0	1322.00	0	0
Surface Equipment Installation Costs	NA.	0	18228	10,600	10,600
Elect. Installation	×.	0	1479.057	7,420	7,420
,					
ESTIMATED TOTAL TANGIBLES		86,900		243,750	330,650
ESTIMATED TOTAL WELL COSTS		551,470		391,028	942,498

NIR CARRIAGE IN CONTROL			
PREPARED BY: HR	W/TRM/CPF	06/27/00	
REVIEWED BY: TRI	M		
APPROVED BY:	Method	6/28/	و
APPROVED BY:		6/28/00	7
W. ADDDOVAL.	COMPANY	EOG Resources, Inc.	31.76472%
WI APPROVAL:			
	BY		
	TITLE	·	
	DATE		

# **AUTHORITY FOR EXPENDITURE**

TEASE.	Panama	#19#	Fodore	.1
LEMOE:	ranama	10	recer	ш

WELL NUMBER: 2

PBTD: 9,900'

FIELD: Gems Bone Spring East

LOCATION: 1650' FSL & 990' FEL, Section 13, T19S, R33E, Lea County, New Mexico EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a Bone Springs pumping oil well.

DATE PREPARED: 6/26/00

EST. START DATE: 9/1/00

EST. COMPLETION DATE: 10/15/00

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

					· · ·
TANGIBLE COSTS:	6GDE	TO CSG PT	CONTR.	COMPLETION	TOTAL WELL
Conductor Casins 0 Ft @ 0.00 \$/Ft	1410.44	0	24	0	0
Surface Csg 1,550 Ft @ 24.00 \$/Ft	INFERIO	37,200	244	0	37,200
Intermediate Csg 8,300 Ft @ 14.00 \$/Ft	1236.2.18	46,200	44	0	46,200
Protection Csg 0 Ft @ 0.00 \$/Ft	1,120,229	0	<b>N.4</b>	0	. 0
Production Csg 9,900 Ft@ 7.50 \$/Ft	84	0	(1 <b>11.11</b>	74,250	74,250
Protection Liner Ft @ \$/Ft	1220.240	0	ALE:	0	0
Production Liner 0 Ft@ 0.00 \$/Ft	764	0	1472.244	0	0
Tubing 9,600 Ft 2.50 \$1Ft	N.	0	442	24,000	24,000
Rods 9,600 Ft@ 1.50 \$/Ft	10,4	0	1412.34	14,400	14,400
Artificial Lift Equipment	194	0	142434	68,900	68,900
Tank Battery	764	0	141444	21,200	21,200
Separators/Heater Treater/Gas Units/FWKO	N.	0	14934	10,600	10,600
* Well Head Equipment & Christmas Tree	1120.281	3,500	(2) <b>13</b> 65	5,000	8,500
Subsurface Well Equipment	76.4	0	144474	4,240	4,240
Flow Lines	N4	0	1419.47.6	1,656	1,656
Saltwater Disposal Pump	, i.e.	0	128281	0	0
Gas Meter	194	0	1312.244	1,484	1,484
Lect Unit	N/A	0	] #22.4 M	0	0
Vapor Recovery Unit	764	0	1171310	0	0
Other Well Equipment	NA.	0	14.72.24	. 0	. 0
ROW and Damages	79.4	0	1312248	0	0
Surface Equipment Installation Costs	194	0	121234	10,600	10,600
Elect. Installation	754	0	12.52.257	7,420	7,420
			<del></del>		
ESTIMATED TOTAL TANGIBLES		86,900	:	243,750	330,650
ESTIMATED TOTAL WELL COSTS		551,470		391,028	942,498

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

PREPARED BY: HR	W/TRM/CPF	06/27/00	
REVIEWED BY: TRA	A AM	2	
APPROVED BY:	Medice	6/28/30	
APPROVED BY:		6/28/00	
WI APPROVAL:	COMPANY BY TITLE	Manzano Oil Corporation	1.7176932%
	DATE		

NPCFAEPROVAL

#### **AUTHORITY FOR EXPENDITURE**

LEASE: Panama "13" Federal

WELL NUMBER: 2

PBTD: 9,900'

FIELD: Gems Bone Spring East

LOCATION: 1650' FSL & 990' FEL, Section 13, T19S, R33E, Lea County, New Mexico EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a Bone Springs pumping oil well.

0

DATE PREPARED: 6/26/00

EST. START DATE: 9/1/00

EST. COMPLETION DATE: 10/15/00

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

	1000000	T	10000000		
TANGIBLE COSTS:	6666	TO CSG PT	con contract of the contract o	COMPLETION	TOTAL WELL
Conductor Casing 0 Ft @ 0.00 \$/Ft	1520,865	0	14	0	0
Surface Csg 1,550 Ft @ 24.00 \$/Ft	12202210	37,200	<b>144</b>	0	37,200
Intermediate Csg 3,300 Ft @ 14.00 \$/Ft	1202178	46,200	4	0	46,200
Protection Csg 0 Ft @ 0.00 \$/Ft	1 de Gastró	0	, wa	0	0
Production Csg 9,900 Ft@ 7.50 \$/Ft	NA.	0	11212	74,250	74,250
Protection Liner Ft @ \$/Ft	1820,880	0	žų.	0	0
Production Liner 0 Ft@ 0.00 \$/Ft	764	0	1178.034	0	0
Tubing 9,600 Ft@ 2.50 \$/Ft	NA.	0	.433#	24,000	24,000
Rods 9,600 Ft@ 1.50 \$/Ft	194	0	14214	14,400	14,400
Artificial Lift Equipment	N/A	0	1422.24	68,900	68,900
Tank Battery	764	0	149244	21,200	21,200
Separators/Heater Treater/Gas Units/FWKO	764	0	1472.764	10,600	10,600
* Well Head Equipment & Christmas Tree	1520,264	3,500	inta	5,000	8,500
Subsurface Well Equipment	194	0	1422.070	4,240	4,240
Flow Lines	764	0	1472374	1,656	1,656
Saltwater Disposal Pump	, KA	0	1472301	0	0
Gas Meter	74	0	1522.344	1,484	1,484
Lact Unit	764	0	) desirat	0	0
Vapor Recovery Unit	764	0	1411314	0	0
Other Well Equipment	NA.	0	14134	0	0
ROW and Damages	39.4	0	12228	0	0
Surface Equipment Installation Costs	7/A	0	1472.154	10,600	10,600
Elect. Installation	764	0	12.01	7,420	7,420
ESTIMATED TOTAL TANGIBLES		86,900		243,750	830,650
ESTIMATED TOTAL WELL COSTS		551,470		391,028	942,498

PREPARED BY: HR	W/TRM/CPF	06/27/00	
REVIEWED BY: TRA	M AN	2	
APPROVED BY:	Klikk	6/28/00	
APPROVED BY:	Some	6/28/00	,
WI APPROVAL:	COMPANY	Sealy Hutchings Cavin,, Inc.	0.5647056%
	BY TITLE		
	DATE		

#### **AUTHORITY FOR EXPENDITURE**

LE.	ASE	Panama	*19*	Feder	fa:

WELL NUMBER: 2

PBTD: 9,900'

LOCATION:  $1650^\circ$  FSL &  $990^\circ$  FEL, Section 13, T19S, R33E, Lea County, New Mexico

FIELD: Gems Bone Spring East

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a Bone Springs pumping oil well.

0

DATE PREPARED: 6/26/00

EST. START DATE: 9/1/00

EST. COMPLETION DATE: 10/15/00

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	cons	TO CSG PT	1	COMPLETION	TOTAL WELL
Conductor Casins 0 Ft @ 0.00 \$/Ft	1410.804	0	N.	0	0
Surface Cag 1,550 Ft @ 24.00 \$/Ft	1270/210	37,200	<b></b>	0	37,200
Intermediate Csg 3,300 Ft @ 14.00 \$/Ft	man			0	46,200
Protection Csg 0 Ft @ 0.00 \$/Ft	1410.530	0	848	0	0
Production Csg 9,900 Ft@ 7.50 \$/Ft	10.4	0	1312.124	74,250	74,250
Protection Liner Ft @ \$/Ft	1320,180	0	ju.	0	0
Production Liner 0 Ft@ 0.00 \$/Ft	N.A	0	lenale	0	0
Tubing 9,600 Ft@ 2.50 \$/Ft	l Ne	0	1676.340	24,000	24,000
Rods 9,600 Ft @ 1.50 \$/Ft	75.4	0	1612.146	14,400	14,400
Artificial Lift Equipment	N.	0	Idratas	68,900	68,900
Tank Battery	N.	0	14.54.4.54	21,200	21,200
Separators/Heater Treater/Gas Units/FWKO	N.A	0	1474240	10,600	10,600
* Well Head Equipment & Christmas Tree	1510.161	3,500	1212.344	5,000	8,500
Subsurface Well Equipment	NA.	0	1,22.474	4,240	4,240
Flow Lines	N4	0	1579.374	1,656	1,656
Saltwater Disposal Pump	, NA	0	1510201	0	0
Gas Meter	194	0	1311.54	1,484	1,484
Lact Unit	194	0	Jana at	0	0
Vapor Recovery Unit	764	0	1179,200	0	0
Other Well Equipment	NA.	0	14838	0	. 0
ROW and Damages	74	0	1822.10	0	. 0
Surface Equipment Installation Costs	Jy.A.	0	ins	10,600	10,600
Elect. Installation	764	0	274.301	7,420	7,420
ESTIMATED TOTAL TANGIBLES		86,900		243,750	330,650
ESTIMATED TOTAL WELL COSTS		551,470		391,028	942,498

NPC APPROVAL		DATE	
PREPARED BY: HR	W/TRM/CPF	06/27/00	<u> </u>
REVIEWED BY: TRI	M		_
APPROVED BY:	Klittle	6/28	to the second
APPROVED BY:		6/28/	50
WI APPROVAL:	COMPANY	Barbara Hannifin	0.1411764%
	BY		
	TITLE		
	DATE		

# **AUTHORITY FOR EXPENDITURE**

LEASE: Panama "13" Federal

WELL NUMBER: 2

PBTD: 9,900'

FIELD: Gems Bone Spring East

LOCATION: 1650' FSL & 990' FEL, Section 13, T19S, R33E, Lea County, New Mexico EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a Bone Springs pumping oil well.

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DATE PREPARED: 6/26/00

EST. START DATE: 9/1/00

EST. COMPLETION DATE: 10/15/00

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	cons	TO CSG PT	4.7.4	COMPLETION	TOTAL WELL
Conductor Casing 0 Ft @ 0.00 \$/Ft	15,90,804	0	<b>2.4</b>	0	0
Surface Cag 1,550 Ft @ 24.00 \$/Ft	istatio	37,200	344	0	37,200
Intermediate Csg 3,300 Ft@ 14.00 \$/Ft	issasin	48,200	<b>A4</b>	0	46,200
Protection Csg 0 Ft @ 0.00 \$/Ft	1440.430	0	844	0	0
Production Csg 9,900 Ft@ 7.50 \$/Ft	84	0	11214	74,250	74,250
Protection Liner Ft @ \$/Ft	1520,740	0	ži,	0	. 0
Production Liner 0 Ft@ 0.00 \$/Ft	764	0	1479 11.6	0	0
Tubing 9,600 Ft@ 2.50 \$/Ft	N4	0	1411.20	24,000	24,000
Rods 9,600 Ft@ 1.50 \$/Ft	84	0	142144	14,400	14,400
Artificial Lift Equipment	N/A	0	Jarane	68,900	68,900
Tank Battery	794	0	142234	21,200	21,200
Separators/Heater Treater/Gas Units/FWKO	N.A.	0	1212.240	10,600	10,600
* Well Head Equipment & Christmas Tree	ipiaese	3,500	1832.188	5,000	8,500
Subsurface Well Equipment	īy <b>a</b>	0	1422.570	4,240	4,240
Flow Lines	764	0	1459.47.6	1,656	1,656
Saltwater Disposal Pump	NA.	0	(are de l	0	0
Gas Meter	104	0	1312.94	1,484	1,484
Lact Unit	764	0	TATALAT	0	0
Vapor Recovery Unit	764	0	11.79.2 80	0	0
Other Well Equipment	N.A.	. 0	122	0	0
ROW and Damages	194	0	12228	0	. 0
Surface Equipment Installation Costs	79.4	0	112.254	10,600	10,600
Elect. Installation	M4	0	1.02.00	7,420	7,420
ESTIMATED TOTAL TANGIBLES		86,900		243,750	330,650
ESTIMATED TOTAL WELL COSTS		551,470		391,028	942,498

la de la constanta de la const			
PREPARED BY: HR	W/TRM/CPF	06/27/00	
REVIEWED BY: TRI	M	2	
APPROVED BY:	MARKE	6/28/00	
APPROVED BY:	Solo	6/28/00	
WI APPROVAL:	COMPANY	David J. Sorenson	2.823528%
	BY		
	TITLE		
	DATE		

# **AUTHORITY FOR EXPENDITURE**

LEASE: Panama "13" Federal

WELL NUMBER: 2

PBTD: 9,900'

FIELD: Gems Bone Spring East

LOCATION: 1650' FSL & 990' FEL, Section 13, T19S, R33E, Lea County, New Mexico EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a Bone Springs pumping oil well.

DATE PREPARED: 6/26/00

EST. START DATE: 9/1/00

EST. COMPLETION DATE: 10/15/00

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	10000000	TO OCO DE	8888888	COMPLEMION	MOMAT THAT I
	cons	TO CSG PT	cous	COMPLETION	TOTAL WELL
Conductor Casing 0 Ft @ 0.00 \$/Ft	1620,204	0		0	0
Surface Csg 1,550 Ft @ 24.00 \$/Ft	1210210	37,200	24	0	37,200
Intermediate Csg 3,300 Ft @ 14.00 \$/Ft	i kid i i s	46,200	<b>.</b>	0	46,200
Protection Csg 0 Ft@ 0.00 \$/Ft	i pra espi	0	84	0	0
Production Csg 9,900 Ft@ 7.50 \$/Ft	154	0	(122.12)	74,250	74,250
Protection Liner Ft @ \$/Ft	1820.810	0	i iu	0	. 0
Production Liner 0 Ft @ 0.00 \$/Ft	NA.	0	1472.234	0	0
Tubing 9,600 Ft@ 2.50 \$/Ft	N4	0	1575.200	24,000	24,000
Rods 9,600 Ft @ 1.50 \$/Ft	794	0	1312344	14,400	14,400
Artificial Lift Equipment	n/a	0	JA22 260	68,900	68,900
Tank Battery	764	0	1479.044	21,200	21,200
Separators/Heater Treater/Gas Units/FWKO	NA.	0	11/2300	10,600	10,600
* Well Head Equipment & Christmas Tree	1520,244	3,500	1112.141	5,000	8,500
Subsurface Well Equipment	794	0	1422.070	4,240	4,240
Flow Lines	764	0	1179.074	1,656	1,656
Saltwater Disposal Pump	N4	0	7.00.30	0	0
Gas Meter	744	0	1522.344	1,484	1,484
Lact Unit	794	0	i den aut	0	0
Vapor Recovery Unit	764	0	1179.3189	0	0
Other Well Equipment	74A	0	143434	0	0
ROW and Damages	19.4	0	1822.88	0	0
Surface Equipment Installation Costs	194	0	122234	10,600	10,600
Elect. Installation	WA	0	1272.007	7,420	7,420
ESTIMATED TOTAL TANGIBLES		86,900		243,750	330,650
ESTIMATED TOTAL WELL COSTS		551,470		391,028	942,498

PREPARED BY: HRW/TRM/CPF	06/27/00
REVIEWED BY: TRM	
APPROVED BY:	6/28/20
APPROVED BY:	6/28/00
	Daniel W. Varel

WI APPROVAL:	COMPANY	Daniel W. Varel	1./64/050
	BY		· · · · · · · · · · · · · · · · · · ·
	TITLE		·
	DATE		

# **AUTHORITY FOR EXPENDITURE**

LEASE: Panama "13" Federal

WELL NUMBER: 2

PBTD: 9,900'

LOCATION: 1650' FSL & 990' FEL, Section 13, T19S, R33E, Lea County, New Mexico FIELD: Gems Bone Spring East

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a Bone Springs pumping oil well.

0

DATE PREPARED: 6/26/00

EST. START DATE: 9/1/00

EST. COMPLETION DATE: 10/15/00

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	CGOSE	TO CSG PT		COMPLETION	TOTAL WELL
Conductor Casins 0 Ft @ 0.00 \$/Ft		0		0	TOTAL WELL
Surface Csg 1,550 Ft @ 24.00 \$/Ft	110.110	37,200		0	37,200
Intermediate Csg 3,300 Ft @ 14.00 \$/Ft	224.17	46,200	<b>44</b>	0	
Protection Csg 0 Ft @ 0.00 \$/Ft	i di di se	40,200	<b>A4</b>	0	46,200
Production Csg 9,900 Ft @ 7.50 \$/Ft		0	**		74.050
Protection Liner Ft @ \$/Ft	ikin kee	0	(6112E)	74,250	74,250
Production Liner 0 Ft @ 0.00 \$/Ft		0	<b>344</b>	0	0
Tubing 9,600 Ft @ 2.50 \$/Ft		0			
Rods 9,600 Ft 2.50 \$/Ft	1 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	0		24,000 14,400	24,000
Artificial Lift Equipment	1000 1000	0		68,900	14,400 68,900
Tank Battery	N.A.	0		21,200	21,200
Separators/Heater Treater/Gas Units/FWKO		0		10,600	10,600
* Well Head Equipment & Christmas Tree		3,500		5,000	8,500
Subsurface Well Equipment		0,000		4,240	4,240
Flow Lines	1	0		1,656	1,656
Saltwater Disposal Pump	744	0		1,000	1,000
Gas Meter	124	0		1,484	1,484
Lact Unit		0		0	0
Vapor Recovery Unit	164	0		0	0
Other Well Equipment	N.	0		0	
ROW and Damages	F.4	0		0	0
Surface Equipment Installation Costs	W.	0		10,600	10,600
Elect. Installation	764	0		7,420	7,420
	enningajit.	<u>~</u>	Contract:	., 220	7,120
ESTIMATED TOTAL TANGIBLES		86,900		243,750	330,650
ESTIMATED TOTAL WELL COSTS		551,470		391,028	942,498

NPOPELI PROVINCE			OA OE	
PREPARED BY: HR	W/TRM/CPF	0	6/27/00	
REVIEWED BY: TRI	1 . sol	2		
APPROVED BY:	Klille	5	128/00	
APPROVED BY:		6/	28/00	
WI APPROVAL:	COMPANY BY TITLE	S. H. Cavin	1.20%	
	DATE			

#### **AUTHORITY FOR EXPENDITURE**

LEASE: Panama "13" Federal

WELL NUMBER: 2

PBTD: 9,900'

LOCATION: 1650' FSL & 990' FEL, Section 13, T19S, R33E, Lea County, New Mexico

FIELD: Gems Bone Spring East

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a Bone Springs pumping oil well.

0

DATE PREPARED: 6/26/00

EST. START DATE: 9/1/00

EST. COMPLETION DATE: 10/15/00

ACCOUNTING WELL NUMBER:

DECARROUSE. PREPARED BY: HRW/TRM/CPF

COMMUNICATIONS ACCOUNT NUMBER:

·		· ·			· · · · ·
TANGIBLE COSTS:	coos	TO CSG PT		COMPLETION	TOTAL WELL
Conductor Casins 0 Ft @ 0.00 \$/Ft	1520,864	0	N.	0	0
Surface Csg 1,550 Ft @ 24.00 \$/Ft	1570.210	37,200	344	0	37,200
Intermediate Csg 3,300 Ft @ 14.00 \$/Ft	330 313	46,200	s.	0	46,200
Protection Csg 0 Ft @ 0.00 \$/Ft	1820.839	0	N/a	0	0
Production Csg 9,900 Ft@ 7.50 \$/Ft	17.4	0	neste.	74,250	74,250
Protection Liner Ft @ \$/Ft	1820280	0	DLE.	0	. 0
Production Liner 0 Ft@ 0.00 \$/Ft	764	0	1472.484	0	0
Tubing 9,600 Ft @ 2.50 \$/Ft	N.A.	0	14234	24,000	24,000
Rods 9,600 Ft @ 1.50 \$/Ft	N <sub>A</sub>	0	111214	14,400	14,400
Artificial Lift Equipment	NA	0	1222.240	68,900	68,900
Tank Battery	7646	0	1429.034	21,200	21,200
Separators/Heater Treater/Gas Units/FWKO	N.A.	0	11/23/4	10,600	10,600
* Well Head Equipment & Christmas Tree	1529,265	3,500	1828.284	5,000	8,500
Subsurface Well Equipment	79.4	0	1424.074	4,240	4,240
Flow Lines	MA	0	iirair.	1,656	1,658
Saltwater Disposal Pump	N.	0	1412341	0	0
Gas Meter	194	0	1822.344	1,484	1,484
Lact Unit	194	0	larasat	0	0
Vapor Recovery Unit	364	0	1474.384	0	0
Other Well Equipment	NA.	0	1432300	0	0
ROW and Damages	794	0	1322.200	0	. 0
Surface Equipment Installation Costs	174	0	1112234	10,600	10,600
Elect. Installation	MA	Ö	2129.397	7,420	7,420
ESTIMATED TOTAL TANGIBLES		86,900		243,750	330,650
ESTIMATED TOTAL WELL COSTS		551,470		391,028	942,498

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

DATE

REVIEWED BY: TRI	1 M	2	
APPROVED BY:	Klittle	6/28/20	
APPROVED BY:	200	6/28/00	
WI APPROVAL:	COMPANY	Kenneth D. Reynolds	0.8470584%
	ВУ		
	TITLE		
	DATE		<u> </u>

Panama 13 Federal #2 Well NE/4 SE/4 Sec. 13, T-19-S, R-33-E Lea County, New Mexico

Owner	WI % surface to top of Bone Spring	WI % Top of Bone Spring to Base of Bone Spring
NEC	49.4205598%	57.6764146%
EOG Resources	31.7647200%	31.7647200% ✔
Manzano Oil Corporation	1.7176932%	1.7176932% 🗸
Scott Exploration, Inc.	3.4558572%	
Susan Scott Murphy	0.5647056%	
George L. Scott, III	0.5647056%	
Williamson Enterprises	0.4411758%	0.4411758%
Stephen Mitchell	0.4235292%	0.4235292% 🗸
Harold Kious	0.3529410%	0.3529410%
Frank S. & Robin L. Morgan	0.2823528%	
Red Oak Cattle Co.	0.2823528%	0.2823528% ✔/
Sealy Hutchings Cavin, Inc.	0.5647056%	0.5647056% V
Barbara Hannifin	0.1411764%	0.1411764%~
Warren Scott	0.5647056%	
David J. Sorenson	2.8235280%	2.8235280% ~
Daniel W. Varel	1.7647050%	1.7647050%
Eloy S. Duran	1.4117640%	/
S. H. Cavin	1.2000000%	1.2000000% 🗸
Hutchings Oil Company	0.8470584%	
Kenneth D. Reynolds	0.8470584%	0.8470584% √
MorOilCo, Inc.	0.5647056%	
	100.0000000%	100.0000000%

Exploration and Production Dallas, Texas

Page 1 of 2

#### **AUTHORITY FOR EXPENDITURE**

LEASE: Penama "15" Federal

WELL NUMBER: 2

PBTD: 9,900'

LOCATION: 1650 FSL & 980 FEL, Section 18, T19S, R38E, Lea County, New Mexico

FIELD: Geme Bone Spring East

EXPLORATORY, DEVELOPMENT, WORKOVER: 2

DESCRIPTION OF WORK: Drill and complete as a Bone Springs pumping oil well.

DATE PREPARED: 6/26/00

EST. START DATE: 9/1/00

EST. COMPLETION DATE: 10/15/00

ACCOUNTING WELL NUMBER:

INTANGIBLE COSTS:	1000	TO OSO PT		OMPLETION	TOTAL WELL
Drilling Footage 9,900 Ft @ 0.00 \$/Ft		С		0	. 0
Orilling Daywork 80 1 8,100 \$/day	in in	193,980		6,468	200,446
Drilling Turnkey	11111	0		0	0
Rig Mobilisation and Demobilization		21,200	We w	0	21,200
Road & Location Expense		29,945		8,180	88,125
Damages	410.0	6,000		0	5,000
Directional Drilling - Tools and Service	ie kare	0	يعقوننا	0	0
Drilling Fluids	A SER	10,600	n tue	0	10,600
Fuel, Power, and Water	a care	15,900	3144	0	15,900
Supplies - Bits		20,140	, LUM	795	20,935
Supplies - Casing Equipment		2,544		4,240	6,784
Supplies - Liner Equipment	10.14	0	ine	0	0
Supplies - Miscellaneous		0	u.e	0	C
Coment and Cmt. Services - Surface Cag	111.115	10,600	NA.	0	10,600
Coment and Cmt. Services - Int. Cag		12,720		0	12,720
Coment and Cmt. Services - Prod. Ceg		0	i i i i	21,200	21,200
Coment and Cut. Services - Other	warn.	0	in in	0	
Rental - Drilling Tools and Equipment	11013	6,880	10.00	0	6,360
Rental - Misc.	44	8,618		3,710	12,82
Testing - Drill Stem / Production		0		3,710	9,710
Open Hole Logging		15,900	100	9	15,900
Mudlogging Services	12.00	7,950		0	7,950
Special Services		0		0	
Plug and Abandon		10,000	is.aaw	(10,000)	
Pulling and/or Swabbing Unit		O	alare	15,264	15,26
Reverse Equipment		0	a e	5,800	5,80
Wireline Services		0	نانية ا	5,300	5,80
Stimulation		0		42,400	42,40
Pump / Vacuum Truck Services		0		2,680	2,63
Transportation	11.14	1,590	di Link	2,120	3,71
Tubular Goods - Inspection & Testing	i kan	1,272	فلفات	8,180	4.48
Unolussified	110.74	580		0	59
Telephone and Radio Expense	11111	954		688	1,69
Engineer / Geologist / Landman	1414		are an	1,800	11,50
Company Labor - Field Supervision	144		الوسانية ال		23,40
Contract Labor / Roustabout	12,12		Januar .	7,788	9,32
Legal and Professional Service			THE STATE	0	5,00
Insurance		The second of th	er er		10,54
Overhead			, and the	8,500	10,50
SUBTOTAL		422,886		133,889	550,22
Contingencies (10%)		42,284		13,389	55,62
ESTIMATED TOTAL INTANGIBLES		464,570		147,278	611,84

Exploration and Production Dellas, Texas

Page 2 of 2

#### **AUTHORITY FOR EXPENDITURE**

LEASE: Panama "13" Federal

WELL NUMBER: 2

PBTD: 9,900'

FIELD. Gems Bone Spring East

LOCATION: 1650 FSL & 990 FEL, Section 18, T19S, R38E, Lea County, New Mexico

EXPLORATORY, DEVELOPMENT, WORKOVER: B

DESCRIPTION OF WORK: Drill and complete as a Bone Springs pumping oil well.

0

DATE PREPARED: 6/26/00

EST. START DATE: 9/1/00

EST. COMPLETION DATE: 10/15/00

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:		-	TO CSG PT		COMPLETION	TOTAL WELL
Conductor Casins 0 Ft @	0.00 \$/Ft	. 140.101	0		0	0
Surface Ceg 1,550 Ft @	24.00 \$/Ft	1600410	87,200		0	87,200
Intermediate Csg 8,300 Ft @	14.00 \$/Ft	1	46,200		0	46,200
Protection Csg 0 Ft @	0.00 <b>\$/F</b> t		0	24	0	0
Production Cag 9,900 Ft @	7.50 \$/Ft		0	i me alle	74,250	74,250
Protection Liner Ft @	\$/F\$		0	**	0	0
Production Liner 0 Ft@	0.00 \$/Ft		0	بختيرا	0	0
Tubing 9,600 Ft 4	2.50 \$/Ft		0	ericane.	24,000	24,000
Rods 9,600 Ft@	1.50 <b>\$/F</b> t		0		14,400	14,400
Artificial Lift Equipment		<b>M</b>	0	nais	68,900	68,900
Tank Battery			0	11844	21,200	21,200
Separators/Heater Treater/Gas U	nits/FWKO		0	عالية ا	10,600	10,600
"Well Head Equipment & Christ	mas Tree	/ APRIL AN	3,500	يه ورايا	5,000	8,500
Subsurface Well Equipment			0	. Leve se	4,240	4,240
Flow Lines			0	iner	1,656	1,656
Saltwater Disposal Pump			0	ينشن	0	0
Gas Meter		, Mar	0	i i jaran	1,484	1,484
Lact Unit			0	jese	0	0
Vapor Recovery Unit		344	0		0	0
Other Well Equipment			0		0	0
ROW and Damages		104	0		0	0
Surface Equipment Installation (	Costs	100000	0		10,600	10,600
Elect. Installation			0		7,420	7,420
ESTIMATED TOTAL TANGIB	LES		86,900		248,750	380,650
ESTIMATED TOTAL WELL C	05 <b>7</b> 5		551,470		391,028	942,498

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

PREPARED BY: HRW/TRM/CPF	06/27/00
REVIEWED BY: TRM	
APPROVED BY:	6/28/
APPROVED BY:	6/38/0

WI APPROVAL:

COMPANY

BY

TITLE DATE Williamson Bhterfrise:

p.44117582

0.4411/562

Page 1 of 2

# Nearburg Producing Company

Exploration and Production Dellas, Texas

# **AUTHORITY FOR EXPENDITURE**

LEASE: Fanama "18" Fodoral

WELL NUMBER: 2

PBTD: 9,9001

LUCATION: 1860 FSL & 850 FEL, Scotton 18, T108, R936, Lea County, New Mexico

FIELD: Game Bone Spring East

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete us a Done Springs pumping oil well.

DATE PREPARED: 6/20/00

EST START DATE: 9/1/00

EST, COMPLETION DATE: 10/15/00

ACCOUNTING WILL NUMBER:

Orilling Footage 9,900 Ft @ 0.00 SAFt	E 12 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1				
· · · · · · · · · · · · · · · · · · ·	JK 450	0	S. L	0	0
Filling Daywork 80 1 6,100 \$/dsy	and the last	193,980	1912/14	6,463	200,448
Orilling Turnkey	and the	0	in we	0	0
Rig Mobilisation and Demobilization	44,27	21,200	2016.14	0	21,200
toad & Location Expense	444	29,945		3,180	38,126
Pamages	211.64	5,000	ale M	0	<b>6,000</b>
Directional Drilling - Tools and Service		0	7714.40	0	0
Drilling Fluids	10, 2200	10,600	7472.44	0	10,600
ruel, Power, and Water	1412	15,900	111.00	0	18,900
Supplies - Bits		20,140	Meste	795	20,938
Supplies - Casing Equipment	iu.	2,544	7004	4,240	6,784
Supplies - Liner Equipment	in in	0	111214	0	0
Supplies - Miscellansous		0		0	
Coment and Cmt. Services - Surface Cay		10,600		0	10,600
Cement and Cmt. Services - Int. Ceg	ill i in	12,720	I	0	12,720
Comont and Cmt. Services - Prod. Cag	NS4	0		21,200	21,200
Coment and Cmt. Services - Other	. MATT	0	interior	O	(
Rental - Drilling Tools and Equipment	1216.00	6,880		0	6,860
Rontal - Misc	16.14	8,613	10.00	3,710	12,329
Testing - Drill Stem / Production	127 2 299	0		3,710	3,710
Open Hole Logging		15,900	M/a	υ	15,900
Mudlogging Services	2 M 4 W 19	7,950		Û	7,960
Special Services	10 2.00	0	7914-189	9	
Plug and Abandon		10,000		(10,000)	
Pulling and/or Swabbing Unit		0	a a a a a a a a a a a a a a a a a a a	15,264	15,28
Roverso Equipment		0	101477	5,800	5,30
Wirelino Services	Julia.	0	1/14	8,900	5,80
Stimulation	<b>W</b>	0	11,400	42,400	42,400
Pump / Vacuum Truck Services		0	faiate.	2,650	2 656
Transportation	114.11	1,590	HEAL	2,120	8,71
Tubular Goods - Inspection & Testing	معززز	1,272	ور در ا	3,180	4,45
Uncleasified		580	1112	0	53
Telephone and Radio Expense		954		638	1,69
Engineer / Geologist / Landman		10,000		1,500	11,50
Company Lebor - Field Supervision				7,500	23,40
Contract Labor / Roustabout		1,590	i i i	7,788	9,32
Legal and Professional Service		5,000		0	5,00
Insurance	784476	7,048	erae w	8,600	10,64
Overhoad				8,500	10,50
SUBTOTAL	- Saladal	422,336	CONTRACTOR OF THE PROPERTY OF	198,889	556,22
Contingencies (10%)		42,284		18,389	65,62
ESTIMATED TOTAL INTANGIBLES		464,570		147,278	611,84

Exploration and Production Calles, Texas

Page 2 of 2

#### **AUTHORITY FOR EXPENDITURE**

LEASD: Panama "18" Federal

WELL NUMBER: 2

PBTD: 9,9001

LOCATION: 1050' PSL & 960' PEL, Section 16, T195, R00B, Los County, New Mexico

PIELD: Gems Bone Spring Bust

EXPLORATORY, DEVELOPMENT, WORKOVER: 18

DESCRIPTION OF WORK: Drill and complete as a Bone Springs pumping oil well.

0

DATE PREPARED: 0/20/00

BST. START DATE: 9/1/00

EST. COMPLETION DATE. 10/15/00

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	#30#	TO CSG PT	40.00	COMPLETION	TOTAL WELL
Conductor Casing 0 Ft @ 0.00 \$/Ft	1 Mules	0	T	0	Ü
Surface Cag 1,650 Ft 9 24.00 \$/Ft	3505.514	37,200	L W	0	87,200
Intermediate Cag 8,300 Ft @ 14.00 \$/Ft	10411	46,200		С	46,200
Protection Cog 0 Pt @ 0.00 \$/Ft	I MARIN	0		0	0
Production Cog 9,900 Ft & 7.50 \$/Ft	NA.	0	ionie T	74,280	74,260
Protection Liner Ft 3 8/Ft		0	l a I	υ	. 0
Production Liner 0 Ft 6 0.00 \$/Ft		0	1400 244	0	0
Tabing 9,800 Pt @ 2.60 \$/Ft	, nek	0	·citia	24,000	24,000
Rods 9,600 Ft@ 1.50 \$/Ft	No.	0	rapes as	14,400	14,460
Artificial Lift Equipment	794	0		68,900	38,000
Tenk Battery	364	0	i de la composição	21,200	21,200
Separators/Heater Treater/Gas Units/FWKO		0	147274	10,600	10,600
* Well Head Equipment & Christmas Tree	10004	3,500	iteatus	5,000	8,500
Subsurface Well Equipment	M	0	na re	4,240	4,240
Flow Lines		0		1,656	1,656
Saltwater Disposal Pump	i in the second	0	1444.64	0	0
Gas Moter		O	1822.444	1,484	1,484
Lnot Unit		0	i panat	0	0
Vapor Recovery Unit		0	12742	U	0
Other Well Equipment		0		0	0
ROW and Demages		0	1000.00	0	0
Surface Equipment Installation Costs	70	0	وطعادية	10,800	10,600
Elect. Installation		0		7,420	7,420
ESTIMATED TOTAL TANGIBLES		86,900		248,750	330,650
ESTIMATED TOTAL WELL COSTS		551,470		991,028	942,498

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

PREPARED BY: HRW/TRM/CPF	06/27/00
REVIEWED BY: TRM	
APPROVED BY:	6/28
APPROVED BY	6/28/

WI APPROVAL:

COMPANY

David J. Sorenson

2.823528%

BY TITLE DATE

July 7 2000

Exploration and Production Dallas, Texas



Page 2 of 2

# **AUTHORITY FOR EXPENDITURE**

LEASE: Panama \*13\* Federal

WELL NUMBER: 2

PBTD: 9,900'

FIELD: Gems Bone Spring East

LOCATION: 1650' FSL & 990' FEL, Section 13, T19S, R33E, Lea County, New Mexico EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a Bone Springs pumping oil well.

0

DATE PREPARED: 6/26/00

EST. START DATE: 9/1/00

EST. COMPLETION DATE: 10/15/00

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	COOR	TO CSG PT		COMPLETION	TOTAL WELL
Conductor Casins 0 Ft @ 0.00 \$/Ft	1520,345	0	N.	0	0
Surface Csg 1,550 Ft @ 24.00 \$/Ft	1820210	37,200	44	0	37,200
Intermediate Csg 3,300 Ft@ 14.00 \$/Ft	1829.218	46,200	144	0	46,200
Protection Csg 0 Ft @ 0.00 \$/Ft	1210.839	0		0	0
Production Csg 9,900 Ft@ 7.50 \$/Ft	12.4	0	an a	74,250	74,250
Protection Liner Ft @ \$/Ft	istodeo	0	ži.	0	0
Production Liner 0 Ft@ 0.00 \$/Ft	364	0	1,19,31,4	0	0
Tubing 9,600 Ft@ 2.50 \$/Ft	744	0	iana w	24,000	24,000
Rods 9,600 Ft@ 1.50 \$/Ft	764	0	13224	14,400	14,400
Artificial Lift Equipment	164	0	1422340	68,900	68,900
Tank Battery	364	0	1472.314	21,200	21,200
Separators/Heater Treater/Gas Units/FWKO		0	1839.3 (40	10,600	10,600
* Well Head Equipment & Christmas Tree	1520,864	3,500	(ereage	5,000	8,500
Subsurface Well Equipment	39.4	0	1421470	4,240	4,240
Flow Lines	764	0	1272.974	1,656	1,656
Saltwater Disposal Pump	764	0	7579.20	0	0
Gas Meter	K.	0	1322.384	1,484	1,484
Lact Unit	174	0	i i i i i i i i i i i i i i i i i i i	0	0
Vapor Recovery Unit	264	0	1279.280	0	0
Other Well Equipment	34.4	0	147234	0	0
ROW and Damages	79.4	0	(122.49)	0	0
Surface Equipment Installation Costs	7/4	0	1212.254	10,600	10,600
Elect. Installation	MA	0	11.98.284	7,420	7,420
ESTIMATED TOTAL TANGIBLES		86,900		243,750	330,650
ESTIMATED TOTAL WELL COSTS		551,470		391,028	942,498

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

MYCAPPROVAL.	
PREPARED BY: HRW/TRM/CPF	06/27/00
REVIEWED BY: TRM	,
APPROVED BY:	6/28
APPROVED BY:	6/28/6
	<del></del>

WI APPROVAL:

COMPANY

Daniel W. Varel

1.7647050%

BY

TITLE

DATE

2000

Exploration and Production Dallas, Texas

# **AUTHORITY FOR EXPENDITURE**

LEASE: Panama "13" Federal

WELL NUMBER: 2

PBTD: 9,900'

LOCATION: 1650' FSL & 990' FEL, Section 13, T19S, R33E, Lea County, New Mexico FIELD: Gems Bone Spring East

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a Bone Springs pumping oil well.

DATE PREPARED: 6/26/00

EST. START DATE: 9/1/00

EST. COMPLETION DATE: 10/15/00

ACCOUNTING WELL NUMBER:

INTANGIBLE COSTS:	coos	TO CSG PT		COMPLETION	T	TOTAL WELL	1
Drilling Footage 9,900 Ft @ 0.00 \$/Ft		0	w.	0	ŀ	0	13
Drilling Daywork 80 1 6,100 \$/day	12.4.104	193,980		6,466	ŀ	200,446	1
Drilling Turnkey	3 2 2 10	0		9,200		0	١
Rig Mobilization and Demobilization	W.L.	21,200		o o		21,200	
Road & Location Expense		29,945		3,180		33,125	l
Damages	1214324	5,000		0		5,000	
Directional Drilling - Tools and Service	18/14/20	0		0		0	l
Drilling Fluids	1814188	10,600	raine	0	· •	10,600	١.
Fuel, Power, and Water	1214140	15,900	isiz.	0		15,900	1
Supplies - Bits	1514144	20,140	1112.144	795		20,935	1
Supplies - Casing Equipment	ISINTHO	2,544	inciae	4,240		6,784	
Supplies - Liner Equipment	N. LEE	0	111.14	0		0	
Supplies - Miscellaneous	JALLER	0	ret <b>a</b> . we	0		0	
Cement and Cmt. Services - Surface Csg	1514164	10,600	N.	0		10,600	
Cement and Cmt. Services - Int. Csg	1512.176	12,720	44	0		12,720	
Cement and Cmt. Services - Prod. Csg	N/A	0	1818.172	21,200		21,200	
Cement and Cmt. Services - Other	1214.578	0	1414.174	0		0	
Rental - Drilling Tools and Equipment	1514.500	6,360	181 <b>8.18</b> 6	0		6,360	
Rental - Misc.	15.144	8,613	i di <b>Liu</b>	3,710		12,323	]
Testing - Drill Stem / Production	1814.198	0	inia iba	3,710		3,710	]
Open Hole Logging	1214,200	15,900	*4	0		15,900	]
Mudlogging Services	1514.314	7,950	<b></b>	0		7,950	
Special Services	1614.190	0	1315.184	0		0	
Plug and Abandon	18,142,13	10,000	111221	(10,000)		0	
Pulling and/or Swabbing Unit	NA.	0		15,264		15,264	
Reverse Equipment	144	0	1111.119	5,800		5,300	1
Wireline Services	1514.205	0	i di sand	5,300		5,300	
Stimulation .	NA.	0	i di di di	42,400		42,400	]
Pump / Vacuum Truck Services	1114211	0	161 <b>3.226</b>	2,650		2,650	1
Transportation	15.4325	1,590	1212-12	2,120		8,710	ļ
Tubular Goods - Inspection & Testing	15/4490	1,272	1714.230	3,180		4,452	1
Unclassified	18.16.266	530	1412.94	0		530	
Telephone and Radio Expense	ii cio	954	i i i i			1,590	-
Engineer / Geologist / Landman	15/43100					11,500	-
Company Labor - Field Supervision	18,12,244	15,900	rata rad	<del>}</del>		23,400	Į
Contract Labor / Roustabout	1814.260	1,590	i di di di			9,328	┨
Legal and Professional Service	Jusan	5,000	11117			5,000	ł
Insurance	1514,874	7,048	111274			10,548	-
Overhead	18/4 240		inch.			10,500	ł
SUBTOTAL		422,336		133,889		556,225	ł
Contingencies (10%)		42,234		13,389		55,623	1
ESTIMATED TOTAL INTANGIBLES		464,570		147,278		611,848	}

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ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COSTS:	coose	TO CSG PT		COMPLETION	TOTAL WELL
Conductor Casing 0 Ft @ 0.00 \$/Ft	1520.805	0		0	0
Surface Csg 1,550 Ft @ 24.00 \$/Ft	1520.210	37,200		0	37,200
Intermediate Csg 3,300 Ft @ 14.00 \$/Ft	224.1	46,200		0	46,200
Protection Csg 0 Ft @ 0.00 \$/Ft	1820.530	0		0	10,200
Production Csg 9,900 Ft@ 7.50 \$/Ft	RA.	0	1511.116	74,250	74,250
Protection Liner Ft @ \$/Ft	1520.220	0		0	0
Production Liner 0 Ft@ 0.00 \$/Ft	N64	0	1193314	0	0
Tubing 9,600 Ft@ 2.50 \$/Ft	764	0	1422340	24,000	24,000
Rods 9,600 Ft@ 1.50 \$/Ft	75,4	0	1822.745	14,400	14,400
Artificial Lift Equipment	N/A	0	Jarane	68,900	68,900
Tank Battery	N/A	0	14.9.24	21,200	21,200
Separators/Heater Treater/Gas Units/FWKO	744	0	i distribe	10,600	10,600
* Well Head Equipment & Christmas Tree	1510.861	3,500	1882.745	5,000	8,500
Subsurface Well Equipment	N/A	0	1421.470	4,240	4,240
Flow Lines	7464	0	lijesti	1,656	1,656
Saltwater Disposal Pump	NA.	0	1414291	0	0
Gas Meter	87.4	0	(3)22.944	1,484	1,484
Lact Unit	37.4	0	1422.487	0	0
Vapor Recovery Unit	764	0	14.79.0 kg	0	0
Other Well Equipment	N/A	0	1474.344	0	0
ROW and Damages	19.4	0	7312.183	0	0
Surface Equipment Installation Costs	194	0	1272.154	10,600	10,600
Elect. Installation	M.	0	1512291	7,420	7,420
ESTIMATED TOTAL TANGIBLES		86,900		243,750	330,650
ESTIMATED TOTAL WELL COSTS		551,470	·	391,028	942,498

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/TRM/CPF	06/27/00
REVIEWED BY: TRM	
APPROVED BY:	6/28/2
APPROVED BY:	6/28/0
	7 7

WI Approval:

NUEVO SEIS LIMITED PARTNERSHIP

.1411764%

a New Mexico Limited Partnership

By: MM, Inc., its General Partner

By: Barbara E. Hannifin, President