

Nearburg Producing Company

Exploration and Production  
Dallas, Texas

AUTHORITY FOR EXPENDITURE

LEASE: Poca Mes: "26" State Com WELL NUMBER: 1 PBTD: 8,700'  
LOCATION: 1,980' FSL & 2,400' FWL, Section 26, T18S, R24E, Eddy County, New Mexico  
FIELD: Morrow Gas EXPLORATORY, DEVELOPMENT, WORKOVER: E  
DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas well.

DATE PREPARED: 3/6/01 EST. START DATE: 5/1/01 EST. COMPLETION DATE: 6/15/01  
ACCOUNTING WELL NUMBER:  
COMMUNICATIONS ACCOUNT NUMBER:

INTANGIBLE COSTS:				TO CSG PT	COMPLETION	TOTAL WELL
Drilling Footage	8,700 Ft	@	0.00 \$/Ft	0	0	0
Drilling Daywork	25	2	9,500 \$/day	251,750	20,140	271,890
Drilling Turnkey				0	0	0
Rig Mobilization and Demobilization				31,800	0	31,800
Road & Location Expense				28,355	2,120	30,475
Damages				5,000	0	5,000
Directional Drilling - Tools and Service				0	0	0
Drilling Fluids				21,200	0	21,200
Fuel, Power, and Water				42,400	0	42,400
Supplies - Bits				29,945	1,060	31,005
Supplies - Casing Equipment				2,120	4,770	6,890
Supplies - Liner Equipment				0	0	0
Supplies - Miscellaneous				0	0	0
Cement and Cmt. Services - Surface Csg				5,300	0	5,300
Cement and Cmt. Services - Int. Csg				12,720	0	12,720
Cement and Cmt. Services - Prod. Csg				0	21,200	21,200
Cement and Cmt. Services - Other				0	0	0
Rental - Drilling Tools and Equipment				11,130	0	11,130
Rental - Misc.				24,751	3,180	27,931
Testing - Drill Stem / Production				4,770	2,650	7,420
Open Hole Logging				29,680	0	29,680
Mudlogging Services				13,250	0	13,250
Special Services				0	0	0
Plug and Abandon				12,000	(12,000)	0
Pulling and/or Swabbing Unit				0	23,850	23,850
Reverse Equipment				0	5,300	5,300
Wireline Services				0	19,080	19,080
Stimulation				0	12,720	12,720
Pump / Vacuum Truck Services				0	6,646	6,646
Transportation				3,710	2,650	6,360
Tubular Goods - Inspection & Testing				1,590	5,300	6,890
Unclassified				530	0	530
Telephone and Radio Expense				954	318	1,272
Engineer / Geologist / Landman				15,000	3,000	18,000
Company Labor - Field Supervision				15,900	6,500	22,400
Contract Labor / Roustabout				4,770	10,335	15,105
Legal and Professional Service				5,000	0	5,000
Insurance				5,533	0	5,533
Overhead				7,000	3,500	10,500
SUBTOTAL				586,158	142,319	728,476
Contingencies (10%)				58,616	14,232	72,848
ESTIMATED TOTAL INTANGIBLES				644,774	156,551	801,324


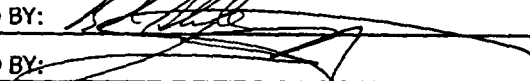
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TANGIBLE COSTS:			CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Conductor Casing	0 Ft @	0.00 \$/Ft	1520315	0	NA	0	0
Surface Csg	350 Ft @	24.00 \$/Ft	1520310	8,400	NA	0	8,400
Intermediate Csg	1,200 Ft @	14.00 \$/Ft	1520315	16,800	NA	0	16,800
Protection Csg	0 Ft @	0.00 \$/Ft	1520320	0	NA	0	0
Production Csg	8,700 Ft @	8.00 \$/Ft	NA	0	1522305	69,600	69,600
Protection Liner	0 Ft @	0.00 \$/Ft	1520310	0	NA	0	0
Production Liner	0 Ft @	0.00 \$/Ft	NA	0	1522305	0	0
Tubing	8,500 Ft @	3.38 \$/Ft	NA	0	1522305	28,730	28,730
Rods	0 Ft @	0.00 \$/Ft	NA	0	1522305	0	0
Artificial Lift Equipment			NA	0	1522305	0	0
Tank Battery			NA	0	1522305	10,600	10,600
Separators/Heater Treater/Gas Units/FWKO			NA	0	1522305	12,720	12,720
* Well Head Equipment & Christmas Tree			1520355	5,500	1522305	11,500	17,000
Subsurface Well Equipment			NA	0	1522305	6,148	6,148
Flow Lines			NA	0	1522305	13,250	13,250
Saltwater Disposal Pump			NA	0	1522305	0	0
Gas Meter			NA	0	1522305	1,484	1,484
Lact Unit			NA	0	1522305	0	0
Vapor Recovery Unit			NA	0	1522305	0	0
Other Well Equipment			NA	0	1522305	0	0
ROW and Damages			NA	0	1522305	0	0
Surface Equipment Installation Costs			NA	0	1522305	9,540	9,540
Elect. Installation			NA	0	1522305	0	0
ESTIMATED TOTAL TANGIBLES				30,700		163,572	194,272
ESTIMATED TOTAL WELL COSTS				675,474		320,123	995,596

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

NRC/APPROVAL	DATE
PREPARED BY: HRW	03/12/01
REVIEWED BY:	
APPROVED BY: 	
APPROVED BY: 	3/12/01

WI APPROVAL: COMPANY Chevron USA, Inc.  
BY  
TITLE  
DATE