

CONCHO OIL & GAS CORP.

Suite 410
110 W. Louisiana
Midland, Texas 79701

(915) 683-7443
FAX 683-7441

CERTIFIED MAIL/RETURN RECEIPT REQUESTED

November 7, 2001

MAILED w/ 11.6.01
Letter to TrinAca
RR# 7099 3400 0017 1249607

B & P Resources, Inc.
Mr. William J. Rome
Mr. George B. Rome
Ms. Linda L. Tuggle
Mr. William G. Kluck and Ms. Nancy Kluck
Mr. Robert D. L. Gardiner
Mr. Rodney A. Weary
Mr. John C. Cory
Avalon Petroleum Company
c/o TrinAca Investment
P. O. Box 2325
Corrales, New Mexico 87048-2325

Mr. Frank G. Holtemann
P. O. Box 703
Nipomo, California 93444

Mr. Larry Hunnicutt
3110 Thomas Avenue, Apt. 113
Dallas, Texas 75204-3976

Hunnicutt refuses to pick up
Registered - return receipt mail.
Also mailed regular
mail.

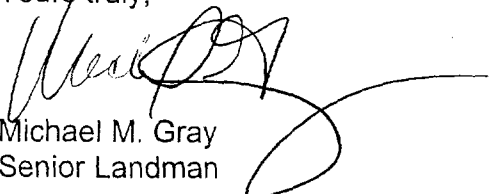
Big "D" State #1
Township 16 South, Range 34 East
Section 6: Lots 3, 4, 5, 6, 11, 12, 13 & 14
Lea County, New Mexico

Gentlemen:

We have previously furnished you with an AFE and Operating Agreement for the drilling of the captioned well. We are enclosing a Revised Authority For Expenditure dated October 19, 2001, which has been revised from our previous Authority For Expenditure dated July 16, 2001. Note, that the estimated dry hole costs and completed well costs in the October 19, 2001 AFE is considerably less than the previous AFE due to falling drilling costs. You have not yet executed an Authority For Expenditure indicating your desire to participate in the drilling of our proposed Big "D" State #1 Well. If you now desire to participate in the well, please execute and return the enclosed Revised Authority For Expenditure dated October 19, 2001 along with an executed copy of the Operating Agreement dated July 27, 2001.

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 12775 Exhibit No. — **A-15**
Submitted By:
Concho Resources, Inc.
Hearing Date: December 6, 2001

Yours truly,


Michael M. Gray
Senior Landman

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

Army Hennicutt
3110 Thomas Ave
113

Dallas, TX 75204-3976

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

x

Returned Unclaimed

☐ Agent

☐ Addressee

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail

☐ Registered ☒ Return Receipt for Merchandise

☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

Article Number (Copy from service label)

7000 1530 0004 2452 0964

Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

Frank G Holtemann

P O Box 703

Nipomo CA 93444

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

F G Holtemann

C. Signature

* F G Holtemann

☐ Agent

☐ Addressee

D. Is delivery address different from item 1?

☐ Yes

If YES, enter delivery address below

☐ No

3. Service Type

☐ Certified Mail

☐ Express Mail

☐ Registered

☒ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

Article Number (Copy from service label)

7099 3400 0017 1724 9541

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

JP Resources et al
c/o TrinAca Investment
PO Box 2325
Socorro NM 87048-2325

Article Number (Copy from service label)

7099 3400 0017 1724 9614

Form 3811, July 1999

Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

Jett Ramsey 11-19-01

C. Signature

X  ☐ Agent ☒ Addressee

D. Is delivery address different from item 1? ☐ Yes ☒ No
If YES, enter delivery address below:

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

102595-00-M-0952

**CONCHO OIL & GAS CORP.
AUTHORITY FOR EXPENDITURE**

WELL NAME: Big "D" State #1

PROSPECT NAME: Sundance

LOCATION: Lot 11, Sec 6-T16S-R34E
3498' FNL & 1200' FWL

COUNTY & STATE: Lea, NM
OBJECTIVE: D&C 13,000' Morrow Well

INTANGIBLE COSTS

	<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
TITLE/CURATIVE/PERMIT	1,000		1,000
DAMAGES/ROW	5,000		5,000
SURVEY/STAKE LOCATION	1,000		1,000
LOCATION/PITS/ROAD EXPENSE	12,000	2,000	14,000
DRILLING/COMPLETION OVERHEAD RATE	1,000	1,000	2,000
TURNKEY CONTRACT			0
FOOTAGE CONTRACT			0
DAYWORK-CONTRACT \$8500/DAY	365,500	17,000	382,500
FUEL & POWER	30,000	1,500	31,500
WATER	25,000	5,000	30,000
BITS & REAMERS	40,000	1,000	41,000
MUD & CHEMICALS	35,000		35,000
DRILL STEM TEST	5,000		5,000
CORING & ANALYSIS			0
CEMENT SURFACE	5,000		5,000
CEMENT INTERMEDIATE	13,000		13,000
CEMENT PRODUCTION		17,000	17,000
CASING CREWS & EQUIPMENT	3,000	5,000	8,000
FISHING TOOLS & SERVICE			0
CONTRACT LABOR	5,000	10,000	15,000
COMPANY SUPERVISION	2,000	2,000	4,000
CONTRACT SUPERVISION	25,000	6,000	31,000
TESTING CASING/TUBING	1,500	2,000	3,500
MUD LOGGING UNIT	12,000		12,000
LOGGING/WIRELINE SERVICES	30,000	4,000	34,000
PERFORATING		7,000	7,000
STIMULATION/TREATING		75,000	75,000
COMPLETION UNIT		20,000	20,000
RENTALS	15,000	7,000	22,000
TRUCKING/FORKLIFT/RIG MOBILIZATION	25,000	2,000	27,000
WELDING SERVICES	2,000	1,000	3,000
FLOAT EQUIPMENT & CENTRALIZERS	1,500	1,500	3,000
MISCELLANEOUS	1,000	1,000	2,000
CONTINGENCY	66,000	19,000	85,000
TOTAL INTANGIBLES	727,500	207,000	934,500

TANGIBLE COSTS

SURFACE CASING	7,000		7,000
400' 13 3/8"			
INTERMEDIATE CASING	45,000		45,000
4300' 8 5/8"			
PRODUCTION CASING / LINER		96,000	96,000
13,000' 5 1/2"			
TUBING 12,800' 2 7/8" N-80		41,000	41,000
WELLHEAD EQUIPMENT	6,000	10,000	16,000
PUMPING UNIT			0
RODS			0
PUMPS			0
TANKS		12,000	12,000
FLOWLINES		2,000	2,000
HEATER TREATER/SEPARATOR		15,000	15,000
ELECTRICAL SYSTEM			0
PACKERS/ANCHORS/HANGERS		8,000	8,000
COUPLINGS/FITTINGS/VALVES		10,000	10,000
GAS COMPRESSORS/METERS		2,000	2,000
MISCELLANEOUS		2,000	2,000
CONTINGENCY	5,800	20,000	25,800
TOTAL TANGIBLES	63,800	218,000	281,800
TOTAL WELL COSTS	791,300	425,000	1,216,300

PLUGGING COST

TOTAL DRY HOLE

Concho Oil & Gas Corp.

By: Erick W. Nelson

ESW
10/22/01

Date Prepared:

10/19/01

We approve: 1.2045853% WI
_____% Before Tanks / _____% After Tanks

Company: LARRY HUNNICUTT

By:

Printed Name: Larry Hunnicutt

Title:

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.

**CONCHO OIL & GAS CORP.
AUTHORITY FOR EXPENDITURE**

WELL NAME: Big "D" State #1

PROSPECT NAME: Sundance

LOCATION: Lot 11, Sec 6-T16S-R34E

COUNTY & STATE: Lea, NM

3498' FNL & 1200' FWL

OBJECTIVE: D&C 13,000' Morrow Well

INTANGIBLE COSTS

	<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
TITLE/CURATIVE/PERMIT	1,000		1,000
DAMAGES/ROW	5,000		5,000
SURVEY/STAKE LOCATION	1,000		1,000
LOCATION/PITS/ROAD EXPENSE	12,000	2,000	14,000
DRILLING/COMPLETION OVERHEAD RATE	1,000	1,000	2,000
TURNKEY CONTRACT			0
FOOTAGE CONTRACT			0
DAYWORK-CONTRACT \$8500/DAY	365,500	17,000	382,500
FUEL & POWER	30,000	1,500	31,500
WATER	25,000	5,000	30,000
BITS & REAMERS	40,000	1,000	41,000
MUD & CHEMICALS	35,000		35,000
DRILL STEM TEST	5,000		5,000
CORING & ANALYSIS			0
CEMENT SURFACE	5,000		5,000
CEMENT INTERMEDIATE	13,000		13,000
CEMENT PRODUCTION		17,000	17,000
CASING CREWS & EQUIPMENT	3,000	5,000	8,000
FISHING TOOLS & SERVICE			0
CONTRACT LABOR	5,000	10,000	15,000
COMPANY SUPERVISION	2,000	2,000	4,000
CONTRACT SUPERVISION	25,000	6,000	31,000
TESTING CASING/TUBING	1,500	2,000	3,500
MUD LOGGING UNIT	12,000		12,000
LOGGING/WIRELINE SERVICES	30,000	4,000	34,000
PERFORATING		7,000	7,000
STIMULATION/TREATING		75,000	75,000
COMPLETION UNIT		20,000	20,000
RENTALS	15,000	7,000	22,000
TRUCKING/FORKLIFT/RIG MOBILIZATION	25,000	2,000	27,000
WELDING SERVICES	2,000	1,000	3,000
FLOAT EQUIPMENT & CENTRALIZERS	1,500	1,500	3,000
MISCELLANEOUS	1,000	1,000	2,000
CONTINGENCY	66,000	19,000	85,000
TOTAL INTANGIBLES	727,500	207,000	934,500

TANGIBLE COSTS

SURFACE CASING	7,000		7,000
400' 13 3/8"			
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4300' 8 5/8"			
PRODUCTION CASING / LINER		96,000	96,000
13,000' 5 1/2"			
TUBING 12,800' 2 7/8" N-80		41,000	41,000
WELLHEAD EQUIPMENT	6,000	10,000	16,000
PUMPING UNIT			0
RODS			0
PUMPS			0
TANKS		12,000	12,000
FLOWLINES		2,000	2,000
HEATER TREATER/SEPARATOR		15,000	15,000
ELECTRICAL SYSTEM			0
PACKERS/ANCHORS/HANGERS		8,000	8,000
COUPLINGS/FITTINGS/VALVES		10,000	10,000
GAS COMPRESSORS/METERS		2,000	2,000
MISCELLANEOUS		2,000	2,000
CONTINGENCY	5,800	20,000	25,800
TOTAL TANGIBLES	63,800	218,000	281,800
TOTAL WELL COSTS	791,300	425,000	1,216,300

PLUGGING COST

TOTAL DRY HOLE

Concho Oil & Gas Corp.

By: Erick W. Nelson

ESW
10/22/01

Date Prepared:

10/19/01

We approve: 1.624997% WI
_____% Before Tanks / _____% After Tanks

Company: B & P RESOURCES, INC.

By:

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.

**CONCHO OIL & GAS CORP.
AUTHORITY FOR EXPENDITURE**

WELL NAME: Big "D" State #1
LOCATION: Lot 11, Sec 6-T16S-R34E
3498' FNL & 1200' FWL

PROSPECT NAME: Sundance
COUNTY & STATE: Lea, NM
OBJECTIVE: D&C 13,000' Morrow Well

INTANGIBLE COSTS

	<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
TITLE/CURATIVE/PERMIT	1,000		1,000
DAMAGES/ROW	5,000		5,000
SURVEY/STAKE LOCATION	1,000		1,000
LOCATION/PITS/ROAD EXPENSE	12,000	2,000	14,000
DRILLING/COMPLETION OVERHEAD RATE	1,000	1,000	2,000
TURNKEY CONTRACT			0
FOOTAGE CONTRACT			0
DAYWORK-CONTRACT \$8500/DAY	365,500	17,000	382,500
FUEL & POWER	30,000	1,500	31,500
WATER	25,000	5,000	30,000
BITS & REAMERS	40,000	1,000	41,000
MUD & CHEMICALS	35,000		35,000
DRILL STEM TEST	5,000		5,000
CORING & ANALYSIS			0
CEMENT SURFACE	5,000		5,000
CEMENT INTERMEDIATE	13,000		13,000
CEMENT PRODUCTION		17,000	17,000
CASING CREWS & EQUIPMENT	3,000	5,000	8,000
FISHING TOOLS & SERVICE			0
CONTRACT LABOR	5,000	10,000	15,000
COMPANY SUPERVISION	2,000	2,000	4,000
CONTRACT SUPERVISION	25,000	6,000	31,000
TESTING CASING/TUBING	1,500	2,000	3,500
MUD LOGGING UNIT	12,000		12,000
LOGGING/WIRELINE SERVICES	30,000	4,000	34,000
PERFORATING		7,000	7,000
STIMULATION/TREATING		75,000	75,000
COMPLETION UNIT		20,000	20,000
RENTALS	15,000	7,000	22,000
TRUCKING/FORKLIFT/RIG MOBILIZATION	25,000	2,000	27,000
WELDING SERVICES	2,000	1,000	3,000
FLOAT EQUIPMENT & CENTRALIZERS	1,500	1,500	3,000
MISCELLANEOUS	1,000	1,000	2,000
CONTINGENCY	66,000	19,000	85,000
TOTAL INTANGIBLES	727,500	207,000	934,500

TANGIBLE COSTS

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400' 13 3/8"			
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TUBING 12,800' 2 7/8" N-80		41,000	41,000
WELLHEAD EQUIPMENT	6,000	10,000	16,000
PUMPING UNIT			0
RODS			0
PUMPS			0
TANKS		12,000	12,000
FLOWLINES		2,000	2,000
HEATER TREATER/SEPARATOR		15,000	15,000
ELECTRICAL SYSTEM			0
PACKERS/ANCHORS/HANGERS		8,000	8,000
COUPLINGS/FITTINGS/VALVES		10,000	10,000
GAS COMPRESSORS/METERS		2,000	2,000
MISCELLANEOUS		2,000	2,000
CONTINGENCY	5,800	20,000	25,800
TOTAL TANGIBLES	63,800	218,000	281,800
TOTAL WELL COSTS	791,300	425,000	1,216,300

PLUGGING COST
TOTAL DRY HOLE

Concho Oil & Gas Corp.

By: Erick W. Nelson

ESW 10/22/01

Date Prepared:

10/19/01

We approve: 0.3749955% WI
_____% Before Tanks / _____% After Tanks

Company: WILLIAM J. ROME

By:

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.

**CONCHO OIL & GAS CORP.
AUTHORITY FOR EXPENDITURE**

WELL NAME: Big "D" State #1

PROSPECT NAME: Sundance

LOCATION: Lot 11, Sec 6-T16S-R34E

COUNTY & STATE: Lea, NM

3498' FNL & 1200' FWL

OBJECTIVE: D&C 13,000' Morrow Well

INTANGIBLE COSTS

	<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
TITLE/CURATIVE/PERMIT	1,000		1,000
DAMAGES/ROW	5,000		5,000
SURVEY/STAKE LOCATION	1,000		1,000
LOCATION/PITS/ROAD EXPENSE	12,000	2,000	14,000
DRILLING/COMPLETION OVERHEAD RATE	1,000	1,000	2,000
TURNKEY CONTRACT			0
FOOTAGE CONTRACT			0
DAYWORK-CONTRACT \$8500/DAY	365,500	17,000	382,500
FUEL & POWER	30,000	1,500	31,500
WATER	25,000	5,000	30,000
BITS & REAMERS	40,000	1,000	41,000
MUD & CHEMICALS	35,000		35,000
DRILL STEM TEST	5,000		5,000
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LOGGING/WIRELINE SERVICES	30,000	4,000	34,000
PERFORATING		7,000	7,000
STIMULATION/TREATING		75,000	75,000
COMPLETION UNIT		20,000	20,000
RENTALS	15,000	7,000	22,000
TRUCKING/FORKLIFT/RIG MOBILIZATION	25,000	2,000	27,000
WELDING SERVICES	2,000	1,000	3,000
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PUMPING UNIT			0
RODS			0
PUMPS			0
TANKS		12,000	12,000
FLOWLINES		2,000	2,000
HEATER TREATER/SEPARATOR		15,000	15,000
ELECTRICAL SYSTEM			0
PACKERS/ANCHORS/HANGERS		8,000	8,000
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GAS COMPRESSORS/METERS		2,000	2,000
MISCELLANEOUS		2,000	2,000
CONTINGENCY	5,800	20,000	25,800
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TOTAL WELL COSTS	791,300	425,000	1,216,300

PLUGGING COST

TOTAL DRY HOLE

Concho Oil & Gas Corp.

By: Erick W. Nelson

EJW
10/22/01

Date Prepared:

10/19/01

We approve: 0.3749955% WI
_____% Before Tanks / _____% After Tanks

Company: GEORGE B. ROME

By:

Printed Name: George B. Rome

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.

**CONCHO OIL & GAS CORP.
AUTHORITY FOR EXPENDITURE**

WELL NAME: Big "D" State #1
LOCATION: Lot 11, Sec 6-T16S-R34E
3498' FNL & 1200' FWL

PROSPECT NAME: Sundance
COUNTY & STATE: Lea, NM
OBJECTIVE: D&C 13,000' Morrow Well

INTANGIBLE COSTS

	BCP	ACP	TOTAL
TITLE/CURATIVE/PERMIT	1,000		1,000
DAMAGES/ROW	5,000		5,000
SURVEY/STAKE LOCATION	1,000		1,000
LOCATION/PITS/ROAD EXPENSE	12,000	2,000	14,000
DRILLING/COMPLETION OVERHEAD RATE	1,000	1,000	2,000
TURNKEY CONTRACT			0
FOOTAGE CONTRACT			0
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PERFORATING		7,000	7,000
STIMULATION/TREATING		75,000	75,000
COMPLETION UNIT		20,000	20,000
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13,000' 5 1/2"			
TUBING 12,800' 2 7/8" N-80		41,000	41,000
WELLHEAD EQUIPMENT	6,000	10,000	16,000
PUMPING UNIT			0
RODS			0
PUMPS			0
TANKS		12,000	12,000
FLOWLINES		2,000	2,000
HEATER TREATER/SEPARATOR		15,000	15,000
ELECTRICAL SYSTEM			0
PACKERS/ANCHORS/HANGERS		8,000	8,000
COUPLINGS/FITTINGS/VALVES		10,000	10,000
GAS COMPRESSORS/METERS		2,000	2,000
MISCELLANEOUS		2,000	2,000
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TOTAL WELL COSTS	791,300	425,000	1,216,300

PLUGGING COST
TOTAL DRY HOLE

Concho Oil & Gas Corp.

By: Erick W. Nelson

ETW 10/22/01

Date Prepared:

10/19/01

We approve: 0.3749955% WI
% Before Tanks / % After Tanks

Company: RODNEY A. WEARY

By:

Printed Name: Rodney A. Weary

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.

**CONCHO OIL & GAS CORP.
AUTHORITY FOR EXPENDITURE**

WELL NAME: Big "D" State #1
LOCATION: Lot 11, Sec 6-T16S-R34E
3498' FNL & 1200' FWL

PROSPECT NAME: Sundance
COUNTY & STATE: Lea, NM
OBJECTIVE: D&C 13,000' Morrow Well

INTANGIBLE COSTS

	BCP	ACP	TOTAL
TITLE/CURATIVE/PERMIT	1,000		1,000
DAMAGES/ROW	5,000		5,000
SURVEY/STAKE LOCATION	1,000		1,000
LOCATION/PITS/ROAD EXPENSE	12,000	2,000	14,000
DRILLING/COMPLETION OVERHEAD RATE	1,000	1,000	2,000
TURNKEY CONTRACT			0
FOOTAGE CONTRACT			0
DAYWORK-CONTRACT \$8500/DAY	365,500	17,000	382,500
FUEL & POWER	30,000	1,500	31,500
WATER	25,000	5,000	30,000
BITS & REAMERS	40,000	1,000	41,000
MUD & CHEMICALS	35,000		35,000
DRILL STEM TEST	5,000		5,000
CORING & ANALYSIS			0
CEMENT SURFACE	5,000		5,000
CEMENT INTERMEDIATE	13,000		13,000
CEMENT PRODUCTION		17,000	17,000
CASING CREWS & EQUIPMENT	3,000	5,000	8,000
FISHING TOOLS & SERVICE			0
CONTRACT LABOR	5,000	10,000	15,000
COMPANY SUPERVISION	2,000	2,000	4,000
CONTRACT SUPERVISION	25,000	6,000	31,000
TESTING CASING/TUBING	1,500	2,000	3,500
MUD LOGGING UNIT	12,000		12,000
LOGGING/WIRELINE SERVICES	30,000	4,000	34,000
PERFORATING		7,000	7,000
STIMULATION/TREATING		75,000	75,000
COMPLETION UNIT		20,000	20,000
RENTALS	15,000	7,000	22,000
TRUCKING/FORKLIFT/RIG MOBILIZATION	25,000	2,000	27,000
WELDING SERVICES	2,000	1,000	3,000
FLOAT EQUIPMENT & CENTRALIZERS	1,500	1,500	3,000
MISCELLANEOUS	1,000	1,000	2,000
CONTINGENCY	66,000	19,000	85,000
TOTAL INTANGIBLES	727,500	207,000	934,500

TANGIBLE COSTS

SURFACE CASING	7,000		7,000
400' 13 3/8"			
INTERMEDIATE CASING	45,000		45,000
4300' 8 5/8"			
PRODUCTION CASING / LINER		96,000	96,000
13,000' 5 1/2"			
TUBING 12,800' 2 7/8" N-80		41,000	41,000
WELLHEAD EQUIPMENT	6,000	10,000	16,000
PUMPING UNIT			0
RODS			0
PUMPS			0
TANKS		12,000	12,000
FLOWLINES		2,000	2,000
HEATER TREATER/SEPARATOR		15,000	15,000
ELECTRICAL SYSTEM			0
PACKERS/ANCHORS/HANGERS		8,000	8,000
COUPLINGS/FITTINGS/VALVES		10,000	10,000
GAS COMPRESSORS/METERS		2,000	2,000
MISCELLANEOUS		2,000	2,000
CONTINGENCY	5,800	20,000	25,800
TOTAL TANGIBLES	63,800	218,000	281,800
TOTAL WELL COSTS	791,300	425,000	1,216,300

PLUGGING COST

TOTAL DRY HOLE

Concho Oil & Gas Corp.

By: Erick W. Nelson

EJW
10/22/01

Date Prepared:

10/19/01

We approve: 0.3749955% WI
____ % Before Tanks / ____ % After Tanks

Company: JOHN C. CORY

By:

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.

**CONCHO OIL & GAS CORP.
AUTHORITY FOR EXPENDITURE**

WELL NAME: Big "D" State #1
LOCATION: Lot 11, Sec 6-T16S-R34E
3498' FNL & 1200' FWL

PROSPECT NAME: Sundance
COUNTY & STATE: Lea, NM
OBJECTIVE: D&C 13,000' Morrow Well

INTANGIBLE COSTS

	BCP	ACP	TOTAL
TITLE/CURATIVE/PERMIT	1,000		1,000
DAMAGES/ROW	5,000		5,000
SURVEY/STAKE LOCATION	1,000		1,000
LOCATION/PITS/ROAD EXPENSE	12,000	2,000	14,000
DRILLING/COMPLETION OVERHEAD RATE	1,000	1,000	2,000
TURNKEY CONTRACT			0
FOOTAGE CONTRACT			0
DAYWORK-CONTRACT \$8500/DAY	365,500	17,000	382,500
FUEL & POWER	30,000	1,500	31,500
WATER	25,000	5,000	30,000
BITS & REAMERS	40,000	1,000	41,000
MUD & CHEMICALS	35,000		35,000
DRILL STEM TEST	5,000		5,000
CORING & ANALYSIS			0
CEMENT SURFACE	5,000		5,000
CEMENT INTERMEDIATE	13,000		13,000
CEMENT PRODUCTION		17,000	17,000
CASING CREWS & EQUIPMENT	3,000	5,000	8,000
FISHING TOOLS & SERVICE			0
CONTRACT LABOR	5,000	10,000	15,000
COMPANY SUPERVISION	2,000	2,000	4,000
CONTRACT SUPERVISION	25,000	6,000	31,000
TESTING CASING/TUBING	1,500	2,000	3,500
MUD LOGGING UNIT	12,000		12,000
LOGGING/WIRELINE SERVICES	30,000	4,000	34,000
PERFORATING		7,000	7,000
STIMULATION/TREATING		75,000	75,000
COMPLETION UNIT		20,000	20,000
RENTALS	15,000	7,000	22,000
TRUCKING/FORKLIFT/RIG MOBILIZATION	25,000	2,000	27,000
WELDING SERVICES	2,000	1,000	3,000
FLOAT EQUIPMENT & CENTRALIZERS	1,500	1,500	3,000
MISCELLANEOUS	1,000	1,000	2,000
CONTINGENCY	66,000	19,000	85,000
TOTAL INTANGIBLES	727,500	207,000	934,500

TANGIBLE COSTS

SURFACE CASING	7,000		7,000
400' 13 3/8"			
INTERMEDIATE CASING	45,000		45,000
4300' 8 5/8"			
PRODUCTION CASING / LINER		96,000	96,000
13,000' 5 1/2"			
TUBING 12,800' 2 7/8" N-80		41,000	41,000
WELLHEAD EQUIPMENT	6,000	10,000	16,000
PUMPING UNIT			0
RODS			0
PUMPS			0
TANKS		12,000	12,000
FLOWLINES		2,000	2,000
HEATER TREATER/SEPARATOR		15,000	15,000
ELECTRICAL SYSTEM			0
PACKERS/ANCHORS/HANGERS		8,000	8,000
COUPLINGS/FITTINGS/VALVES		10,000	10,000
GAS COMPRESSORS/METERS		2,000	2,000
MISCELLANEOUS		2,000	2,000
CONTINGENCY	5,800	20,000	25,800
TOTAL TANGIBLES	63,800	218,000	281,800
TOTAL WELL COSTS	791,300	425,000	1,216,300

PLUGGING COST
TOTAL DRY HOLE

Concho Oil & Gas Corp.

By: Erick W. Nelson

EJW
10/22/01

Date Prepared:

10/19/01

We approve: 0.8750390% WI
_____% Before Tanks / _____% After Tanks

Company: AVALON PETROLEUM COMPANY

By:

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.

**CONCHO OIL & GAS CORP.
AUTHORITY FOR EXPENDITURE**

WELL NAME: Big "D" State #1	PROSPECT NAME: Sundance
LOCATION: Lot 11, Sec 6-T16S-R34E	COUNTY & STATE: Lea, NM
3498' FNL & 1200' FWL	OBJECTIVE: D&C 13,000' Morrow Well

INTANGIBLE COSTS

	BCP	ACP	TOTAL
TITLE/CURATIVE/PERMIT	1,000		1,000
DAMAGES/ROW	5,000		5,000
SURVEY/STAKE LOCATION	1,000		1,000
LOCATION/PITS/ROAD EXPENSE	12,000	2,000	14,000
DRILLING/COMPLETION OVERHEAD RATE	1,000	1,000	2,000
TURNKEY CONTRACT			0
FOOTAGE CONTRACT			0
DAYWORK-CONTRACT \$8500/DAY	365,500	17,000	382,500
FUEL & POWER	30,000	1,500	31,500
WATER	25,000	5,000	30,000
BITS & REAMERS	40,000	1,000	41,000
MUD & CHEMICALS	35,000		35,000
DRILL STEM TEST	5,000		5,000
CORING & ANALYSIS			0
CEMENT SURFACE	5,000		5,000
CEMENT INTERMEDIATE	13,000		13,000
CEMENT PRODUCTION		17,000	17,000
CASING CREWS & EQUIPMENT	3,000	5,000	8,000
FISHING TOOLS & SERVICE			0
CONTRACT LABOR	5,000	10,000	15,000
COMPANY SUPERVISION	2,000	2,000	4,000
CONTRACT SUPERVISION	25,000	6,000	31,000
TESTING CASING/TUBING	1,500	2,000	3,500
MUD LOGGING UNIT	12,000		12,000
LOGGING/WIRELINE SERVICES	30,000	4,000	34,000
PERFORATING		7,000	7,000
STIMULATION/TREATING		75,000	75,000
COMPLETION UNIT		20,000	20,000
RENTALS	15,000	7,000	22,000
TRUCKING/FORKLIFT/RIG MOBILIZATION	25,000	2,000	27,000
WELDING SERVICES	2,000	1,000	3,000
FLOAT EQUIPMENT & CENTRALIZERS	1,500	1,500	3,000
MISCELLANEOUS	1,000	1,000	2,000
CONTINGENCY	66,000	19,000	85,000
TOTAL INTANGIBLES	727,500	207,000	934,500

TANGIBLE COSTS

SURFACE CASING	7,000		7,000
400' 13 3/8"			
INTERMEDIATE CASING	45,000		45,000
4300' 8 5/8"			
PRODUCTION CASING / LINER		96,000	96,000
13,000' 5 1/2"			
TUBING 12,800' 2 7/8" N-80		41,000	41,000
WELLHEAD EQUIPMENT	6,000	10,000	16,000
PUMPING UNIT			0
RODS			0
PUMPS			0
TANKS		12,000	12,000
FLOWLINES		2,000	2,000
HEATER TREATER/SEPARATOR		15,000	15,000
ELECTRICAL SYSTEM			0
PACKERS/ANCHORS/HANGERS		8,000	8,000
COUPLINGS/FITTINGS/VALVES		10,000	10,000
GAS COMPRESSORS/METERS		2,000	2,000
MISCELLANEOUS		2,000	2,000
CONTINGENCY	5,800	20,000	25,800
TOTAL TANGIBLES	63,800	218,000	281,800
TOTAL WELL COSTS	791,300	425,000	1,216,300

PLUGGING COST

TOTAL DRY HOLE

Concho Oil & Gas Corp.

By: Erick W. Nelson

EJW
10/22/01

Date Prepared:

10/19/01

We approve: 0.1806856%

____ % Before Tanks / ____ % After Tanks

Company: ROBERT D. L. GARDINER

By:

Printed Name: Robert D. L. Gardiner

Title:

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**CONCHO OIL & GAS CORP.
AUTHORITY FOR EXPENDITURE**

WELL NAME: Big "D" State #1	PROSPECT NAME: Sundance
LOCATION: Lot 11, Sec 6-T16S-R34E	COUNTY & STATE: Lea, NM
3498' FNL & 1200' FWL	OBJECTIVE: D&C 13,000' Morrow Well

INTANGIBLE COSTS

	BCP	ACP	TOTAL
TITLE/CURATIVE/PERMIT	1,000		1,000
DAMAGES/ROW	5,000		5,000
SURVEY/STAKE LOCATION	1,000		1,000
LOCATION/PITS/ROAD EXPENSE	12,000	2,000	14,000
DRILLING/COMPLETION OVERHEAD RATE	1,000	1,000	2,000
TURNKEY CONTRACT			0
FOOTAGE CONTRACT			0
DAYWORK-CONTRACT \$8500/DAY	365,500	17,000	382,500
FUEL & POWER	30,000	1,500	31,500
WATER	25,000	5,000	30,000
BITS & REAMERS	40,000	1,000	41,000
MUD & CHEMICALS	35,000		35,000
DRILL STEM TEST	5,000		5,000
CORING & ANALYSIS			0
CEMENT SURFACE	5,000		5,000
CEMENT INTERMEDIATE	13,000		13,000
CEMENT PRODUCTION		17,000	17,000
CASING CREWS & EQUIPMENT	3,000	5,000	8,000
FISHING TOOLS & SERVICE			0
CONTRACT LABOR	5,000	10,000	15,000
COMPANY SUPERVISION	2,000	2,000	4,000
CONTRACT SUPERVISION	25,000	6,000	31,000
TESTING CASING/TUBING	1,500	2,000	3,500
MUD LOGGING UNIT	12,000		12,000
LOGGING/WIRELINE SERVICES	30,000	4,000	34,000
PERFORATING		7,000	7,000
STIMULATION/TREATING		75,000	75,000
COMPLETION UNIT		20,000	20,000
RENTALS	15,000	7,000	22,000
TRUCKING/FORKLIFT/RIG MOBILIZATION	25,000	2,000	27,000
WELDING SERVICES	2,000	1,000	3,000
FLOAT EQUIPMENT & CENTRALIZERS	1,500	1,500	3,000
MISCELLANEOUS	1,000	1,000	2,000
CONTINGENCY	66,000	19,000	85,000
TOTAL INTANGIBLES	727,500	207,000	934,500

TANGIBLE COSTS

SURFACE CASING	7,000		7,000
400' 13 3/8"			
INTERMEDIATE CASING	45,000		45,000
4300' 8 5/8"			
PRODUCTION CASING / LINER		96,000	96,000
13,000' 5 1/2"			
TUBING 12,800' 2 7/8" N-80		41,000	41,000
WELLHEAD EQUIPMENT	6,000	10,000	16,000
PUMPING UNIT			0
RODS			0
PUMPS			0
TANKS		12,000	12,000
FLOWLINES		2,000	2,000
HEATER TREATER/SEPARATOR		15,000	15,000
ELECTRICAL SYSTEM			0
PACKERS/ANCHORS/HANGERS		8,000	8,000
COUPLINGS/FITTINGS/VALVES		10,000	10,000
GAS COMPRESSORS/METERS		2,000	2,000
MISCELLANEOUS		2,000	2,000
CONTINGENCY	5,800	20,000	25,800
TOTAL TANGIBLES	63,800	218,000	281,800
TOTAL WELL COSTS	791,300	425,000	1,216,300

PLUGGING COST

TOTAL DRY HOLE

Concho Oil & Gas Corp.

By: Erick W. Nelson

ETW
10/22/01

Date Prepared:

10/19/01

We approve: 0.1806856%

____ % Before Tanks / ____ % After Tanks

Company: LINDA L. TUGGLE

By:

Printed Name: Linda L. Tuggle

Title:

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**CONCHO OIL & GAS CORP.
AUTHORITY FOR EXPENDITURE**

WELL NAME: Big "D" State #1

PROSPECT NAME: Sundance

LOCATION: Lot 11, Sec 6-T16S-R34E
3498' FNL & 1200' FWL

COUNTY & STATE: Lea, NM
OBJECTIVE: D&C 13,000' Morrow Well

INTANGIBLE COSTS

	BCP	ACP	TOTAL
TITLE/CURATIVE/PERMIT	1,000		1,000
DAMAGES/ROW	5,000		5,000
SURVEY/STAKE LOCATION	1,000		1,000
LOCATION/PITS/ROAD EXPENSE	12,000	2,000	14,000
DRILLING/COMPLETION OVERHEAD RATE	1,000	1,000	2,000
TURNKEY CONTRACT			0
FOOTAGE CONTRACT			0
DAYWORK-CONTRACT \$8500/DAY	365,500	17,000	382,500
FUEL & POWER	30,000	1,500	31,500
WATER	25,000	5,000	30,000
BITS & REAMERS	40,000	1,000	41,000
MUD & CHEMICALS	35,000		35,000
DRILL STEM TEST	5,000		5,000
CORING & ANALYSIS			0
CEMENT SURFACE	5,000		5,000
CEMENT INTERMEDIATE	13,000		13,000
CEMENT PRODUCTION		17,000	17,000
CASING CREWS & EQUIPMENT	3,000	5,000	8,000
FISHING TOOLS & SERVICE			0
CONTRACT LABOR	5,000	10,000	15,000
COMPANY SUPERVISION	2,000	2,000	4,000
CONTRACT SUPERVISION	25,000	6,000	31,000
TESTING CASING/TUBING	1,500	2,000	3,500
MUD LOGGING UNIT	12,000		12,000
LOGGING/WIRELINE SERVICES	30,000	4,000	34,000
PERFORATING		7,000	7,000
STIMULATION/TREATING		75,000	75,000
COMPLETION UNIT		20,000	20,000
RENTALS	15,000	7,000	22,000
TRUCKING/FORKLIFT/RIG MOBILIZATION	25,000	2,000	27,000
WELDING SERVICES	2,000	1,000	3,000
FLOAT EQUIPMENT & CENTRALIZERS	1,500	1,500	3,000
MISCELLANEOUS	1,000	1,000	2,000
CONTINGENCY	66,000	19,000	85,000
TOTAL INTANGIBLES	727,500	207,000	934,500

TANGIBLE COSTS

SURFACE CASING	7,000		7,000
400' 13 3/8"			
INTERMEDIATE CASING	45,000		45,000
4300' 8 5/8"			
PRODUCTION CASING / LINER		96,000	96,000
13,000' 5 1/2"			
TUBING 12,800' 2 7/8" N-80		41,000	41,000
WELLHEAD EQUIPMENT	6,000	10,000	16,000
PUMPING UNIT			0
RODS			0
PUMPS			0
TANKS		12,000	12,000
FLOWLINES		2,000	2,000
HEATER TREATER/SEPARATOR		15,000	15,000
ELECTRICAL SYSTEM			0
PACKERS/ANCHORS/HANGERS		8,000	8,000
COUPLINGS/FITTINGS/VALVES		10,000	10,000
GAS COMPRESSORS/METERS		2,000	2,000
MISCELLANEOUS		2,000	2,000
CONTINGENCY	5,800	20,000	25,800
TOTAL TANGIBLES	63,800	218,000	281,800
TOTAL WELL COSTS	791,300	425,000	1,216,300

PLUGGING COST

TOTAL DRY HOLE

Concho Oil & Gas Corp.

By: Erick W. Nelson

ETW
10/22/01

Date Prepared:

10/19/01

We approve: 0.1806856%

% Before Tanks / % After Tanks

Company: WILLIAM G. & NANCY KLUCK, as

By: Joint Tenants with Rights of Survivorship

Printed Name: William G. Kluck

Title:

By:

Nancy Kluck

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.