

**CONCHO RESOURCES INC.  
AUTHORITY FOR EXPENDITURE**

WELL NAME: **San Simon 21 State No. 2**  
LOCATION: **S21-T21S-R35E**  
**660' FNL & 1650' FWL**

PROSPECT NAME: **POGO**  
COUNTY & STATE: **Lea, NM**  
OBJECTIVE: **DC&E 12700' Morrow Well**

<b>INTANGIBLE COSTS</b>	<b>BCP</b>	<b>ACP</b>	<b>TOTAL</b>
TITLE/CURATIVE/PERMIT	1,000		1,000
DAMAGES/ROW	10,000		10,000
SURVEY/STAKE LOCATION	1,000		1,000
LOCATION/PITS/ROAD EXPENSE	35,000	2,000	37,000
DRILLING/COMPLETION OVERHEAD RATE	5,000	1,000	6,000
TURNKEY CONTRACT			0
FOOTAGE CONTRACT			0
DAYWORK-CONTRACT \$8200/DAY 36.4	295,200	32,800	328,000
FUEL & POWER-Diesel @ \$1100/day	39,600	4,400	44,000
WATER	25,000	5,000	30,000
BITS & REAMERS	82,000	1,000	83,000
MUD & CHEMICALS	35,000		35,000
DRILL STEM TEST	5,000		5,000
CORING & ANALYSIS			0
CEMENT SURFACE	11,500		11,500
CEMENT INTERMEDIATE - 1	19,000		19,000
CEMENT INTERMEDIATE - 2	11,500		11,500
CEMENT PRODUCTION		10,800	10,800
CASING CREWS & EQUIPMENT	6,000	6,000	12,000
FISHING TOOLS & SERVICE			0
CONTRACT LABOR	5,000	10,000	15,000
COMPANY SUPERVISION	500	2,000	2,500
CONTRACT SUPERVISION	18,000	7,000	25,000
TESTING CASING/TUBING	3,600	3,000	6,600
MUD LOGGING UNIT-31 Days	18,600		18,600
LOGGING/WIRELINE SERVICES	45,000	5,000	50,000
PERFORATING		25,000	25,000
STIMULATION/TREATING		90,000	90,000
COMPLETION UNIT		20,000	20,000
RENTALS	20,000	12,000	32,000
TRUCKING/FORKLIFT/RIG MOBILIZATION	50,000	4,000	54,000
WELDING SERVICES	3,900	2,000	5,900
FLOAT EQUIPMENT, DV, LNR HGR & CENTRALIZERS	9,500	30,000	39,500
MISCELLANEOUS	8,500	2,000	10,500
CONTINGENCY - 10%	76,500	27,500	104,000
<b>TOTAL INTANGIBLES</b>	<b>840,900</b>	<b>302,500</b>	<b>1,143,400</b>

<b>TANGIBLE COSTS</b>			
SURFACE CASING			
-1450' 13 3/8" 54.5# K55 STC @ \$17.10/ft	24,800		24,800
INTERMEDIATE CASING - 1			
4500' 9 5/8" 40# J55 LTC @ \$13.10/ft	59,000		59,000
1000' 9 5/8" 40# HCK55 LTC @ \$14.48/ft	14,500		14,500
INTERMEDIATE CASING - 2			
11000' 7" 26# P110 LTC @ \$10.75/ft	118,300		118,300
PRODUCTION LINER			
2400' 4-1/2" 11.6# HCP110 LTC @ \$6.30/ft		15,200	15,200
TUBING 12700' 2 7/8" P1100 @ \$3.60/ft		45,800	45,800
WELLHEAD EQUIPMENT	14,100	13,000	27,100
PUMPING UNIT			0
RODS			0
PUMPS			0
TANKS		15,000	15,000
FLOWLINES		2,000	2,000
HEATER TREATER/SEPARATOR		17,000	17,000
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	4,000
CONTINGENCY - 5%	11,700	6,500	18,200
<b>TOTAL TANGIBLES</b>	<b>244,400</b>	<b>136,500</b>	<b>380,900</b>
<b>TOTAL WELL COSTS</b>	<b>1,085,300</b>	<b>439,000</b>	<b>1,524,300</b>

PLUGGING COST \_\_\_\_\_  
TOTAL DRY HOLE \_\_\_\_\_

Concho Resources Inc.

By: Mark E. Ellerbe

*MEG ESW 11/3/03*

Date Prepared:

30-Oct-03

We approve:  
\_\_\_\_\_ % Before Tanks / \_\_\_\_\_ % After Tanks

Company: \_\_\_\_\_  
By: \_\_\_\_\_

Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

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

**CIL CONSERVATION DIVISION**  
**CASE NUMBER**  
**EXHIBIT NUMBER**