

# Nadel and Gussman HEYCO, L.L.C.

## Authorization for Expenditure

Well Name:	Iron Duke #4H		Prospect:	Yaso Horizontal with Pilot to 2,900ft	
Location:	SHL: 990' FNL, 200' FWL    BHL: 990' FNL, 330' FEL		County:	EDDY	ST: NM
Section:	9	Horizontal TVD:	2,550ft	TNP: 185	RNG: 26E
				Prop. Depth:	7,000ft MD

INTANGIBLE COST	Code	TCP	Code	CC-ACP
Legal: Drilling Title Opinion	920-009	\$25,000		
Location, Roads, Conductor, Damages, ROW	921-001	\$80,000	925-003	\$25,000
Day work Drilling Cost: \$17,000/day 22 Days TCP, 2 Days ACP	921-003	\$374,000	925-100	\$34,000
Fuel \$3,000/day	921-003	\$66,000	925-003	\$6,000
Mud	921-005	\$100,000		\$15,000
Cementing: 13-3/8", 9-5/8", 7" Casing, KOP	921-004	\$80,000		
Logging: Gyro, Open Hole Logs	923-003	\$30,000	924-005	\$15,000
Casing Crews, Laydown Machine	921-004	\$15,000		\$15,000
Mud Logging and Geosteering	921-006	\$25,000		
Stimulation: Pressure Pumping Service			924-007	\$955,000
Stimulation: Surface Rentals, Transfer Services, etc.			924-006	\$45,000
Water	921-010	\$10,000	924-002	\$60,000
Bits	922-004	\$65,000	925-001	\$5,000
Drill String Inspection	921-008	\$4,500	925-003	\$15,000
Rig Mobilization	922-002	\$55,000		
Transportation: Surf. CSG, Surface Rentals, Prod. CSG, Drill pipe, etc.	922-002	\$10,000	922-002	\$45,000
Directional Drilling 10 days at \$13,000/day	922-000	\$130,000		
Surface Rentals: \$4,000/day: 22 Day TCP, 2 Days ACP	922-000	\$88,000	924-006	\$8,000
Sub Surface Rentals: Drill Pipe, Stabilization, etc.	922-000	\$50,000		
Overhead	922-001	\$5,000	924-008	\$5,000
Supervision: \$650/Day 22 days drilling; 12 Days Completion	922-001	\$14,300	924-008	\$7,800
Well Control Insurance	921-008	\$7,500		
Welding, Cut off Casing, Set Slips, etc.	922-003	\$3,000	924-009	\$3,000
Pulling Unit/Completion Unit 2 days @ \$5,000/day			924-001	\$10,000
Testing BOP	921-008	\$8,000		
Drill String Corrosion	921-011	\$8,500		
Trucking Clean Pits, SWD, Solids Disposal			924-010	\$135,000
Float Equipment	931-000	\$15,000		
Coil Tubing and N2			924-006	\$175,000
Battery, Flowline, Electric Line Installation			924-009	\$60,000
Contingencies 5% TCP 5% CC		\$63,440		\$81,940
<b>TOTAL</b>		<b>\$1,332,240</b>		<b>\$1,720,740</b>

TANGIBLE				
Surface Casing: 9-5/8" 36# J-55; 1100ft @ \$30/ft	930-002	\$33,000		
Production Casing: 7" 26#, L-80; 3,000ft @ \$30/ft	930-002	\$90,000		
Production Liner: 4.5" 19.5#, L-80; 4,500ft @ \$16/ft			930-003	\$72,000
Tubing: 2-7/8" 6.5# L-80; 2,100ft @ \$6.00/ft			930-004	\$12,600
Wellhead	930-009	\$5,000	930-009	\$6,000
Open hole Packers & Frac Ports			931-000	\$265,000
Rods & Pump			931-000	\$30,000
PC Pump			940-001	\$45,000
Tanks			940-005	\$100,000
Separator- Heater Treater			940-002	\$37,500
Metering Equipment			940-006	\$10,000
Flowline Equipment			941-001	\$20,000
Valves, Connections, Fittings			941-005	\$20,000
Electrical Equipment			941-005	\$25,000
<b>TOTAL</b>		<b>\$128,000</b>		<b>\$643,100</b>
<b>TOTAL TANGIBLE AND INTANGIBLE</b>		<b>\$1,460,240</b>		<b>\$2,363,840</b>
<b>TOTAL WELL COST</b>				<b>\$3,824,080</b>

Created by: Jason Goss *TWB*

Date: 6/24/2013

Oil Conservation Division  
Case No. *4*  
Exhibit No. *4*

Joint Owner: \_\_\_\_\_

Joint Owner Approval: \_\_\_\_\_

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

Date: \_\_\_\_\_