

Dan A. Hughes Company
P. O. Drawer 669
Beeville, Texas

AUTHORITY FOR EXPENDITURE # 0284

DATE 10/2/07

WELL: Hueco South Unit 26 State #1
COUNTY: Hidalgo
PROSPECT: Pedregosa Basin (Hueco South Unit)
PROPOSED DEPTH: 6600'
LOCATION: Township 32S, Range 17W, Section 26, SW/4 SW4, 660' FSL x 660' FWL

<u>INTANGIBLE COSTS (G/L # 6010)</u>	<u>Acct. Codes</u>	<u>Drilling Costs</u>	<u>Completion Costs</u>	<u>Total Estimated Costs</u>
LOCATION COSTS:				
Survey	105	5,000		5,000
Location & Road (w/ damages)	121	25,000	3,000	28,000
Location Cleanup	189		5,000	5,000
DRILLING COSTS:				
Drilling Overhead	101	2,000	1,000	3,000
Permit Fees	109	1,000		1,000
Rig Mobilization	119	70,000		70,000
Drilling ft to ft				
10 Days @ \$15,000.00 / Day	129	150,000	16,000	166,000
Fuel	248	20,000		20,000
Water	141	10,000	3,000	13,000
Drilling & Completion Fluids	133	0	3,000	3,000
Drill Bits	137	0		
Cementing Services	169	0	30,000	30,000
Casing Crews/Labor	213	0	8,000	8,000
Surface Equip. Rental	210	0	5,000	5,000
Drillstring & Downhole Rental, Motors	211	0		
Directional Drilling Services	139			
Hauling & Freight	206	20,000	16,000	36,000
Roustabout & Misc. Services	218	6,000	5,000	11,000
Mud & Cuttings Disposal	193	4,000	3,000	7,000
Communication Expenses	230			
Gate Guard	215			
Tubular / BOP Testing	541			
Plugging Costs (if necessary)	175	25,000		25,000
EVALUATION COSTS:				
Electric Logging	149	33,000		33,000
Mud Log Service	145	12,000		12,000
Core & Paleo Analysis	157			
Drill Stem Testing	161			
COMPLETION COSTS:				
Completion Unit	181		18,000	18,000
Cased Hole Wireline Services	173		25,000	25,000
Well Testing	266			
Well Stimulation Treatments	177		5,000	5,000
MISC. COSTS:				
Supervision	551	0	8,000	8,000
Drilling Liability Ins.	573	0		
Loss Of Well Control Ins.	576	0		
Contingencies(5%)	280	0		
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Total Intangible Costs		\$383,000	\$154,000	\$537,000
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AFE # 0284
Well: Hueco South Unit 26 State #1

<u>TANGIBLE COSTS (G/L #1150)</u>	<u>Acct. Codes</u>	<u>Drilling Costs</u>	<u>Completion Costs</u>	<u>Total Estimated Costs</u>
WELLHEAD EQUIPMENT:				
Bradenhead	435	3,000		3,000
Casing Spool	435			
Tubing Spool	430		10,000	10,000
Christmas Tree	430		20,000	20,000
COMPLETION EQUIPMENT:				
Packers	425		7,000	7,000
Liner Hangers	427			
Downhole Pump	482			
TUBULARS:				
Conductor	402	8,000		8,000
Surface 500' of 9-5/8", 36#, J-55 LT&C	404	45,000		45,000
Intermediate	406			
Liner	406			
Production 6200' of 5-1/2", 17# J55 LT&C	410		54,000	54,000
Tubing 6100' of 2-3/8", 4.7# J55 EUE 8rd	415		27,000	27,000
Sucker Rods	481			
SURFACE EQUIPMENT:				
Line Heaters	455			
Heater Treater	455			
Tanks	440			
Dehydration	470			
Separation	450			
Gas Meas. Equipment	475			
Flowlines	420			
Pump Equipment	480			
Engines	483			
Elec. Equipment & Power lines	462			
Misc. Valves, Fittings, Etc.	465			
Installation Costs	495			
Total Tangible Costs		\$56,000	\$118,000	\$174,000
<u>GRAND TOTAL</u>		\$439,000	\$272,000	\$711,000

This AFE is an Estimate of Costs only. Approval of same is a commitment to pay your proportionate share of the actual costs in drilling to the objective depth specified or complete the work herein specified.

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name	
4 Property Code		5 Property Name			6 Well Number
7 OGRID No.		8 Operator Name			9 Elevation 4527.68

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	26	32S	17W		660'		660'		Hidalgo

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres		13 Joint or Infill		14 Consolidation Code		15 Order No.			

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

16					17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.	
					Signature _____ Date _____	
					Printed Name _____	
660' 0					18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.	
					9-26-07 Date of Survey	
					Signature and Seal of Professional Surveyor 5252 Certificate Number	
					5252 Certificate Number	