



InterCoast Oil and Gas

January 2, 1997

InterCoast Oil and Gas Company
7130 South Lewis Avenue
Suite 700
Tulsa, Oklahoma 74136
918 488-8283 Telephone
918 488-8182 Fax

State of New Mexico
Oil Conservation Division
2040 S. Pacheco Street
Santa Fe, NM 87505-5472

Attention: Florene Davidson

RE: Illinois Camp Prospect
Oil Conservation Division Case No. 11657
Application of InterCoast Oil and Gas Company
for Compulsory Pooling
Eddy County, New Mexico

Gentlemen:

On December 13, 1996 a letter was mailed to you regarding the referenced Pooling Order, a copy of which is enclosed. Pursuant to my conversation with you this date, you apparently have not received a copy of this document. Therefore, enclosed please find InterCoast Oil and Gas Company's mailing regarding the referenced prospect and Oil and Conservation Division Case. This AFE is now being provided to you showing the actual well costs for the drilling and completion of the subject well.

Very truly yours,

INTERCOAST OIL AND GAS COMPANY

Carol Drake
Land Secretary

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Enclosures

INTERCOAST OIL AND GAS COMPANY

AUTHORIZATION FOR EXPENDITURES

Description of Work: Footage Drill, Log,DST, complete and equip a single zone Morrow Sand gas well

Prospect Illinois Camp Date 10/1/96
 Lease To Be Determined Well No. 1 AFE No.
 Location 1980' FSL-1650' FWL Section 21 Twp 18S Range 28E
 Field Atoka Morrow County Eddy State New Mexico
 Well TD 10,650' Prim. Obj. Morrow Sec. Obj.

	Before Csg Point	After Csg Point	Total		Before Csg Point	After Csg Point	Total
INTANGIBLE COSTS	BCP-820	ACP-840		TANGIBLE COSTS	BCP-830	ACP-850	
.01 Location/Damage Payment	4,500		4,500	.01 Cattle Guards & Fencing	0	0	0
.02 Location Construction	17,500	1,500	19,000	.02 Csg: Cond.	0	X	0
.03 Contracted Equipment	0	0	0	.03 Csg: Surface	6,500	X	6,500
.04 Rotary Rig: MI, RU, RD, MO	0	0	0	400' 13-3/8" 48# H-40			
.05 Rotary Rig: Daywork	11,000	11,000	22,000	.04 Csg: Intermediate	33,500	X	33,500
.06 Rotary Rig: Footage	197,500	0	197,500	2700' 9-5/8" 36#			
.07 Fuel	2,000	0	2,000	.05 Csg: Production	X	56,000	56,000
.08 Drilling Bits	0	0	0	4-1/2" @ 11100'			
.09 Drilling Fluid	45,000	1,000	46,000	.06 Float Equip, Centrizers, etc.		2,000	2,000
.10 Mud Disposal	3,000	X	3,000	.07 Well Head	8,800	11,500	20,300
.11 Drill Stem Tests	4,000	X	4,000	.08 Tubing	X	25,600	25,600
.12 Cement and Cementing Service	18,000	12,000	30,000	2-3/8", 4.7#, N-80			
.13 Casing Crew, Equipment	3,500	3,500	7,000	.09 Pump Unit	X	0	0
.14 Logging: Open Hole	9,500	X	9,500	.10 Motor/Engine	X	0	0
.15 Completion Rig	X	15,000	15,000	.11 Rods & Pump	X	0	0
.16 Stimulation	X	75,000	75,000	.12 Pkr & Sub-surface Equip.	X	10,000	10,000
.17 Misc. Pumping Services	0	3,500	3,500	.13 Tanks	X	6,000	6,000
.18 Log & Perf Cased Hole	X	8,000	8,000	.14 Separator/Production Unit	X	8,000	8,000
.19 Rentals	5,000	5,000	10,000	.15 Heater Treater/Dehydrator	X	8,000	8,000
.20 Water/Water Hauling	10,500	6,000	16,500	.16 Fittings & Small Pipe	X	12,500	12,500
.21 Hauling/Freight	0	1,000	1,000	.17 Other Equipment	0	0	0
.22 Tubular Inspection	1,500	2,500	4,000	.18 Installation Costs	X	12,500	12,500
.23 Well Testing	1,500	1,000	2,500	.19 Miscellaneous			
.24 Labor: Contract	1,500	2,500	4,000	.20 Contingency			
.25 Company Geologist/Engineer	2,500	0	2,500	Subtotal	\$48,800	\$152,100	\$200,900
.26 Overhead	3,700	1,000	4,700				
.27 Professional Services	17,500	6,000	23,500	Pipeline		PL-880	
.28 Insurance	1,700	0	1,700	.01 Line Pipe	X	25,000	25,000
.29 Miscellaneous tax	14,000	7,550	21,550	.02 Metering Equipment	X	0	0
.30 Contingency	0	0	0	.03 Meter Sta. Valves, Fittings	X	0	0
.31 Coiled Tubing Work	0	3,500	3,500	Subtotal	\$0	\$25,000	\$25,000
.32 Packer Redress	X		0	TOTAL TANGIBLE COSTS	\$48,800	\$177,100	\$225,900
Subtotal	\$374,900	\$166,550	\$541,450	TOTAL WELL COSTS	\$423,700	\$343,650	\$767,350
Pipeline		PL-880					
.01 Tapping Fee	X			Total Well Cost to Casing Point			\$423,700
.02 Purchased Right of Way	X			Plugging Cost			\$15,000
.03 Damage Payments	X			Total Dry & Abandonment Cost			\$438,700
.04 Right of Way Acquisition	X			Total Cost Through Evaluation of Zone of Interest			\$685,350
.05 Permits	X			Prepared By:	LCF/TLR		
.06 Freight	X			Estimated Spud Date			
.07 PL & Meter Sta. Construction	X						
.08 Surveying and Drafting	X			InterCoast WIO %			
.09 Field Construction Sup.	X			InterCoast Net Expenditure			\$0
.10 Misc. and Contingency	X			Supplement No.			
Subtotal				Original AFE Amount			
TOTAL INTANGIBLE COSTS	\$374,900	\$166,550	\$541,450	Amount This Supplement			
				Revised AFE Amount			

INTERCOAST OIL AND GAS COMPANY APPROVED

By: *ALJ* Date: _____
 By: _____ Date: _____
 By: _____ Date: _____

WORKING INTEREST OWNER APPROVED

Company Name: _____
 By: _____ Date: _____
 Name: _____



InterCoast Oil and Gas

December 13, 1996

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Very truly yours,

INTERCOAST OIL AND GAS COMPANY

A handwritten signature in cursive script that reads "Carol Drake".

Carol Drake
Land Secretary

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Enclosures