

PALOMA RESOURCES
200 W. FIRST ST., SUITE 859
ROSWELL, NEW MEXICO 88201

AFE NUMBER: HS-16-37-1M
DATE: 7-28-97

AUTHORIZATION FOR EXPENDITURE

LEASE/WELL NAME: SHELL - HOME STAKE #1
FIELD NAME: CASEY STRAWN FIELD
LEGAL DESCRIPTION: 660' FSL & 660' FWL SECTION 28-T16S-R37E
DESCRIPTION OF WORK: REENTER WELL, RUN 5 1/2" CASING AND TEST STRAWN AND PADDOCK PAY ZONES

DEPTH: 12,125 FT.
OBJECTIVE: STRAWN & PADDOCK
COUNTY/STATE: LEA, N.M.

DESCRIPTION	DRILLING	COMPLETION	TOTAL
INTANGIBLE DRILLING COSTS			
LOCATION , ROAD & DAMAGES	10,000		
DRILLING - MOBILIZATION	25,000		
DRILLING- DAYWORK \$6500/DAY 8 DAYS	55,120		
SUPERVISION 10 DAYS @ \$450	4,500		
GEOLOGIST 4 DAYS @ \$350	1,400		
MUD MATERIALS & SPECIAL EQUIPMENT	10,600		
WATER 10,000 BBLS.	13,250		
HAULING AND TRANSPORTATION	4,000		
LOGGING & TESTING	30,720		
PIT LINING AND FENCING	2,500		
ADMINISTRATIVE OVERHEAD	6,650		
LEGAL	4,000		
MISCELLANEOUS	10,000		
INTANGIBLE COMPLETION COSTS			
COMPLETION UNIT 8 DAYS @ \$120/HR.		12,211	
REVERSE UNIT AND EQUIPMENT		4,028	
WATER 3000 BBLS.		3,657	
CEMENTING SERVICES PRODUCTION CASING		25,000	
PERFORATING AND BOND LOG		10,500	
STIMULATION: 5000 GAL. ACID TREATMENT		13,250	
WELDING		1,060	
SUPERVISION 8 DAYS @ \$350 DAY		2,800	
TRANSPORTATION, INSTALLATION & LABOR		1,500	
EQUIPMENT RENTAL: 2- FRAC TANKS		1,229	
5 1/2" PACKER & RBP		2,500	
MISCELLANEOUS		2,000	
LABOR, ROUSTABOUTS 6 DAYS @ \$650/DAY		3,900	
CASING CREWS: PRODUCTION CASING		3,180	
ADMINISTRATIVE OVERHEAD		3,500	
MISCELLANEOUS		5,000	
TOTAL INTANGIBLE COSTS	177,740	95,315	273,055
TANGIBLE COMPLETION COSTS			
WELLHEAD	6,360	5,300	
PRODUCTION CASING 5 1/2" - 12,125 FT.		84,184	
TUBING 2 7/8" - 12,000 FT.		44,520	
ANCHORS		848	
FLOWLINES VALVES & FITTINGS		2,500	
SPECIAL EQUIPMENT		2,500	
TANKS 2 - 500 BBL. STEEL & 1 - 500 BBL. F.G.		16,000	
HEATER TREATER		9,540	
MIC. WELL EQUIPMENT		1,750	
PUMPING UNIT USED 640		45,000	
RODS 1", 7/8" & 3/4"		28,620	
DOWNHOLE EQUIPMENT PUMP & ANCHOR		5,348	
TOTAL TANGIBLE COSTS	6,360	246,110	252,470
TOTAL WELL COST	184,100	341,425	525,525

STRAWN COMPLETION, WELL COMPLETED AS A PUMPING OIL WELL

PREPARED BY: BRUCE A. STUBBS

TITLE: PETROLEUM ENGINEER

DATE: 7-28-97

PALOMA RESOURCES

APPROVED BY:

TITLE:

DATE:

BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico

%W.L.:

AFE SHALL EXTEND TO THE ACTUAL COSTS INCURRED IN THE OPERATION

Case No. 11821 Exhibit No. 8

Exhibit E-1

Submitted by: Paloma Resources, Inc.

Hearing Date: September 4, 1997