

PRIMERO

OPERATING, INC.

POST OFFICE BOX 1433
ROSWELL, NEW MEXICO 88202
(505) 622-1001 FAX (505) 625-0227

Authority For Expenditure

Tilley #? estimated cost to drill Atoka test in Eidson area
Sec 26, T16S, R35E
Lea County, New Mexico

Date
03-Feb-98

INTANGIBLE DRILLING COSTS

	DRY HOLE	PRODUCING WELL
Damages, Title, Abstracts, Etc	\$5,000	\$5,000
Dirtwork, Conductor, Rathole, Etc.	8,000	8,000
Plugging Bond	0	10,000
Bits	0	0
Pit Lining	1,600	1,600
Mud & Chemicals	18,000	18,000
E. Logs, CNL-FDC, DIL, CMR	15,000	15,000
Water for Drilling	10,000	10,000
Drilling Rig: 12,000' @ \$22 per foot	264,000	264,000
Drilling Rig: Daywork	16,500	16,500
Insurance	3,500	3,500
Mud Logging	9,000	9,000
Dst, 1 @ 4000	4,000	4,000
Geologist	2,000	2,000
Rental of Mud Gas Separator	0	0
Supervision & Expenses, Drilling	12,000	12,000
Overhead, Drilling	5,500	5,500
Plugging Costs	7,000	0
Intangible Contingencies & tax, 15%	57,165	57,615
Rig Time; Production Csg.	0	5,500
Cement Service, Surface and Intermediate	31,285	31,285
Cement Service; Production Casing	0	24,105
Completion Unit (6 days)	0	10,200
Rental of Completion Equipment	0	1,800
Stimulation, acid only	0	5,000
Roustabouts, Contract Labor	0	2,400
Logging and Perforating	0	4,000
Location, Road, Anchors, Etc.	0	500
Completion Fluids	0	1,500
Supervision & Expenses, Completion	0	2,000
Overhead, Completion	0	1,000
Completion Contingencies and tax, 15%	4,693	13,393

Total Intangible Well Costs \$474,242.75 \$544,398.29

TANGIBLE DRILLING AND COMPLETION COST

Surface & Intermediate Well Heads	1,200	2,500
Surface Casing 380' of 13 3/8"	6,482	6,482
Intermediate Casing 4714' of 8 5/8"	52,372	52,372
Production Casing, 12000' of 5 1/2"	0	102,960
Tubing 12000' 2 7/8" N	0	31,200
Casing & Tubing Heads, Xmas Tree	0	5,000
Flowline	0	1,000
Tanks, 1- 500 bbls steel, 1 - 210 FG water tank	0	8,000
Separator	0	5,500
Production packer	0	3,500
Valves, Connections, Etc.	0	1,500
Gas pipeline connection	0	0
Other misc. expenses 10%	6,005	22,001

Total Tangible Well Costs \$66,059.40 \$242,015.40

TOTAL DRILLING AND COMPLETION COSTS \$540,302.15 \$786,413.69

APPROVAL FOR: _____

BY: _____, TITLE: _____, DATE: _____

BEFORE THE
OIL CONSERVATION DIVISION

Case No.11922 Exhibit No. **10**

Submitted By:

Primero Operating

Hearing Date: February 5, 1998