



PIONEER

July 14, 1998

State of New Mexico - Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87501

Attn.: Ms. Lori Wrotenbery
Director

**Re: Compulsory Pooling Order
Order No. R-10986
Lea County, New Mexico**

MIS
Case 11932

Dear Ms. Wrotenbery:

Pursuant to the terms of the Order of the Division (#R-10986) dated May 7, 1998, please find attached an AFE outlining the approximate costs of the McCasland 18 Fee No. 1 Well. The tentative spud date for this well is July 20, 1998. Please call me at (915) 571-1476 should you have any questions regarding this matter.

Sincerely,

Richard C. Winchester
Senior Landman

PIONEER NATURAL RESOURCES USA, Inc.
COST ESTIMATE & AUTHORITY FOR EXPENDITURE

Property # _____
 Division Permian
 A. F. E. # _____

- ORIGINAL
 SUPPLEMENTAL
 REVISION
 BUDGETED
 NOT BUDGETED
 DEVELOPMENT WELL
 EXPLORATORY WELL
 SERVICE WELL
 EXPENSE WORKOVER
 CAPITAL WORKOVER
 PLUG & ABANDONMENT
 FACILITIES & PRODUCTION SUPPORT EQUIPME

LEASE: **McCasland 18 Fee** WELL No. 1 DATE: **05/22/98**
 LOCATION: **1650' FSL & 2000' FWL, Sec. 18, T20S, R39E**
 COUNTY: **Lea** STATE: **New Mexico** PROSPECT: **Outhouse**
 FIELD: **Wildcat** FORMATION: **Abo/Drinkard/Tubb/Blinbry** PBSD: **7,600** ft
 PROPOSAL: **Cost estimate to drill, complete & equip to produce the Abo formation.**

DIRECTIONS: _____
 Well Type: Oil/Gas Foreman: _____ Pumper: _____

SUB ACCT	INTANGIBLES	BCP COST	ACP COST	COMPLETED WELL COST
301	Location: Land, Survey, Plats, Damages, ROW, Permits, Land Services	5,000		5,000
302	Dirtwork: Road, Location, Pits	8,000	750	8,750
303	Contract Drilling-Footage / Turnkey mobilization	5,000		5,000
304	Contract Drilling-Daywork/ Directional/ Horizontal 14 days @ \$6000/day	84,000		84,000
305	Fuel and Power	5,000		5,000
306	Water	5,000	2,000	7,000
307	Mud & Chemicals	12,000	2,000	14,000
308	Drill Bits	10,000		10,000
309	Cementing & Services	5,000	15,000	20,000
310	Drill Stem Tests, Coring & Analysis			
311	Geological Services mud log from inter csg to TD	6,000		6,000
312	Rental Equipment	2,000	5,000	7,000
313	Well Servicing		9,000	9,000
314	Wireline Services	15,000	5,000	20,000
315	Well Stimulation		20,000	20,000
316	Non-Controllable Materials	500	500	1,000
317	Waste Disposal & Restoration		1,500	1,500
318	Labor & Transportation	3,000	5,000	8,000
319	Supervision	5,000	1,000	6,000
320	Overhead	2,000	2,000	4,000
321	Miscellaneous	2,000	4,000	6,000
TOTAL INTANGIBLE COST		174,500	72,750	247,250
SUB ACCT	TANGIBLES	BCP COST	ACP COST	COMPLETED WELL COST
326	Surface Casing 11.00 \$/Ft 1,650 Ft. 8 5/8"	18,150		18,150
327	Intermediate Casing \$/Ft Ft.			
328	Production Casing 5.00 \$/Ft 7,600 Ft. 5 1/2"		38,000	38,000
329	Tubing 2.00 \$/Ft 7,400 Ft. 2 3/8"		14,800	14,800
330	Float Equipment, Shoes, Centralizers	1,100	1,000	2,100
331	Wellhead Equipment	2,500	5,000	7,500
332	Artificial Lift & Accessory Equipment		25,000	25,000
333	Engine / Motor & Accessories		2,500	2,500
334	Rods		18,000	18,000
335	Bottom Hole Pump		1,600	1,600
336	Packers, Anchors, Hangers, Etc.		750	750
337	Tank Battery 2-500 bbl stock tanks, 1-210 bbl wtr tank		30,000	30,000
338	Line Pipe, Valves & Fittings		5,000	5,000
339	Heater Treater / Separators 6' x 20' heater		12,000	12,000
340	Other Surface Equipment			
341	Electrical System		7,500	7,500
342	Dehydration			
318	Labor & Transportation		4,000	4,000
316	Non-Controllable Materials		2,500	
TOTAL TANGIBLE COST		21,750	167,650	186,900
TOTAL WELL COST		196,250	240,400	434,150

** PLACE A " * " NEXT TO MATERIAL ON HAND

DRYHOLE COSTS :

INTANGIBLE 174,500
 TANGIBLES 21,750
TOTAL 196,250

Contingency _____
 Leasehold Costs _____
 Total Previous Estimate(s) _____
GRAND TOTAL \$434,150

PIONEER NATURAL RESOURCES

WORKING INTEREST OWNER APPROVAL :

Prepared By: Todd Yocham
 Division Approval: Danny Kellum Initials: _____
 Title: VP Permian Division Date: _____
 Corporate Approval: _____
 Title: _____
 Approved: _____ Date: _____
 Share of Cost _____ % _____

Company: _____

 Approved By: _____
 Title: _____ Date: _____
 Share of Cost _____ % \$ _____