

Merrion Oil & Gas Corporation.
Authority for Expenditure (AFE)
Drilling Well Cost Estimate

AFE No. **98025** AFE Type: **1**
Accounting Well No.
Location: **SEC 14**
T 29N, R13W
County: **San Juan** State: **NM**

Lease: **REDFERN COM**
Project: **Drill Pictured Cliffs Well**
Lease No: **Fee**
Spacing: **160 acres**
Unit:

Well No: **3**
Field: **Fulcher Kutz PC**
TD: **1,350 ft**
Operator: **Merrion Oil & Gas**
By: **George Sharpe**

THE COST ESTIMATE BELOW IS A PLANNING ESTIMATE ONLY. PARTNER'S SHARE OF PROJECT COST WILL EXTEND TO ACTUAL COSTS INCURRED

Division of Interest:	Owner Share of		DRILLING		OPERATIONS	
	Dry Hole	Completed	WI	NRI	WI	NRI
1) MERRION / HALLWOOD ET AL	\$ 42,371	\$ 131,436	73.913370%		73.913370%	53.314190%
2) RODERICK ALLEN MARKHAM	\$ 7,027	\$ 21,799	12.258940%		12.258940%	10.358750%
2) MANON MARKHAM MCMULLEN	\$ 7,027	\$ 21,799	12.258940%		12.258940%	10.358750%
2) UNCOMMITTED WI	\$ 869	\$ 2,790	1.568750%		1.568750%	1.568750%
3) ROYALTIES & OVERRIDES	\$ -	\$ -				24.399560%
TOTAL	\$ 57,325	\$ 177,825	100.000000%	0.000000%	100.000000%	100.000000%

ACTUAL DIVISION OF INTEREST WILL BE DETERMINED AFTER A DRILLING TITLE OPINION.

Intangibles - Drilling (1605)		Dry Hole	Completed
230 ROW Acquisition & Surface Damages		\$ 8,500	\$ 8,500
220 Survey, Archaeology, Permitting		\$ 2,000	\$ 2,000
201 Drilling Rig Footage Cost	1,350 feet @	\$12.50 per foot...	\$ 16,900
202 Daywork	1 days @	\$2,000 per day...	\$ 2,000
203 Location Construction, Pit Liner		\$ 1,250	\$ 1,250
204 Cement & Cementing Surface Casing		\$ 1,500	\$ 1,500
204 Long String		\$ 3,000	\$ 6,000
206 Open Hole Surveys		\$ 4,500	\$ 4,500
207 Legal Fees		\$ 4,500	\$ 4,500
208 Drilling Supervision	6 days @	\$450 per day....	\$ 2,700
210 Miscellaneous		\$ 1,500	\$ 1,500
211 Trucking		\$ 350	\$ 1,000
212 Drilling Water		\$ 250	\$ 250
212 Drilling mud		\$ -	\$ -
213 Administrative & General Expense	14 days @	\$63 per day....	\$ 875
Contingency 5%		\$ 2,500	\$ 2,700
Total Intangibles - Drilling		\$ 52,325	\$ 56,175

Intangibles - Completion (1610)		Dry Hole	Completed
301 Completion Rig	6 days @	\$1,950 per day....	\$ 11,700
303 Perforating & Logging			\$ 2,500
304 Stimulation			\$ 40,000
306 Location Cleanup		\$ 2,500	\$ 1,250
308 Company Supervision	10 days @	\$400 per day....	\$ 350
309 Roustabouts... Hookup Equipment on Location	6 days @	\$900 per day....	\$ 5,400
309 Welder... Hookup Equipment on Location	2 days @	\$350 per day....	\$ 700
310 Bit & Scraper			\$ 1,000
310 Tool, bfg & equipment Rental			\$ 1,000
310 Tank & Miscellaneous rentals			\$ 500
311 Water (includes trucking)			\$ 3,000
311 Trucking			\$ 1,000
Contingency 5.0%			\$ 3,600
Total Intangibles - Completion		\$ 2,850	\$ 75,650
Total Intangibles - Drilling & Completion		\$ 55,175	\$ 131,825

Tangibles - Drilling & Completion (1640)					
805 Casing Surface	7" 23#	120 feet @	\$ 7.00 per foot	\$ 800	\$ 800
805 Production	4-1/2 10.5#	1,350 feet @	\$ 4.65 per foot	\$ 6,300	\$ 6,300
811 Tubing	2-3/8" 4.7# EUE J55	1,300 feet @	\$ 2.35 per foot	\$ 3,100	\$ 3,100
815 Float equipment				\$ 500	\$ 1,500
820 Wellhead equipment				\$ 850	\$ 3,000
840 Tank & Separator					\$ 15,500
851 Flowline	2.5" Line Pipe	500 feet @	\$ 1.50 per foot	\$ 800	\$ 800
860 Key Valve @ Tie-in					\$ 3,000
860 Fittings, valves, fencing, concrete & miscellaneous					\$ 3,000
865 Meter Run & Watt Meter					\$ 8,500
896 Miscellaneous					\$ 500
Total Tangibles				\$ 2,150	\$ 46,000
Total Estimated Cost				\$ 57,325	\$ 177,825

APPROVED:

George Sharpe
Operator - Merrion Oil & Gas Corporation

DATE

APPROVED:

Working Interest Owner

DATE

Case No: 12041
NMOCD Examiner Hearing
September 17, 1998
Exhibit 5