

Authority For Expenditure

AFE No. 1008 Lease Name Wood State Well No. 5
 Description 2310 FWL & 1650' FNL, Sec 16, T20S, R37E County/State Lea, NM
 Project _____ Operator John H. Hendrix Corp
 Exploration Yes Development _____ Date 9-Sep-98

Drilling Intangibles

Descr.	Dry Hole Costs	Producer Costs
Location, Roads, Pits	\$20,000.00	
Damages	\$10,000.00	
Permit/Survey	\$500.00	
Footage <u>8000</u> @ \$ <u>20</u> /Ft	\$160,000.00	
Day Work <u>3</u> @ \$ <u>6500</u> /Day	\$19,500.00	\$19,500.00
Cement & Cementing	\$5,000.00	
Testing & Coring		
Logging & Mud logging	\$15,000.00	
Professional Servcs. (Legal, Eng., Geol., Survey)	\$2,500.00	
Mud, Fuel, Water	\$20,000.00	
Bits, Coreheads & Rentals	\$3,000.00	
Service Labor (rigging, welding, etc.)	\$4,000.00	
Misc. (Labor & Ins.)	\$2,500.00	
Transportation	\$1,500.00	
Rig Supervision & Overhead	\$5,500.00	
Contingency <u>3</u> %	\$8,350.00	
Plug & Abandon	\$10,000.00	
Total	\$287,350.00	\$19,500.00

Completion Intangibles

Completion Unit <u>14</u> Days @ \$ <u>1500</u> Day		\$21,000.00
Cement & Cementing		\$22,000.00
Perforating & Logging		\$7,000.00
Fracturing		\$8,875.00
Acidizing		\$10,000.00
Fuel, Water, Power		\$8,000.00
Battery Const., Dirt work, etc.		\$7,000.00
Completion tools & Equip rentals		\$5,000.00
Professional Servcs. (Legal, Eng., Geol., Survey)		\$2,500.00
Misc Servcs (Welding, backfil, etc.)		\$3,500.00
Labor & Transportation		\$1,500.00
Casing crew		\$2,500.00
Rig Supervision		\$2,500.00
Contingency <u>3</u> %		\$4,500.00
Total Intangibles	\$0.00	\$103,875.00
Total Completion	\$287,350.00	\$123,375.00

Drilling & Completion Tangibles

Casing <u>1500</u> Ft @ <u>8 5/8</u> @ \$ <u>9.05</u> Ft	\$13,575.00	\$0.00
<u>8000</u> Ft @ <u>5 1/2</u> @ \$ <u>6.4</u> Ft		\$51,200.00
<u> </u> Ft @ <u> </u> @ \$ <u> </u> Ft		\$0.00
Tubing <u>7800</u> Ft @ <u>2 3/8</u> @ \$ <u>2.75</u> Ft		\$21,450.00
Rods <u>7800</u> Ft @ <u>3/4</u> @ \$ <u>1.15</u> Ft		\$8,970.00
Line Pipe <u>2850</u> Ft @ <u>3 1/2</u> @ \$ <u>1.5</u> Ft		\$3,975.00
Transportation		\$5,000.00
Wellhead Equipment		\$10,000.00
Centralizers, Scratchers		\$1,000.00
Subsurface Equip, pump etc..		\$2,000.00
Tanks, Treeters, Separators, Valves, Fittings..		\$20,000.00
Pumping Unit & Engine		\$35,000.00
Taxes, 7.8%	\$1,000.00	\$11,000.00
Contingency <u>3</u> %	\$450.00	\$4,355.00
Total Equipment Cost	\$15,025.00	\$173,950.00
Total Well Cost	\$302,375.00	\$297,325.00

Leases 40 Acres @ \$ /acre \$0.00
Total Well & Lease Cost \$302,375.00 \$297,325.00
Total Completed Well & Lease Cost \$599,700.00

Approvals:
 Operator John H. Hendrix Corp. By: Ronni H. Wadsworth Date: 9-9-98
 Owner _____ By: _____ Date: _____