

Authority For Expenditure

AFE No. 1008 Lease Name Wood State Well No. 5
 Description 2310 FWL & 1650' FNL, Sec 18, T20S, R37E County/State Lea, NM
 Project _____ Operator John H. Hendrix Corp
 Exploration Yes Development _____ Date 12-Oct-98

Drilling Intangibles

	Descr.	Dry Hole Costs	Producer Costs
Location, Roads, Pits		\$20,000.00	
Damages		\$15,000.00	
Permit/Survey		\$500.00	
Footage <u>8000</u> @ \$ <u>20</u> /Ft		\$160,000.00	
Day Work <u>5</u> @ \$ <u>6500</u> /Day		\$32,500.00	
Cement & Cementing		\$5,000.00	
Logging & Mud logging + Horiz mud log (\$3000)		\$20,000.00	
Professional Servcs. (Legal, Eng., Geol., Survey)		\$3,500.00	
Mud, Fuel, Water + Horiz mud (\$5000)		\$25,000.00	
Bits, Coreheads & Rentals + Horiz (\$76,000)		\$79,000.00	
Service Labor (rigging, welding, Transp. etc.) + Horiz (\$12,000)		\$20,000.00	
Rig Supervision & Overhead		\$5,500.00	
Contingency <u>10 %</u> (+ Horiz \$10,000)		\$30,000.00	
Plug & Abandon		\$10,000.00	
Horizontal Portion			
Day Work <u>9</u> @ \$ <u>5000</u> /Day		\$45,000.00	
Supervision		\$4,000.00	
Total		\$475,000.00	\$0.00

Completion Intangibles

Completion Unit <u>10 Days</u> @ \$ <u>2000</u> Day		\$20,000.00
Cement & Cementing	\$35,000.00	
Perforating & Logging		\$7,000.00
Fracturing		
Acidizing with coiled tubing		\$80,000.00
Fuel, Water, Power		\$8,000.00
Battery Const., Dirt work, etc.		\$7,000.00
Completion tools & Equip rentals		\$10,000.00
Professional Servcs. (Legal, Eng., Geol., Survey)		\$5,000.00
Misc Servcs (Welding, backfill, etc.)		\$3,500.00
Labor & Transportation		\$5,000.00
Casing crew		\$2,500.00
Rig Supervision		\$2,500.00
Contingency <u>10 %</u>		\$10,000.00
Total Intangibles	\$35,000.00	\$140,500.00
Total Completion	\$510,000.00	\$140,500.00

Drilling & Completion Tangibles

Casing <u>1500 Ft</u> <u>8 5/8</u> @ \$ <u>9.05</u> Ft	\$13,575.00	\$0.00
<u>7100 Ft</u> <u>5 1/2</u> @ \$ <u>6.4</u> Ft	\$45,440.00	
<u> Ft</u> @ \$ <u> </u> Ft		\$0.00
Tubing <u>7150 Ft</u> <u>2 3/8</u> @ \$ <u>2.75</u> Ft		\$19,662.50
Rods <u>7150 Ft</u> <u>3/4</u> @ \$ <u>1.15</u> Ft		\$8,222.50
Line Pipe <u>2850 Ft</u> <u>3 1/2</u> @ \$ <u>1.5</u> Ft		\$3,975.00
Transportation		\$10,000.00
Wellhead Equipment		\$10,000.00
Centralizers, Scratchers		\$1,000.00
Subsurface Equip, pump etc..		\$2,000.00
Tanks, Treaters, Separators, Valves, Fittings..		\$25,000.00
Pumping Unit & Engine		\$40,000.00
Taxes, 7.8%	\$1,000.00	\$11,000.00
Contingency <u>10 %</u>	\$450.00	\$15,175.00
Total Equipment Cost	\$80,465.00	\$146,035.00
Total Well Cost	\$570,465.00	\$286,535.00

Leases <u>40 Acres</u> @ \$ <u> </u> /acre	\$0.00	
Total Well & Lease Cost	\$570,465.00	\$286,535.00
Total Completed Well & Lease Cost		\$857,000.00

Approvals:

Operator John H. Hendrix Corp By: Ronni H. Michael Date: _____
 Owner _____ By: _____ Date: _____