

4/5/00

AUTHORIZATION FOR EXPENDITURE
DRILLING/COMPLETION COST ESTIMATE

DRILLING X

RECOMPLETION

AFE No.:

County or Parish, State: Eddy County, New Mexico

Lease Name - Well #: State of New Mexico 7 #2 Y

Field: Baldridge Canyon (Morrow)

Legal Description: 1,836 FSL & 2,000' FWL

Prepared By: W.M. Frank

Sec. 7, T24S, R25E

AUTHORITY REQUESTED FOR:

DRILLING AND EQUIPPING A VERTICAL 11,000' MORROW GAS WELL.

Account Number	Intangible Costs	Dry Hole	Completion	Total
206	Description	Costs	Costs	Costs
SITE PREPARATION				
011	LAND AND LEGAL			0
012	SURFACE DAMAGES / RIGHT OF WAY	5,000	6,500	11,500
013	LOCATION, ROADS, PITS, FENCES	38,000		38,000
019	OTHER SITE PREPARATION			0
DRILLING CONTRACTOR SERVICES				
041	TURNKEY DRILLING COSTS			0
042	FOOTAGE			0
043	DAYWORK	174,000	31,600	205,600
044	MOBILIZATION / DEMOBILIZATION	25,000		25,000
049	OTHER DRILLING CONTRACTOR SERVICES			0
MATERIALS AND SUPPLIES				
101	DRILL BITS	50,000		50,000
102	DRILLING MUD, CHEMICALS, COMPLETION FLUIDS	30,000	5,000	35,000
103	RENTAL TOOLS & EQUIPMENT	8,000	15,000	23,000
109	OTHER MATERIALS AND SUPPLIES			0
GENERAL SERVICES				
201	WELDING & ROUSTABOUT	20,406	18,000	38,406
202	DIRT WORK & HEAVY EQUIPMENT			0
203	TRUCKING & HOTSHOT	1,500	1,500	3,000
204	PIPELINE INSTALLATION			0
209	OTHER GENERAL SERVICES (Contingencies)	34,059	21,354	55,413
SPECIALIZED SERVICES				
251	CEMENT AND CEMENTING SERVICES	12,500	10,000	22,500
253	P&A COSTS			0
255	LOGGING, PERFORATING & WIRELINE	12,000	11,500	23,500
257	OPEN HOLE EVALUATION	5,313		5,313
259	CASING & TUBULAR SERVICES	5,000	8,900	13,900
261	FLUID SERVICES			0
263	SALT WATER DISPOSAL		2,000	2,000
265	STIMULATION & GRAVEL PACK		50,000	50,000
267	OFFSHORE TRANSPORTATION			0
269	CONSULTANTS			0
271	FISHING SERVICES			0
273	TESTING SERVICES	4,000		4,000
299	OTHER SPECIALIZED SERVICES	2,000	4,500	6,500
POWER, FUEL, AND WATER				
301	POWER & FUEL			0
302	WATER	37,500	7,500	45,000
COMPLETION AND CLEANUP				
501	PULLING & SWABBING UNIT			0
502	SNUBBING UNIT & COILED TUBING			0
503	BACKFILL PITS / RESTORE LOCATION			0
509	OTHER COMPLETION & CLEANUP			0
ENVIRONMENTAL & SAFETY				
551	ENVIRONMENTAL RESTORATION			0
552	SAFETY EQUIPMENT			0
553	ENVIRONMENTAL & SAFETY TRAINING			0
554	ENVIRONMENTAL & SAFETY FINES			0
559	ENVIRONMENTAL & SAFETY MISCELLANEOUS			0
MISCELLANEOUS				
711	COMPANY SUPERVISION			0
721	DRILLING OVERHEAD	9,000	3000	12,000
731	CONSTRUCTION OVERHEAD			0
741	WELL CONTROL INSURANCE	14500		14,500
802	GENERAL LABOR			0
831	VEHICLE EXPENSE			0
861	DISTRICT & FIELD OFFICE EXPENSE			0
865	COMPANY BENEFITS			0
895	TAXES			0
TOTAL INTANGIBLES		\$487,778	\$196,354	\$684,132

OIL _____

DEVON ENERGY CORPORATION

TEL 405-235-3611

GAS X _____

20 N. BF JWAY, SUITE 1500, OKLAHOMA CITY, OK 7310.

FAX 405-552-4550

DATE _____

4/5/00

**AUTHORIZATION FOR EXPENDITURE
DRILLING/COMPLETION COST ESTIMATE**DRILLING X _____

RECOMPLETION _____

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County or Parish, State: Eddy County, New Mexico

Field: Baldridge Canyon (Morrow)

Prepared By: W.M. Frank

AUTHORITY REQUESTED FOR:

DRILLING AND EQUIPPING A VERTICAL 11,000' MORROW GAS WELL.

Account Number	Tangible Costs	Dry Hole	Completion	Total
207	Description	Costs	Costs	Costs
WELL EQUIPMENT				
895	TAXES			0
901	SURFACE CASING	5,600		5,600
902	INTERMEDIATE CASING	22,348		22,348
903	PRODUCTION CASING		49,500	49,500
911	LINER			0
915	TUBING		26,250	26,250
921	SUCKER RODS			0
925	SUBSURFACE EQUIPMENT	1,900	5,300	7,200
931	WELLHEAD VALVES & EQUIPMENT	3,000	13,000	16,000
935	ARTIFICIAL LIFT EQUIPMENT			0
941	TANKS		9,000	9,000
945	TREATING VESSELS		14,000	14,000
951	COMPRESSORS			0
955	WATER DISPOSAL PUMPS			0
961	LINE PIPE, METERS & FITTINGS		29,750	29,750
985	OTHER TANGIBLE EQUIPMENT - SUBSURFACE		4,000	4,000
986	OTHER TANGIBLE EQUIPMENT - SURFACE		9,000	9,000
990	MATERIAL TRANSFER - SUBSURFACE			0
991	MATERIAL TRANSFER - SURFACE			0
TOTAL TANGIBLES		\$32,848	\$159,800	\$192,648

TOTAL ESTIMATED COSTS	\$520,626	\$356,154	\$876,780
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Note: Costs and participations are generally estimates. Billings will be based on actual expenditures.

WORKING INTEREST OWNER APPROVAL

Company Name: _____

Signature: _____

Title: _____

Date: _____