

TMBR/Sharp Drilling, Inc.				AFE Number		18-Oct-00	
AUTHORIZATION FOR EXPENDITURE				Well No.1. MORROW TEST			
Lease Name		State		County/Parish		Location:	
TMBR/Sharp 21 Fed #1		NM		LEA		1,980' FSL and 990' FWL SEC 21, T-18-S, R-32-E	
Acct Code	INTANGIBLE DESCRIPTION		COST TO CASING POINT		COMPLETION COST		TOTAL WELL COST
1	Surveys / Permits / Bonds		3000				3,000
2	Roads/Location/Damages		43,000				43,000
3	Mob/demob		45,000				45,000
4	Drilling Contract-						
5	Daywork:45/3 days At \$7440 /day.		334,800		14,880		349,680
6	Footage:						
7	Completion Unit: 10 days. At \$ 1,600 /day				16,000		16,000
8	Mud/Chemicals		65,625				65,625
9	Water		13,900		2,500		16,400
10	Cement/Cementing Services		23,183		25,300		48,483
11	Fuel/Electricity/Generator/lights		36,540		1,624		38,164
12	Bits		55,030		650		55,680
13	Reamers / Stabilizers		5,500				5,500
14	Service Equipment		1,020		6,420		7,440
15	Equipment rentals		16,950		11,500		28,450
16	Wire line Unit		1,650		1,500		3,150
17	Mud Logging/Paleo/Bioassay		12,000				12,000
18	Open Hole Logging		18,000				18,000
19	Drill Stem Testing and coring		4,900				4,900
20	Tubular Inspection/Testing		3,200				3,200
21	Transportation (land)				450		450
22	Equipment inspection/testing						
23	Casing Crews/Tongs		3,391		2,990		6,381
24	Drilling Overhead		8,100		1,260		9,360
25	Supervision		3,000		7,000		10,000
26	Cased Hole Logging & Perf				11,000		11,000
27	Stimulation				97,500		97,500
28	Directional Drilling Costs						
29	Completion Fluids						
30	Fishing Tools, Supervisor						
31	Contract Labor		350		8,480		8,830
32	Insurance		21,385				21,385
33	Plug and Abandon		15,340		(15,340)		
34	Contingency (5%)		36,000		10,500		\$46,500
TOTAL INTANGIBLE ESTIMATED COST			\$770,864		\$204,214		\$975,078
TANGIBLE DESCRIPTION							
35	Conductor						
36	460' of 13 3/8"		8,740				8,740
37	4,400' of 9 5/8"		66,000				66,000
38	Intermediate Csg						
39	Intermediate Csg						
40	13,000', 5 1/2" 17# N-80& S-95				105,950		105,950
41	Tieback String						
42	13,000' of 2 7/8"				42,250		42,250
43	Tubing						
44	Tubing						
45	Wellhead Equipment		5,500		9,000		14,500
46	Float Equipment						
47	Liner Equipment						
48	Pumping Unit / Base / Engine						
49	Sucker rods, Polished Rods						
50	Tank Battery, Heater, Separator				32,500		32,500
51	Vavles, Fittings/Connections				5,000		5,000
52	Packers & Other Subsurface Tools				15,500		15,500
53	Compressor						
54	Miscellaneous Sale Items						
55	Contingency (5%)		4,000		10,500		14,500
TOTAL TANGIBLE ESTIMATED COST			\$84,240		\$220,700		\$304,940
TOTAL AFE ESTIMATED COST			\$855,104		\$424,914		\$1,280,018
APPROVAL AND ACCEPTANCE			IT IS RECOGNIZED THAT AMOUNTS HEREIN ARE ESTIMATES ONLY AND APPROVAL OF THIS AUTHORIZATION SHALL EXTEND TO THE ACTUAL COSTS INCURRED IN IN CONDUCTING THE OPERATION SPECIFIED, WHETHER MORE OR LESS THAN THE HEREIN SET OUT.				
Participant _____			_____ I Wish to be covered by TMBR/Sharp's blow out insurance.				
W.I. _____			_____ I DO NOT Wish to be covered by TMBR/Sharp's blow out insurance.				
Title _____							
Signature _____							
BEFORE THE OIL CONSERVATION DIVISION							
Santa Fe, New Mexico							
Case No. 12550			Exhibit No. 4				
Submitted by:							
TMBR/Sharp Drilling Company							
Hearing Date: December 7, 2000							