DAVID H. ARRINGTON OIL AND GAS, INC.

AUTHORITY FOR EXPENDITURE (AFE)

[x] Original
[ ] Supplemental

AFE #: ______ Date: 9-Dec-00

Lease: Disco Midge Well #: 1 Well Type: Exploratory/Oil

Location: SFL: 330' FWL & 1560 FNL County: Lea State: New Mexico

Prospect: Caliente Objective: Strawn/Atoka/ Mississippian Proposed TD: 13,100' MD

Purpose of Expenditure: Drill and Test Strawn, Atoka, and Mississippian Formation

CODE	INTANGIBLE EXPENSE		DRILLING	COMPLETION	TOTAL
	Surveying		800	0	300
	Staking & Permitting		100	0	100
	Location, Roads & Damages		20,000	2,000	22,000
	Lease Restoration		6,000	0	6,000
	Mobilization/Demobilization		25,000	0	25,000
	Drilling - Footage	@ /Ft	0	0	0
	Drilling - Daywork	38 @ $10,400 /Day	395,200	0	395,200
	Drilling - Directional	@	0	0	0
	Completion Rig	10 @ $1,800 /Day	0	19,000	18,000
	Fuel, Power & Lubricants		0	0	0
	Bits, Reamers & Stabilizers		35,000	0	35,000
	Drilling & Completion Fluids		40,000	2,000	42,000
	Water		18,000	2,000	20,000
	Mud Logging	10 @ $650 /Day	6,500	0	6,500
	Drill Stem Tests (1 tests)		5,000	0	5,000
	Coring Services		0	0	0
	Logging - Open Hole & Sidewall Cores		35,000	0	35,000
	Cement & Services - Surface		5,000	0	5,000
	Cement & Services - Intermediate		15,000	0	15,000
	Cement & Services - Production		0	15,000	15,000
	Casing Crews/Laydown Machine		3,000	3,500	6,500
	Perforating & Cased Hole Logs		0	10,000	10,000
	Acidizing, Fracturing & Stimulation		0	85,000	85,000
	Rental Equipment		14,300	3,500	18,000
	Installation - Production Facilities/Electrical		0	15,000	15,000
	Inspection & Testing		5,000	1,000	6,000
	Transportation		5,000	3,500	8,500
	Miscellaneous Labor		2,000	3,000	5,000
	Engineering & Geological Services		4,400	2,000	6,400
	Overhead		8,400	1,700	10,100
	Supervision		21,000	5,000	26,000
	Sand Blast & Coat Casing		0	5,000	5,000
	Contingencies		59,000	11,800	70,800
	Gross Receipts Tax		50,500	10,000	60,500
	TOTAL INTANGIBLE EXPENSE		779,400	199,000	978,400

CODE	TANGIBLE EXPENSE		DRILLING	COMPLETION	TOTAL
	Casing - Conductor	of @ /Ft		0	0
	Casing - Surface	470 of 13 3/8" @ $18.30 /Ft	8,601	0	8,601
	Casing - Intermediate	950 of 8 5/8" @ $13.20 /Ft	12,540	0	12,540
	Casing - Intermediate	4,000 of 8 5/8" @ $10.90 /Ft	43,600	0	43,600
	Casing - Production	9,000 of 5 1/2" @ $7.60 /Ft	0	68,400	68,400
	Casing - Production	4,100 of 5 1/2" @ $7.80 /Ft	0	31,980	31,980
	Tubing	13,000 of 2 7/8" @ $3.70 /Ft	0	48,100	48,100
	Float & Other Equipment		2,700	1,500	4,200
	Wellhead Equipment, Tree		5,000	10,400	15,400
	Sucker Rods		0	16,000	16,000
	Down Hole Pump		0	3,000	3,000
	Packer/TAC		0	4,300	4,300
	Pumping Unit & Prime Mover		0	55,000	55,000
	Tank Battery & Storage Facilities		0	17,000	17,000
	Separator/Heater Treater/Dehydrator		0	15,000	15,000
	Meters & Flowlines		0	6,000	6,000
	Miscellaneous Valves & Fittings		0	20,000	20,000
	Contingencies		5,000	20,500	25,500
	TOTAL TANGIBLE EXPENSE		77,441	317,180	394,621
	TOTAL WELL COST		856,841	516,180	1,373,021

NOTE: THIS AFE IS ONLY AN ESTIMATE. BY RETURNING ONE APPROVED COPY, YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

David H. Arrington Oil & Gas, Inc. Approval: Partner Approval:

Prepared By: ______ Company: ______
Chuck Sledge, Petroleum Engineer

Approved By: ______ Approved by: ______
David H. Arrington, President

Title: ______ Title: ______

Date: ______ Date: ______

EFORE THE OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO
ase No. 12602 Exhibit No. 11
Submitted by:
David H. Arrington Oil & Gas, Inc.
Hearing Date: February 22, 2001