

OCEAN ENERGY, INC			DEVELOPMENT DRILLING & COMPLETION - OP		
REGION:	Permian	AFE DATE:	AFE NO:	NA	
FIELD:	Morton	LEASE/WELL:	Vacuum		
PROSPECT:	Morton	WORK TYPE:	Development Drill & Complete		
COUNTY/STATE:	Lea Co., New Mexico	SURFACE LOC:			
PROPERTY NO.:	NA	BTM HOLE LOC:	Same		
OPERATOR:	Ocean Energy Inc.	GEOLOGIC OBJECTIVE:	Brunson, Mesa, Austin		
LEGAL DESCRIPTION:	Sec. 8, T17N, R35E		DEPTH:	12800' MD	12800' TVD
COORDINATOR: R.G. Trueheart					
Drill & Complet the Vacuum 8- as a development well to 12,800' MD/TVD. The plan call for drilling a 17-1/2" surface hole to 500' and setting 13-3/8" casing. Then drilling a 11" intermediate hole to 5,000' and setting 8-5/8" Casing. Then drilling a 7-7/8" production hole to 12,800'. The well will be evaluated by mud logs and wireline logs, and if susscessful 5-1/2 casing will be set and the well completed conventionally with a packer and 2-3/8 tubing after stimulation. Chlorides to be above 20.000ppm for wireline logs.					

ESTIMATED INTANGIBLE EXPENSES						
ACCOUNT	DESCRIPTION	DRILL	Supplement	COMPLETE	Supplement	TOTAL
221 / 222 - 010	LOCATION COSTS	\$41,500	\$0	\$3,000	\$0	\$44,500
221 / 222 - 020	RIG COSTS	\$572,000	\$0	\$48,200	\$0	\$620,200
221 / 222 - 025	MOB / DEMOB RIG COSTS	\$136,000	\$0	\$0	\$0	\$136,000
221-027	TURNKEY	\$0	\$0			\$0
221 / 222 - 030	SHOREBASE SERVICES	\$0	\$0	\$0	\$0	\$0
221 / 222 - 040	FUEL / LUBE / POWER / WTR	\$60,000	\$0	\$5,400	\$0	\$65,400
221-050	DIRECTIONAL SERVICES	\$0	\$0			\$0
222 - 060	DOWNHOLE COMPLETION SERVICES			\$85,000	\$0	\$85,000
221 / 222 - 070	FISHING	\$0	\$0	\$0	\$0	\$0
221 / 222 - 080	CEMENT AND SERVICES	\$37,500	\$0	\$35,000	\$0	\$72,500
222 / 222 - 090	FORMATION EVALUATION	\$19,500	\$0	\$0	\$0	\$19,500
221 - 093	OPEN HOLE LOG / LWD	\$50,000	\$0			\$50,000
221 / 222 - 097	CASED HOLE LOG / MECH WIRELINE	\$0	\$0	\$4,000	\$0	\$4,000
221 / 222 - 100	TRANSPORTATION - LAND	\$16,000	\$0	\$13,500	\$0	\$21,500
221-103/222-105	TRANSPORTATION - AIR	\$0	\$0	\$0	\$0	\$0
221-105/222-095	TRANSPORTATION - MARINE	\$0	\$0	\$0	\$0	\$0
221 / 222 - 110	BITS, REAMERS AND STABILIZERS	\$68,000	\$0	\$2,500	\$0	\$70,500
221 / 222 - 120	EQUIPMENT RENTAL	\$63,800	\$0	\$16,900	\$0	\$80,700
221 / 222 - 130	MUD / FLUIDS / CHEMICALS	\$60,000	\$0	\$2,300	\$0	\$62,300
221 / 222 - 140	CONTRACT LABOR	\$84,000	\$0	\$41,000	\$0	\$125,000
221 / 222 - 160	COMMUNICATIONS	\$6,000	\$0	\$500	\$0	\$6,500
221 / 222 - 170	OVERHEAD	\$24,000	\$0	\$3,000	\$0	\$27,000
221 / 222 - 180	INSURANCE	\$1,300	\$0	\$0	\$0	\$1,300
221 / 222 - 185	CASING / TUBING / HMR / EQ & SERVICE	\$16,500	\$0	\$12,000	\$0	\$28,500
221 / 222 - 200	MISCELLANEOUS	\$2,000	\$0	\$0	\$0	\$2,000
221 - 210	P&A EXPENSE	\$0	\$0			\$0
221 / 222 - 220	COMPANY LABOR	\$0	\$0	\$0	\$0	\$0
221 / 222 - 230	ENVIRONMENTAL	\$20,000	\$0	\$0	\$0	\$20,000
221 - 240	DRILL SITE G&G	\$4,000	\$0	\$0	\$0	\$4,000
221 / 222 - 250	WEATHER DELAY	\$0	\$0	\$0	\$0	\$0
	SUB-TOTAL INTANGIBLE	\$1,282,100	\$0	\$272,300	\$0	\$1,554,400
5100995	CONTINGENCIES 10% (D) 5% (S)	\$128,210	\$0	\$27,230	\$0	\$155,440
TOTAL INTANGIBLES:		\$1,410,310	\$0	\$299,530	\$0	\$1,709,840

ESTIMATED TANGIBLE EXPENSES						
TUBULARS						
SIZE	DEPTH	FOOTAGE				
	Caisson		\$0	\$0	\$0	\$0
0.000	0	0	\$0	\$0		
20.000	60	60	\$2,100	\$0		
0.000	0	0	\$0	\$0		
13.375	500	500	\$7,500	\$0		
8.625	5000	5000	\$68,000	\$0		
0.000	0	0	\$0	\$0		
0.000	0	0	\$0	\$0		
226 - 010	TUBULARS - DRILLING		\$77,600	\$0		\$77,600
	0.000	0			\$0	\$0
	5.500	12800			\$106,900	\$0
	2.375	12800			\$36,200	\$0
227 - 010	TUBULARS - COMPLETION				\$143,100	\$0
226 / 227 - 020	WELLHEAD EQUIPMENT		\$12,000	\$0	\$17,000	\$0
226 / 227 - 030	DOWNHOLE EQUIPMENT		\$3,000	\$0	\$16,000	\$0
227 - 050	LEASE SURFACE EQUIPMENT				\$51,000	\$0
227 - 080	VALVES, PIPES AND FITTINGS				\$5,000	\$0
227 - 100	ARTIFICIAL LIFT				\$0	\$0
227 - 200	MISCELLANEOUS				\$0	\$0
227 - 210	RECOMPLETION TANGIBLES				\$0	\$0
TOTAL TANGIBLES:			\$92,600	\$0	\$232,100	\$0

DRY HOLE AND COMPLETION COSTS		\$1,502,910	\$0	\$531,630	\$0	\$2,034,540
TIME AND COST TO P&A:	1 days	\$50,000 <=== P&A time and cost not included in DHC estimate above				
ESTIMATED DRILLING DAYS	40	COST/DAY	\$37,573	COST/FT		\$117
ESTIMATED COMPLETION DAYS	2	COST/DAY	\$265,815	COST/FT		\$41.53
*or Non-Operator only:						

I ELECT TO PARTICIPATE AND ACCEPT THE WELL CONTROL INSURANCE COVERAGE.

Approval	Company Name or Individual (PLEASE PRINT)	Date
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I ELECT TO PARTICIPATE AND DO NOT ACCEPT THE WELL CONTROL INSURANCE COVERAGE.

Approval	Company Name or Individual (PLEASE PRINT)	Date
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OIL CONSERVATION DIVISION
CASE NUMBER
EXHIBIT 3