

AUTHORITY FOR EXPENDITURE  
HANLEY PETROLEUM INC.

BEFORE EXAMINER CATANACH

OIL CONSERVATION DIVISION

Hanley EXHIBIT NO. 2  
10513

LEASE: HANLEY 8 FEDERAL #1 APPROXIMATE TOTAL DEPTH 11,500'

LOCATION: 1980' FNL & 660' FWL, Section 8, T-18-S, R-33E

Lea County, New Mexico

DRILLING CONTRACTOR:

DRILLING COST:

Contractor's Footage Fee	11,500' @ 18.00/ft.	\$ 207,000.00
Day Work -	3 days @ \$4800/day	14,400.00
Roads, Location & Damages -		16,000.00
Mud, Chemicals & Water -		18,000.00
Mud Logging Unit -	25 days @ \$350/day	8,750.00
Electrical Logs		33,500.00
Transportation -		2,500.00
Cement & Cementing & Equipment		23,500.00
Miscellaneous Supplies -		2,500.00
Surface Casing -	400' 13-3/8" 48# H-40 @ \$24.50/ft.	9,800.00
Intermediate Casing -	2200' 8-5/8" 24# J-55 @ \$9.10/ft.	
	(\$20,020) 900' 8-5/8" 32# J-55 @ \$12.00/ft. (\$10,800)	30,820.00
Drill Stem Test -		22,000.00
TOTAL.....		\$ 388,770.00
10% Contingencies.....		\$ 38,877.00
TOTAL DRILLING COSTS.....		\$ 427,647.00

COMPLETION COST:

Tanks -	[2] 436 bbl steel @ \$5,000 ea., [1] 210 bbl fiberglass	15,000.00
Treater -		5,500.00
Flow Lines -		2,000.00
Other Miscellaneous Supplies -		7,500.00
Casing -	530' 5-1/2" 17# C-95 @ \$9.00/ft. (\$4,770)	90,885.00
	10,970' 5-1/2" 17# N-80 @ \$7.85/ft. (\$86,115)	
Perforating and logging -		7,800.00
Acidizing, fracturing, tank rental & packer -		5,000.00
Cement & Cementing -		24,000.00
Tubing -	11,500' 2-7/8" 6.5# N-80 @ \$4.065/ft.	46,750.00
Pumping Unit, Engine & Base -		
Sucker Rods, Pump, Polished Rod, Etc. -		
Casinghead, etc. -		14,500.00
Completion Contractor's Fee -		10,000.00
Rig Site Supervision -		11,200.00
TOTAL DEVELOPMENT COSTS.....		\$ 240,135.00
TOTAL COST OF WELL.....		\$ 667,782.00

A. F. E. No.: GRAND TOTAL.....\$ 667,782.00

PREPARED BY TROY V. COMPTON

DATE:

APPROVED BY:

L.D. Robbins  
President

Troy V. Compton  
Vice President Production