

Merrion Oil & Gas Corporation
Authority for Expenditure (AFE)
Drilling & Completion Well Cost Estimate

AFE No.	AFE Type: 1	Lease: Osborn	Well No: 1
Accounting Well No.		Project: Drill a Fruitland Test	Field: Flora Vista Fruitland
Location: 790'fsl & 900'fwi (SWSW)		Lease No: Fee	TD: 1,400 ft
Sec 22, T30N, R12W		Spacing: 160 acres	Operator: Merrion Oil & Gas
County: San Juan State: NM		Prospect: Osborn	By: Steven Dunn, PE

Division of Interest:	Owner Share of		BPO Interest		APO Interest	
		Estimated Cost	WI	NRI	WI	NRI
1) Gross Working Interest		\$85,990	100.000000%	67.600000%	100.000000%	67.600000%
2) Royalties & Overrides				32.400000%		32.400000%
3)						
Total		\$85,990	100.000000%	100.000000%	100.000000%	100.000000%

I. SUNK WELLBORE COSTS	EST COST
Location Construction, surface damages, anchors, pit liner, trash cage, etc	5,000
Surveying and Archaeology	500
Title Opinion	500
Drilling Rig	
... Footage cost	1,400ft @ \$6.50 per foot..... 9,100
... Daywork	0.5 days @ \$2,750 per day..... 1,375
Cement & Cementing	
... Surface	2,000
... Production	3,750
Company Supervision	4 days @ \$400 per day..... 1,600
Onsite Geologist	0.5 days @ \$500 per day..... 250
Open hole logs	4,500
Trucking:	
... Haul water	1,200
... Haul casing	1,000
... Haul mud	250
Drilling mud	1,400
Casing:	
Surface... 7", 23 lb/ft good used	240 feet @ \$6.50 per foot..... 1,560
Product.. 4 1/2", 10.5 lb/ft good	1,400 feet @ \$3.95 per foot..... 5,530
Float equipment	750
Fittings, valves for wellsite hookup	750
Administrative & General Expense (includes engineering design, permitting, accounting, geology, etc.)	3,000
County tax	5.93%
	1,920
TOTAL SUNK WELLBORE COSTS	\$45,935

II. EXISTING EQUIPMENT	EST COST
Wellhead equipment	1,500
Separator, heated 3phase	4,000
Tubing	2 3/8" 4.7lb/ft EUE 1,300 feet @ \$1.95 per foot..... 2,535
County tax	5.93%
	480
TOTAL SURFACE EQUIPMENT	\$8,515

III. COMPLETION COSTS	EST COST
Completion Rig	4 days @ \$1,400 per day..... 5,600
Water for Stimulation (includes trucking)	1,500
Stimulation	17,500
Perforating & Logging	1,500
Roustabouts & other services	600
Company Supervision	4 days @ \$400 per day..... 1,600
Location cleanup	250
Trucking, Rig Move	500
Frac Tank rentals	250
County tax	5.93%
	1,740
Administrative & General Expense	500
TOTAL COMPLETION & TIE-IN COSTS	\$31,540

TOTAL ESTIMATED COST..... 85,990

*Stimulation
Has not
occurred to date*

*2
51,500
17,500
2040*

*7.5
58,000
175
58,175*

NMOCD Examiner Hearing
 August 26, 1993
 Application of Merrion Oil & Gas
 Case #: 10801
 Exhibit # 5

represents new well costs