

# Nearburg Producing Company

Exploration and Production

Dallas, Texas

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## AUTHORITY FOR EXPENDITURE

Well: B & B WELL NUMBER: 2 PROPOSED TOTAL DEPTH: 9,500'  
 LOCATION: 2,173' FEL, 660' FSL, Section 22, T19S, R25E, Eddy County, New Mexico  
 FIELD: Cemetery Morrow PROSPECT: EXPLORATORY, DEVELOPMENT, WORKOVER: E  
 DESCRIPTION OF WORK: Drill and complete as a Morrow gas producer

DATE PREPARED: 5/11/94 EST. SPUD DATE: 8/10/94 EST. COMPLETION DATE: 9/20/94  
 ACCOUNTING WELL NUMBER:  
 COMMUNICATIONS ACCOUNT NUMBER:

INTANGIBLE COSTS:	CODE	TO CSG PT	CODE	COMPLETION	TOTAL WELL
Drilling Footage 9,500 Ft @ 18.00 \$/Ft	1514 101	171,000	NA		171,000
Drilling Daywork D/C\$/day 3 2 4600	1514 106	13,800	1515 106	9,200	23,000
Drilling Turnkey	1514 110		1515 110		0
Rig Mobilization and Demobilization	1514 115		1515 115		0
Road & Location Expense	1514 120	15,000	1515 120	1,000	16,000
Damages	1514 125	5,000	1515 125		5,000
Directional Drilling - Tools and Service	1514 130		1515 130		0
Drilling Fluids	1514 135	20,000	NA		20,000
Fuel, Power, and Water	1514 140	10,000	1515 140	1,500	11,500
Supplies - Blts	1514 145		1515 145	750	750
Supplies - Casing Equipment	1514 150	3,000	1515 150	3,000	6,000
Supplies - Liner Equipment	1514 155		1515 155		0
Supplies - Miscellaneous	1514 160	500	1515 160	500	1,000
Cement and Cmt. Services - Surface Csg	1514 165	8,000	NA		8,000
Cement and Cmt. Services - Int. Csg	1514 170	17,500	NA		17,500
Cement and Cmt. Services - Prod. Csg	NA		1515 172	25,000	25,000
Cement and Cmt. Services - Other	1514 175		1515 175		0
Rental - Drilling Tools and Equipment	1514 180	7,500	1515 180		7,500
Rental - Miscellaneous	1514 185	1,500	1515 185	2,000	3,500
Testing - Drill Stem / Production	1514 195	9,000	1515 195	3,000	12,000
Open Hole Logging	1514 200	25,000	NA		25,000
Mudlogging Services	1514 210	9,000	NA		9,000
Special Services	1514 190		1515 190		0
Plug and Abandon	1514 215	12,000	1515 215	(12,000)	0
Pulling and/or Swabbing Unit	NA		1515 217	7,500	7,500
Reverse Equipment	NA		1515 219		0
Wireline Services	1514 205		1515 205	15,000	15,000
Stimulation	NA		1515 221	10,000	10,000
Pump / Vacuum Truck Services	1514 220	1,500	1515 220	1,500	3,000
Transportation	1514 225	2,500	1515 225	3,500	6,000
Tubular Goods - Inspection & Testing	1514 230	1,000	1515 230	7,000	8,000
Unclassified	1514 245		1515 245		0
Telephone and Radio Expense	1514 240	450	1515 240	200	650
Engineer / Geologist	1514 250	3,000	1515 250	1,800	4,800
Company Labor - Field Supervision	1514 255	10,000	1515 255	5,400	15,400
Contract Labor / Roustabout	1514 268	750	1515 265	3,000	3,750
Legal and Professional Services	1514 270	3,000	1515 270	1,500	4,500
Insurance	1514 275	10,000	1515 275		10,000
Overhead	1514 280	6,000	1515 280	1,500	7,500
<b>SUBTOTAL</b>		<b>366,000</b>		<b>91,850</b>	<b>457,850</b>
Contingencies (10%)		36,600		9,185	45,785
<b>ESTIMATED TOTAL INTANGIBLES</b>		<b>402,600</b>		<b>101,035</b>	<b>503,635</b>

BEFORE THE  
 OIL CONSERVATION DIVISION  
 Case No. 11010 Exhibit No. 5  
 Submitted By:  
 Nearburg Exploration Company  
 Hearing Date: June 23, 1994

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WELL NUMBER: 2

PROPOSED TOTAL DEPTH: 9,500'

LOCATION: 2,173' FEL, 660' FSL, Section 22, T19S, R25E, Eddy County, New Mexico

FIELD: Cemetary Morrow

PROSPECT:

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a Morrow gas producer

DATE PREPARED: 5/11/94

EST. SPUD DATE: 8/10/94

EST. COMPLETION DATE: 9/20/94

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

<b>TANGIBLE COSTS:</b>	<b>CODE</b>	<b>TO CSG PT</b>	<b>CODE</b>	<b>COMPLETION</b>	<b>TOTAL WELL</b>
Conductor Casing	1521.306		NA		0
Surface Csg 300 Ft @ 22.00 \$/Ft	1521.310	6,600	NA		6,600
Intermediate Csg 2000 Ft @ 14.00 \$/Ft	1521.315	28,000	NA		28,000
Protection Csg	1521.320	0	NA		0
Production Csg 9500 Ft @ 10.00 \$/Ft	NA		1522.325	95,000	95,000
Protection Liner	1521.330		NA		0
Production Liner	NA		1522.335		0
Tubing 9400 Ft @ 3.15 \$/Ft	NA		1522.340	29,610	29,610
Rods Ft @ \$/Ft	NA		1522.345	0	0
Artificial Lift Equipment	NA		1522.350		0
Tank Battery	NA		1522.355	3,000	3,000
Separators/Heater Treater/Gas Units/FWKO	NA		1522.360	10,000	10,000
Well Head Equipment & Christmas Tree	1521.365	2,500	1522.365	10,000	12,500
Subsurface Well Equipment	NA		1522.370	4,500	4,500
Flow Lines	NA		1522.375	2,500	2,500
Saltwater Disposal Pump	NA		1522.380		0
Gas Meter	NA		1522.385	2,500	2,500
Lact Unit	NA		1522.390		0
Vapor Recovery Unit	NA		1522.395		0
Other Well Equipment	NA		1522.400		0
ROW and Damages	NA		1522.405	500	500
Surface Equipment Installation Costs	NA		1522.410	7,000	7,000
Elect. Installation	NA		1522.415		0
<b>ESTIMATED TOTAL TANGIBLES</b>		<b>37,100</b>		<b>164,610</b>	<b>201,710</b>
<b>ESTIMATED TOTAL WELL COSTS</b>		<b>439,700</b>		<b>265,645</b>	<b>706,345</b>

APPROVAL OF THIS AFE CONSTITUTES APPROVAL OF THE OPERATOR'S OPTION TO CHARGE THE JOINT ACCOUNT WITH TUBULAR GOODS FROM OPERATOR'S WAREHOUSE STOCK AT THE RATES STATED ABOVE, OR LESS, UNLESS THE NON-OPERATOR GIVES NOTIFICATION ON THIS FORM OF HIS INTENT TO FURNISH HIS PROPORTIONATE SHARE IN KIND. THIS AFE IS ONLY AN ESTIMATE. BY SIGNING YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

<b>NPO APPROVAL</b>	<b>DATE</b>
PREPARED BY: TRM	5/11/94
REVIEWED BY:	
APPROVED BY:	

WI APPROVAL: COMPANY

BY

TITLE

DATE