

**AUTHORITY FOR EXPENDITURES – COST ESTIMATE  
CAPITAL ADDITION AND MAINTENANCE  
GAS AND OIL PROPERTIES**

AFE NO. 0001  
PROSPECT NO. 0001

Company Name G.P. II Energy, Inc. No. \_\_\_\_\_ District Name \_\_\_\_\_ No. \_\_\_\_\_  
Lease Name Amoco-Red Bluff Federal No. \_\_\_\_\_ Well No 2 or 3 Field Name Brushy Draw-Delaware  
Geographic Location Section 28-T26S, R29E  
County Eddy State New Mexico Rec. No. \_\_\_\_\_ Zone No. \_\_\_\_\_  
AFE Project \_\_\_\_\_ AFE Classification: ☐ Capital Addition ☐ Maintenance  
AFE Detail Description Amoco-Red Bluff Federal #2 or #3 Well  
Project was included in Budget Plans for the Fiscal Year: 1 ☒ Yes; 2 ☐ No Budget Code \_\_\_\_\_

Portion of Company	Type of Project:	4 <input type="checkbox"/> Dev. Purchases	Est. Starting Date <u>12-15-89</u>
Cost Scheduled	1 <input type="checkbox"/> Exploratory	5 <input type="checkbox"/> Secondary Recovery	Est. Completion Date <u>12-31-89</u>
for Next Fiscal Year	2 <input checked="" type="checkbox"/> Extension	6 <input type="checkbox"/> Surface Facilities	Est. Days to Complete <u>15</u>
	3 <input checked="" type="checkbox"/> Dev. Primary	7 <input type="checkbox"/> Workover	Est. Total Depth <u>5,200'</u>

Working Interest Various Percentages in Wells % \_\_\_\_\_  
Operator (if other than) \_\_\_\_\_ Billable: Yes \_\_\_\_\_ No \_\_\_\_\_

DRILLING—INTANGIBLE COSTS	CODE	DRY HOLE	COMPLETED WELL
Seismic, Roads, Location, Damages, and Clean-up (See attached)	110	\$ 5,000.00	\$ 6,000.00
Contractors Footage Charges or Turnkey Drilling	120	42,900.00	42,900.00
Contractors Day Work to Contract Depth	121	3,200.00	3,200.00
Contractors Day Work after Contract Depth	122		
Completion, Workover, and Swabbing Units	125		5,700.00
Mud and Chemicals	130	2,500.00	2,500.00
Cement and Cementing Services	135	5,000.00	14,500.00
Non-Salvageable Equipment	136		
Formation Evaluation (See attached specifications)			
Electric Logging (Open Hole)	140	4,500.00	4,500.00
Coring, DST, Wireline FMT	141		
Mud Logging and Core Analysis	142		
Directional Drilling and Surveys	144		
Fishing Tools and Services	145		
Water, Fuel, Bits on Day Work	146	2,000.00	6,500.00
Equipment Rentals	147	2,000.00	3,500.00
Trucking and Marine Transportation (See attached specs)	175		
Dry Hole and Bottom Hole Contribution	178	( )	( )
BLIP, G.O.R. Potential Tests	181		
Perforating, Radioactive Logging (Case Hole)	183		2,000.00
Acidizing, Fracturing, Stimulants or Inhibitors	184		25,000.00
Tuboscoping, Hydrostatic Testing, Misc. Labor, Mt. Etc.	187		
Supervision	190	1,750.00	3,000.00
Contingencies	195	3,500.00	5,000.00
<b>TOTAL DRILLING – INTANGIBLE COSTS</b>		<b>\$2,350.00</b>	<b>\$24,300.00</b>

DRILLING – WELL EQUIPMENT			
Casing (See attached specifications)			
Surface 8 5/8 500' 24#	205	\$ 3,700.00	\$ 3,700.00
Intermediate	206		
Production 5 1/2 15.50# 5200'	207		19,240.00
Tubing, Pups, Blast Joints 2 3/8 J-55 Tubing	210		4,500.00
Christmas Tree and Well Head Equipment	215	600.00	3,100.00
Other Sub-Surface Equipment (See attached specifications) Rods-Pump	220		6,100.00
<b>TOTAL DRILLING – WELL EQUIPMENT</b>		<b>\$ 4,300.00</b>	<b>\$ 36,640.00</b>

TOTAL DRILLING COST			
<b>COST PER FOOT</b>		\$	\$
Other Owner Intangible Costs	501	( )	( )
Other Owner Tangible Costs Pumping Unit gas Eng. Tank Battery	602	( )	( 30,000.00 )
Company Costs Before Overhead and Interest		\$ 2,000.00	\$ 4,500.00
Overhead	506		
Interest	505		
<b>Total Company Costs</b>		<b>\$78,650.00</b>	<b>\$195,440.00</b>
Stock Status: On Hand		\$	\$
Purchase Required		\$	\$

Prepared by George Mitchell Date 10-18-89 AFE Number \_\_\_\_\_  
Approved by Terry K. Lewis Date 10-24-89

**BEFORE EXAMINER CATANACH**  
**OIL CONSERVATION DIVISION**

MITCHELL EXHIBIT NO. 2

CASE NO. 9808