

H. L. BROWN, JR.

P. O. BOX 2237
MIDLAND, TEXAS 79702
AC 915 683-5216

AUTHORITY FOR EXPENDITURE

PROSPECT NAME North Feather Prospect (#472) DATE PREPARED June 15, 1992

LEASE NUMBER _____ DATE REVISED _____

AFE NUMBER _____ TO: DRILL X RECOMPLETE _____ WORKOVER _____

LEASE _____ WELL NO. _____ LOCATION N/2 Section 16,
T15S, R32E (P)

COUNTY/PARISH Lea STATE New Mexico

FIELD Morrow (Undesignated) WILDCAT X DEVELOPMENT _____

TYPE OF WELL Gas SPACING PATTERN 320

PROJECTED DEPTH 12,500' PRODUCING FORMATION Morrow

MUST COMMENCE OPERATIONS _____ DRILLING _____ BY _____

INTANGIBLE DRILLING COSTS

	PRODUCING WELL COST	DRY HOLE COST
101 FOOTAGE <u>12,500</u> Ft. @ \$ <u>19.50</u> / Ft. _____	243,750	243,750
102 TURNKEY DRILLING _____		
103 DAYWORK <u>6</u> DAYS WDP @ \$ <u>4400</u> / DAY _____	26,400	22,000
104 DAYWORK _____ DAYS WODP @ \$ _____ / DAY _____		
105 MOBILIZATION, RU AND RD _____		
106 CORING _____ FEET AT \$ _____ / Ft. _____		
107 CORE ANALYSIS \$ _____ SIDE WALL CORES \$ _____		
108 LOCATION SURVEY AND ELEVATIONS _____	800	800
109 DRILLSTEM TESTS: NO. <u>3</u> @ \$ <u>4000</u> / DST _____	12,000	12,000
110 LOGGING: RADIOACTIVE \$ _____ ELECTRIC \$ _____	15,000	15,000
111 DIPMETER \$ _____ VELOCITY SURVEY \$ _____		
112 MUDLOGGING <u>25</u> DAYS @ \$ <u>250</u> / DAY _____	6,250	6,250
113 BOTTOMHOLE PRESSURE TESTS _____		
114 FLOW TESTING \$ _____ TEMP. SURVEY AND PROFILES \$ _____	2,000	
115 OTHER SURVEYS \$ _____ FLUID AND GAS ANALYSES \$ _____		
116 TUBULAR GOODS INSPECTIONS _____	5,000	2,000
117 BOP AND WELLHEAD TESTS _____		
118 RENTALS AND ASSOCIATED SERVICES _____	5,000	2,000
119 LABOR - CONTRACT \$ _____ COMPANY \$ _____	5,000	2,000
120 FUEL/POWER \$ _____ WATER (PUMP, LINES, WATER WELL) \$ _____	7,500	6,000
121 LOCATION \$ <u>7000</u> ROADS \$ <u>1500</u> PITS \$ <u>2500</u>	11,000	11,000
122 ABANDONMENT/CLEANUP CHARGES _____	2,000	4,000
123 WATER DISPOSAL _____	2,000	2,000
124 TRANSPORTATION/TRUCKING/FORKLIFT _____	3,000	2,000
125 CEMENTING SURFACE CASING _____	4,100	4,100
126 CEMENTING INTERMEDIATE CASING _____	8,000	8,000
127 CEMENTING PRODUCTION STRING/LINER(S) _____	8,500	
128 SQUEEZE CEMENTING _____		
129 FLOAT EQUIPMENT, CENTRALIZERS, ETC. _____	2,500	1,500
130 PICK UP AND LAYDOWN CHARGES _____	2,000	
131 DRILLING MUD AND CHEMICALS/COMPLETION FLUIDS _____	28,000	25,000
132 ACIDIZING SERVICES AND MATERIALS _____		
133 FRACTURING SERVICES AND MATERIALS _____		
134 PERFORATING \$ _____ WIRELINE TOOLS & SETTING EXPENSE \$ _____	15,000	
135 NITROGEN SERVICE/COIL TUBING _____		
136 COMPLETION UNIT <u>7 days @ \$1320/day</u>	9,240	
137 WELDING _____	1,000	500
138 ENGINEERING SUPERVISION & EXPENSES: CO. \$ _____ CONTRACT \$ _____	20,000	17,500
139 GEOLOGICAL SUPERVISION & EXPENSES: CO. \$ _____ CONTRACT \$ _____	4,000	3,500
140 BITS, LUBRICANTS, EXPENDABLES _____	800	
141 LOSSES, DAMAGES, RIGHT-OF-WAY _____	3,000	3,000
142 FISHING TOOLS & SERVICES _____		
143 REPAIRS - LABOR AND MATERIALS _____		
144 DRILLING OVERHEAD _____	12,500	10,000
145 MISCELLANEOUS IDC'S / CONTINGENCIES _____	25,000	15,000
TOTAL INTANGIBLE DRILLING COSTS _____	\$ 490,340	\$ 418,900

REMARKS:

AUTHORITY FOR EXPENDITURE

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WELL NAME & No. North Feather Prospect (#472) DATE PREPARED June 15, 1992

AFE NUMBER _____ TANGIBLE COSTS

						PRODUCING WELL COST	DRY HOLE COST
CASING							
150	40	FT. OF	20" Conductor	@ \$	16.00 /FT.	700	700
151	500	FT. OF	13-3/8" 48# H-40 ST&C	@ \$	16.00 /FT.	8,000	8,000
152	4260	FT. OF	8-5/8" 24# & 32# K55 ST&C	@ \$	8.50 /FT.	36,200	36,200
153	12750	FT. OF	5-1/2" 20# N80, LT&C	@ \$	6.60 /FT.	84,200	
153		FT. OF		@ \$	/FT.		
TUBING							
154	12700	FT. OF	2-3/8" EUE 4.7# N80	@ \$	2.90 /FT.	36,800	
154		FT. OF		@ \$	/FT.		
SUCKER RODS							
155		FT. OF		@ \$	/FT.		
155		FT. OF		@ \$	/FT.		
155		FT. OF		@ \$	/FT.		
156 PUMPS, SUBSURFACE EQUIPMENT, TBG. ANCHOR							
157 PACKERS, LINER HANGERS, SEAL ASSEMBLIES						5,000	3,900
158 CASINGHEADS AND SPOOLS						9,900	
159 TUBINGHEAD ASSEMBLY <u>Reconditioned, Used</u>						5,600	
160 TREE AND UPPER RUN <u>Reconditioned, Used 5000# WP Dual Master</u>						9,500	
161 PUMPING UNIT							
162 ENGINE/ELECTRIC MOTOR							
163 OIL/CONDENSATE TANKS, No. <u>2</u> SIZE <u>500-bbl.</u>						9,500	
164 WATER TANK						3,000	
165 SEPARATORS							
166 HEATER TREATER							
167 GAS PRODUCTION UNIT						10,000	
168 DEHYDRATOR/SWEETNING UNIT							
169 COMPRESSOR							
170 CIRCULATING PUMP/CHEMICAL PUMP						1,500	
171 ELECTRICAL SYSTEM							
172 FLOWLINE <u>1200</u> FT. OF <u>3" Line Pipe</u> @ \$ <u>3.00</u> /FT.						3,600	
173 PIPELINE FT. OF @ \$ /FT.							
174 CHECK METER, METER RUN, BLOCK VALVES							
175 INSTALLATION COSTS						5,000	
176 MISCELLANEOUS TANGIBLE COSTS/CONTINGENCIES						7,000	
TOTAL TANGIBLE COSTS <u>Drilling</u> \$467,700						\$ 235,500	\$ 48,800
<u>Completion</u> 218,540							
TOTAL WELL COSTS <u>Prod. Eqpt.</u> 39,600						\$ 725,840	\$ 467,700
\$725,840							

* IMPORTANT: Please initial appropriate box.

1. H. L. Brown, Jr. ☐ Will ☐ Will Not obtain cost of well control and pollution clean-up insurance (a certificate setting out this coverage will be furnished). It is understood and agreed that H. L. Brown, Jr. is not a warrantor of the financial responsibility of the insurer with whom such insurance is carried and that except for willful negligence H. L. Brown, Jr. shall not be liable to any other party for loss suffered on account of the insufficiency of the insurance carried, or of insurer with whom carried. Upon written request a full copy of the policy will be furnished to you.
2. I/We: ☐ desire H. L. Brown, Jr. to secure for my/our proportionate interest cost of well control insurance for this well and I/we will pay our proportional share of the premium(s).
3. I/We: ☐ do not desire H. L. Brown, Jr. to secure such insurance for my/our proportionate interest and will furnish him a certificate prior to drilling evidencing the fact that I/we have insurance of a similar nature and amount covering our interest. If a certificate satisfactory to Brown is not received prior to spudding, I/We authorize H. L. Brown, Jr. to obtain coverage for our interest as set out above.

IMPORTANT: If no election is indicated between No. 2 or 3, and H. L. Brown, Jr. is obtaining coverage as evidenced by his initials in No. 1, it will be deemed that No. 2 has been initialed.

PREPARED BY: M. A. Doffer APPROVED BY: _____

NON-OPERATORS APPROVAL

COMPANY _____

BY _____

DATE _____