Appendix C:
Drilling Plan

DCP Midstream

Linam AGI #1

Drilling Program

Lea County, New Mexico

October 2007

Planned TD: **9100' MD/TVD**

API#: **30-025-38576**

Surface Location: **1980' FSL, 1980' FWL, Section 30, T18S, R37E, Lea County, New Mexico**

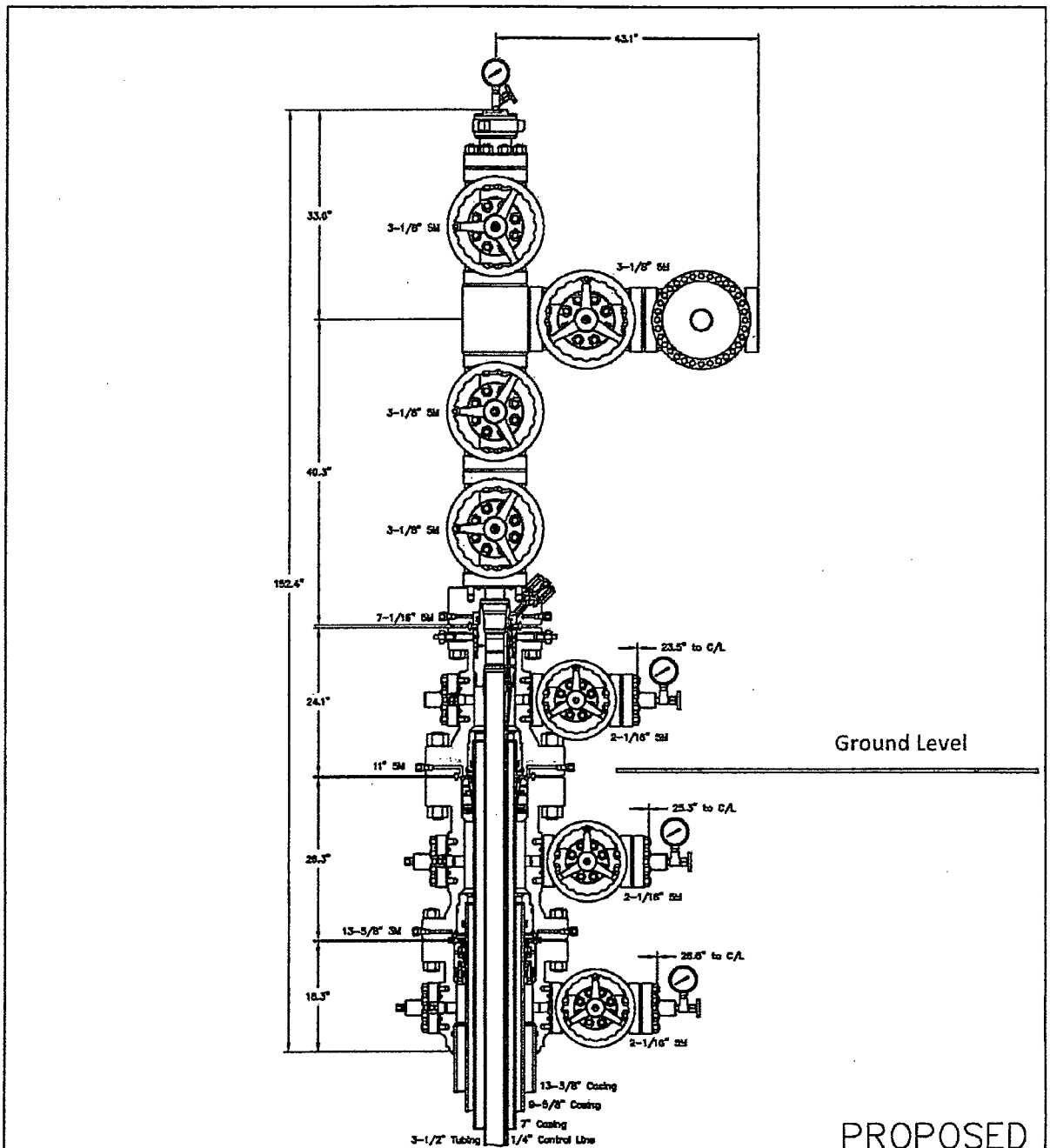
Directions:
- **From Hobbs *(Conoco station @ truck loop)***
- ***T*ake 180/62 west for ~3 miles *(DCP Midstream's plant will be on the south side of the road 2-1/2 miles out).* You can see the rig from 180/62.**
- ***T*urn north on County Rd. 41 *(there is a large Excel Energy sign),* go ~1 mile and turn right on the access road.**

Drilling Contractor & Rig: **J. W. Drilling #2**

Objective: The well will test formation suitability in the Brushy Canyon (5000' to 5300') and the lower Bone Springs (8700' to 9000') to inject acid gas. If the formation(s) show suitable porosity and permeability, selected zones will be completed for injection.

The attached Drilling Program is a plan and can be modified by the Drilling Engineer and the On-Site Supervisor as required to accommodate actual conditions.

Wellhead & Tree Diagram:



WOOD GROUP PRESSURE CONTROL	Duke Energy Field Services, L.P. Hobbs NM Disposal		
13-3/8" x 9-5/8" x 7" x 3-1/2" 5M Conventional Wellhead Assembly, With T-EBS Tubing Head, T-M40-CCL Tubing Hanger and Adapter Flange	DRAWN	VJK	27JUL07
	APPRV	THH	27JUL07
	DRAWING NO.	AE13272	

17-1/2" Hole Section:

1. Spud 7 drill ~ 530' of surface hole.
2. Survey at 250' and at TD (530').
3. Condition hole to run casing.
4. Contact the New Mexico OCD prior to running casing, see attached contact list.
5. Utilize the attached 13-3/8" Casing & Cementing Procedure.

Bit Program

Size (in)	Type	IADC Code	Out (ft)	Nozzles or TFA	WOB (klbs)	RPM	Flowrate (GPM)	Cost
17-1/2"	Retip	n/a	530	16-16-16	15 – 30	70 - 90	310	$900

BHA & Drill String

#	Description	Connection	Length	Top	Bttm
12	DCs: 7" x 2-3/4"	4-1/2" IF	360	-21	339
1	x-over	x-over	1	339	340
5	DCs: 8" x 2-3/4"	6-5/8" Reg	150	340	490
1	Straight Bladed Stab	6-5/8" Reg	3	490	493
1	DCs: 8" x 2-3/4"	6-5/8" Reg	30	493	523
1	Shock Sub	6-5/8" Reg	3	523	526
1	Bit Sub	x-over	2	526	528
1	17-1/2" Bit	7-5/8" Reg	2	528	530

Mud Program

Type	Interval (ft)	MW (ppg)	FV (s/qt)	FL (cc)	pH
Fresh Water	0-530'	8.8 – 9.4 ppg	32 -35	n/c	n/c
Materials & Estimated Consumption:	50 sx	Fresh Water Gel			
	20 sx	Paper			
	10 sx	Lime			
	1 box	Super Sweep			

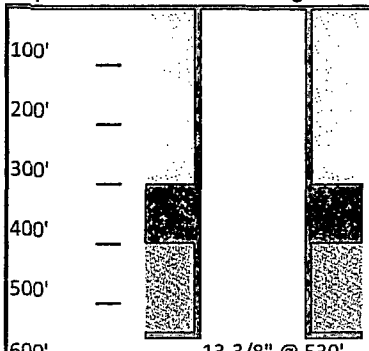
Spud with a conventional Fresh Water Gel/Lime "spud mud". Circulate working pits, jetting to inside reserve pit as needed to maintain mud weight and solids in desired range. Use fresh water at the flowline for volume and viscosity as needed. Use paper as needed to control seepage.

At TD sweep hole with Super Sweep using fresh water & ½ box of Super Sweep. Circulate sweep out flowline prior to tripping out of hole to run surface casing.

13-3/8" Casing & Cementing Procedure:

Depth

100'
200'
300'
400'
500'
600'



Wellbore Diagram

13-3/8" Casing Properties

Size (in)	Weight (# / ft)	Grade	Conn	Burst (psi)	Collapse (psi)	Pipe (kips)	Conn (kips)
13-3/8	48	H-40	STC	1727	736	541	322
		Design Safety Factors:		1.5	1.125	1.8	1.8
		Allowable Loads:		1151	654	301	179
		Nominal:		12.715		Drift:	12.575

Design Tally: Jt. Length: 40 ft.

Tubular	Length	Top	Bottom	Comments
Casing	488	0	488	13 Joints
Float Collar	1	488	489	Threadlock all float jts
Float Joint	40	489	529	1 Joints
Texas Shoe	1	529	530	

Cement Design: This is an initial design, verify designs with cement company.

Hole Size:	17.5	in.	Excess:	100%				
Casing Size:	13.375	in.	ID:	12.715	in.			
Annular Volume:	0.123722	bbls/ft	Depth:	530	ft.	Volume	Gauge: 66 bbls	Excess: 131 bbls
Casing Volume:	0.157054	bbls/ft	83.2 bbls					

Lead Spacer: 300 ft of annular volume **75** bbls Fresh Water

Lead Cement: BJ Lite (65% Class "C", 35% Poz & 6% Gel)

Top:	0	ft	Required Volume:	99.0 bbls *(includes excess)*
Bottom:	400	ft		555.7 cu. ft.
Weight:	12.8	ppg		309 sx
Yield:	1.8	cu ft / sx		

Tail Cement: Class "C"

Top:	400	ft	Required Volume:	32.2 bbls *(includes excess)*
Bottom:	530	ft		180.6 cu. ft.
Weight:	14.8	ppg		137 sx
Yield:	1.32	cu ft / sx		

Tail Spacer: n/a ft of casing volume #VALUE! bbls Fresh Water

Procedure:

1. Develop a running tally and drill 17-1/2" hole to fit the casing, ensure no collars are in the region to cut and weld on the "A" section.
2. Thread lock float collar, float joint and Texas shoe.
3. When casing is on bottom, circulate 2 bottoms up minimum, 170 bbls (ensure the volume is greater than the casing volume).
4. Reciprocate casing while circulating bottoms up.
5. Cement casing as described above:
   75 bbls Fresh Water
   99 bbls (310 sx) Lead Cement
   33 bbls (140sx) Tail Cement
   Note: Catch 2 samples of mix water, 2 dry samples of each cement slurry and 2 wet samples of each slurry.
6. Displace cement with fresh water and bump plug with 500 psi over the final pump pressure. Bleed off the pressure and verify the floats are holding, if the floats are not holding, rebump the plug and shut-in the well (WOC for 4 hrs minimum with full casing weight before trying to bleed off the pressure).
7. Do not slack off casing weight for a minimum of 4 hrs or until the surface cement samples are hard.
8. Slack-off weight and cut the 13-3/8" casing to ensure that the final casing cut will place the top of the "B" section at ground level.
9. Weld SOW "A" section to the 13-3/8" casing per Woods Group procedure, pressure test to 500 psi (less than 80% of the manufacturer's collapse rating of the surface casing).

12-1/4" Hole Section:

1. RU H2S Safety equipment and Mud Logger.
2. NU annular, double rams & manifold.
3. Test annular, valves, kelly, choke manifold, TIW valve(s) and standpipe to 250 psi and 1000 psi. Accumulator valves should remain in the power position at all times.
4. Pick up BHA described below & RIH to the float shoe. Ensure cement has been in place a minimum of 8 hours. Pressure test surface casing to 600 psi. Casing pressure must be maintained for 30 minutes and not leak-off more than 10% (60 psi).
5. Drill out shoe track and 10' of formation. Conduct a leak-off test to a maximum of 12 ppg EMW.
6. Drill 12-1/4" hole to 4200'. Take TOTCO surveys every 500' or on bit trips.
7. Condition hole, POOH & run open hole logs. (DIL / LDT / CNL / GR / Sonic)
8. RIH & condition hole to run casing.
9. Contact the New Mexico OCD prior to running casing, see attached contact list.
10. Utilize the attached 9-5/8" Casing & Cementing Procedure.

Bit Program

Size (in)	Type	IADC Code	Out (ft)	Nozzles or TFA	WOB (klbs)	RPM	Flowrate (GPM)	Cost
12-1/4"	FDS+	116	~2900	16-16-16	30 – 40	70 – 90	310	$8986
"	F25Y	517Y	4200	14-14-14	60 – 70	60 – 70	310	$16,800

BHA & Drill String

#	Description	Connection	Length	Top	Bttm
113	DP: 4-1/2", x-95, 16.60 #	XH	3503	-4	3499
1	x-over		1	3499	3500
17	DCs: 7" x 2-3/4"	4-1/2" IF	510	3500	4010
1	x-over		1	4010	4011
3	DCs: 8" x 2-3/4"	4-1/2" IF	90	4011	4101
1	Straight Bladed Stab	6-5/8" Reg	3	4101	4104
1	DCs: 8" x 2-3/4"	6-5/8" Reg	30	4104	4134
1	Straight Bladed Stab	6-5/8" Reg	3	4134	4137
2	DCs: 8" x 2-3/4"	6-5/8" Reg	60	4137	4197
1	Shock sub	6-5/8" Reg	2	4197	4199
1	12-1/4" Bit	6-5/8" Reg	1	4199	4200

Mud Program

Type	Interval (ft)	MW (ppg)	FV (s/qt)	FL (cc)	pH
Brine Native Oil	530' – 4200'	9.0 – 10.2 ppg	32 – 34	n/c	n/c
Materials & Estimated Consumption:	90 sx 5 cn. 2 bx.	Paper Defoamer Super Sweep			

Drill below surface casing with existing fluid. Use fresh water additions at flowline for volume, at 2000' begin brine additions to avoid excessive salt leaching. Around 2400' or before the 1st bit trip below surface casing, add 2-3% oil to the mud system and maintain this concentration throughout this interval to soften filter cake and lubricate the hole. Use native solids to maintain a constant viscosity of 32-34 sec/qt to help stabilize the hole conditions through and below the red beds. Mix 2 sacks of paper every 100' of hole drilled.

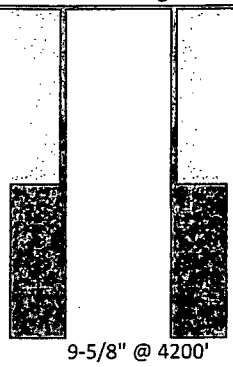
Sweep the hole at TD with 1 box of Super Sweep circulating sweep out flowline prior to tripping out to run casing.

9-5/8" Casing & Cementing Procedure:

Depth

1000'
2000'
3000'
4000'
5000'
6000'

Wellbore Diagram



9-5/8" Casing Properties

Size (in)	Weight (# / ft)	Grade	Conn	Burst (psi)	Collapse (psi)	Pipe (kips)	Conn (kips)
9-5/8"	40	J-55	LTC	3950	2570	630	546
			Design Safety Factors:	1.5	1.125	1.8	1.8
			Allowable Loads:	**2633**	**2284**	**350**	**303**
			Nominal:	8.835		Drift:	8.703

Design Tally: Jt. Length: 40 ft.

Tubular	Length	Top	Bottom	Comments
Casing	4158	0	4158	104 Joints
Landing Collar	1	4158	4159	Threadlock all float jts
Float Joint	40	4159	4199	1 Joints
Float Shoe	1	4199	4200	

Cement Design: This is an initial design, verify designs with cement company.

Hole Size: 12.25 in. Excess: 50%
Casing Size: 9.625 in. ID: 8.835 in.

Annular Volume: 0.055782 bbls/ft Depth: 4200 ft. Volume Gauge: 234 bbls Excess: 351 bbls

Casing Volume: 0.075828 bbls/ft 318.5 bbls

Lead Spacer: 500 ft of annular volume 42 bbls Fresh Water

Lead Cement: To be determined.
Top: 0 ft Required Volume: 276.1 bbls *(includes excess)*
Bottom: 3300 ft 1550.3 cu. ft.
Weight: 13.7 ppg 934 sx
Yield: 1.66 cu ft / sx

Tail Cement: To be determined.
Top: 3300 ft Required Volume: 75.3 bbls *(includes excess)*
Bottom: 4200 ft 422.8 cu. ft.
Weight: 14.8 ppg 321 sx
Yield: 1.32 cu ft / sx

Tail Spacer: 500 ft of casing volume 38 bbls Fresh Water

Procedure:

1. Develop a running tally, ensure no collars are in the region to set the slips.
2. Thread lock the float equipment and float joints.
3. Run 10 centralizers on the bottom couplings.
4. Fill casing every joint for the 1st 5 joints, them every 10 joints.
5. When casing is on bottom, circulate 2 bottoms up minimum, 600 bbls (ensure the volume is greater than the casing volume).
6. Reciprocate casing while circulating bottoms up and cementing.
7. Cement casing as described above:
   42 bbls Fresh Water
   276 bbls (935 sx) Lead Cement
   75 bbls (321 sx) Tail Cement
   38 bbls Fresh Water
   Note: Catch 2 samples of mix water, 2 dry samples of each cement slurry and 2 wet samples of each slurry.
8. Displace cement with mud and bump plug with 500 psi over the final pump pressure. Bleed off the pressure and verify the floats are holding, if the floats are not holding, rebump the plug and shut-in the well (WOC for 4 hrs minimum with full casing weight before trying to bleed off the pressure).
9. Verify there is no pressure on the annulus, separate the BOP stack at the "A" section and follow the Woods Group procedure to set the WG-22 Casing Slips/Hanger & primary seal in the "A" section bowl. Set slips with the as cemented casing weight.
10. Once the casing slips are set, make a rough cut on the 9-5/8" casing to LD the landing joint and BOP stack.
11. Make the final cut on the 9-5/8" casing per Woods Group procedure, install the "B" section (13-5/8" 3 ksi x 11" 5 ksi) and the secondary seal.

8-3/4" Hole Section:

1. NU annular, double rams & manifold.
2. Install test plug in the wellhead.
3. Test annular, valves, kelly, choke manifold, TIW valve(s) and standpipe to 250 psi and 3000 psi. Accumulator valves should remain in the power position at all times.
4. Pull test plug and install the wear bushing.
5. Pick up BHA described below & RIH to the float shoe. Ensure cement has been in place a minimum of 8 hours. Pressure test casing to 1500 psi. Casing pressure must be maintained for 30 minutes and not leak-off more than 10% (150 psi).
6. Drill out shoe track and 10' of formation. Conduct a leak-off test to a maximum of 12 ppg EMW.
7. Drill the 8-3/4" hole to ~9100' . Take TOTCO surveys every 500' or on bit trips.
8. POOH & run open hole logs. (DIL / LDT / CNL / GR / Sonic, FMI, Sidewall Cores)
9. RIH & condition hole to run casing.
10. Contact the New Mexico OCD prior to running casing, see attached contact list.
11. A separate 7" Casing & Cementing Procedure will be provided at a later date.

Bit Program

Size (in)	Type	IADC Code	Out (ft)	Nozzles or TFA	WOB (klbs)	RPM	Flowrate (GPM)	Cost
8-3/4"	F37HY	547Y	~7300	14-14-14	50 – 60	60 – 70	310	$9200
"	F59Y	647Y	9100	14-14-14	60 – 70	60 – 70	310	$9200

BHA & Drill String

#	Description	Connection	Length	Top	Bttm
264	DP: 4-1/2", x-95, 16.60 #	4-1/2" XH	8184	-4	8180
29	DCs 6-1/4" x 2-1/4"	4-1/2" XH	870	8180	9050
1	IBS	4-1/2" XH	3	9050	9053
1	DC: 6-1/4" x 2-1/4"	4-1/2" XH	30	9053	9083
1	IBS	4-1/2" XH	3	9083	9086
1	Short DC: 6-1/2" x 2-1/4"	4-1/2" XH	10	9086	9096
1	Combo Reamer/Stab	4-1/2" XH	3	9096	9099
1	8-3/4" Bit		1	9099	9100

Mud Program

Type	Interval (ft)	MW (ppg)	FV (s/qt)	FL (cc)	pH
Cut Brine	4200' – 8100'	9.0 – 9.2 ppg	28 – 29	n/c	9.5 – 10.0
Materials & Estimated Consumption:	40 sx 30 sx 2 bx 3 cn	Paper Caustic Soda Super Sweep New-55			
Drill below 9-5/8" casing with cut brine, circulating the reserve pit. Use paper sweeps to control seepage loss. Mix caustic soda for pH control, add one gallon New 55 at flowline for every 250' drilled to promote solids settling. Use super sweep as required for additional hole cleaning.					
Salt Water Gel / Starch	8100' – 9100'	9.0 – 9.5 ppg	34 – 38	8 – 10	9.0 – 10.0
Materials & Estimated Consumption:	250 sx 100sx 15 sx 10 cn 10 cn	Salt Water Gel Yellow Starch Caustic Soda Defoamer ® Newcide			
Continue drilling with cut brine adjust MW with saturated brine. Use yellow starch to lower water loss below 8-10 cc. Adjust pH with caustic soda. Pre-treat system with Newcide to prevent bacterial degradation of starch. Add Defoamer as needed. Raise viscosity to 36-38 sec/quart for logging and running casing.					

DCP MIDSTREAM, LP
AUTHORITY FOR EXPENDITURE

PROSPECT:	DCP LINAM AGI #1 (WELL NAME)		AFE NO.		AFE Breakdown for OPS Work
ZONE: L. BONE SPRINGS	30-18S-37E (LOCATION)	1980 FSL; 1980 FWL	DATE	27-Jul-07	
			NEW WELL/ FACILITY	X	WORKOVER
			RECOMPLETION		P&A
			MAJOR EXP.		
	LEA (COUNTY)	NEW MEXICO (STATE)	USA (COUNTRY)		

	DETAIL OF EXPENDITURES		DRY HOLE	COMPLETED	TOTAL	DCP Direct Award	Subcontract Thru OPS
1.	**LOCATION**						
	a. Roads & Location Construction	-120	50,000	10,000	60,000	60,000	
	b. Repair & Maintenance	-121	5,000		5,000		5,000
	c. Survey/Permits (FEL Cost Recovery)	-123	400,000		400,000	400,000	
	d. Damages	-125			0	0	
	e. Clean Up (fill-in pit, remediation)	-240	100,000	10,000	110,000		110,000
	SUB TOTAL		$555,000	$20,000	$575,000	$460,000	$115,000
2.	**CONTRACT DRILLING**						
	a. Turnkey						
	b. Footage	-101					
	a. Mob and Demob Rig days @	-103	50,000		50,000	50,000	
	d. Daywork 30 / 3 33 days @ $16,000	-110	480,000	48,000	528,000	528,000	
	e. Drilling Bits	-230	80,000		80,000		80,000
	SUB TOTAL		$610,000	$48,000	$658,000	$578,000	$80,000
3.	**WATER AND FUEL** 30 days @ $4,125/day		$123,750	$0	$123,750	$0	$123,750
4.	**COMPLETION RIG COST**						
	c. Install & Remove Rig days @ $3,600	-300					
	b. Daywork 21 days @ $3,600	-301		75,600	75,600		75,600
	c. Completion Bits			2,500	2,500		2,500
	SUB TOTAL			$78,100	$78,100	$0	$78,100
5.	**CEMENT & SERVICE**						
	a. Cement (Drilling)	-190	42,000		42,000		42,000
	b. Accessories (floats, centralizers, etc.)	-180	9,000	26,000	35,000		35,000
	c. Cement (Completion)	-330		75,000	75,000		75,000
	d. P & A Cement	-191	13,000		13,000		13,000
	SUB TOTAL		$64,000	$101,000	$165,000	$0	$165,000
6.	**OPEN HOLE LOGGING & SWCs**						
	a. Electric Surveys & SWCs DLL-LDT-CNL-BHC-GR, FMI, 30 CORES	-140	112,000		112,000		112,000
	b. Mud Log 18 days @$1,000 / day	-205	18,000		18,000		18,000
	SUB TOTAL		$130,000	$0	$130,000	$0	$130,000
7.	**CASED HOLE LOGGING**						
	a. Electrical Surveys (CBL)	-340		12,000	12,000		12,000
	b. Perforating	-341		90,000	90,000		90,000
	d. Miscellaneous (including slickline, CH test recorders)	-342		20,000	20,000		20,000
	SUB TOTAL		$0	$122,000	$122,000	$0	$122,000
8.	**ACID AND FRACTURE STIMULATION**	-350		$126,000	$126,000	$0	$126,000
9.	**DRILLSTEM TEST** (2 zones plus extended inj. & pressure fall-off)	-150	$20,000	$0	$20,000	$0	$20,000
10.	**CONVENTIONAL CORING & ANALYSIS (Core Labs)**	-151	$0	$25,000	$25,000	$0	$25,000
11.	**SPECIALIZED SERVICE**						
	a. Directional Services	-215	10,000		10,000		10,000
	b. Fishing Tools & Service	-216					
	c. Casing & Tubing Testing & Inspection	-217	5,000	5,000	10,000		10,000
	d. Casing & Tubing Tools, Crews, etc.	-218	15,000	15,000	30,000		30,000
	e. Gravel Packing Equipment & Services	-219					
	f. Snubbing, CTU, Swabbing & Nitrogen Services						
	g. Communications						
	h. Trailer, Septic System, Trash		25,000		25,000		25,000
	i. Contract Labor		3,000	5,000	8,000		8,000
	j. Miscellaneous		2,500	2,500	5,000		5,000
	SUB TOTAL		$60,500	$27,500	$88,000	$0	$88,000
12.	**RENTALS**						
	a. BHA Equipment	-200	10,000	5,000	15,000		15,000
	b. Drill String	-201					
	c. Choke, Centrifuge	-202	10,000		10,000		10,000
	d. Miscellaneous	-203	5,000		5,000		5,000
	SUB TOTAL		$25,000	$5,000	$30,000	$0	$30,000
13.	**DRILLING MUD & COMPLETION FLUIDS**						
	a. Materials	-130	50,000	25,000	75,000		75,000
	b. Maintenance & Monitoring Equipment	-131					
	d. Consulting	-132					
	SUB TOTAL		$50,000	$25,000	$75,000	$0	$75,000
14.	**WELLSITE SUPERVISION**						
	a. Rig Supervision 33 / 17 50 days @ $1400/day	-220	46,200	23,800	70,000		70,000
	b. Petroleum Engineering		66,700	33,300	100,000		100,000
	c. Petroleum Engineering / Mgt.		31,900	18,100	50,000		50,000
	d. Geological Review		31,900	18,100	50,000	50,000	
	e. Well-site Safety		25,500	14,500	40,000		40,000
	f. Reservoir Model		5,000	15,000	20,000	20,000	
	g. Engineering to Develop Facility AFE			200,000	200,000	200,000	
	h. DCP Charge-Ins & Travel	-221	38,300	21,700	60,000	60,000	
	SUB TOTAL		$245,500	$344,500	$590,000	$330,000	$260,000
15.	**TRANSPORTATION**						
	a. Trucking, Docks & Stevedores	-210	25,000		25,000		25,000
	b. Boats (including fuel)	-211					
	c. Helicopters	-212					
	SUB TOTAL		$25,000	$0	$25,000	$0	$25,000
16.	**SUPPLIES & NONCONTROLLABLE EQUIPMENT PURCHASES**		$0	$0	$0	$0	$0
17.	**ENVIRONMENTAL (Air Permit)**		$10,000	$0	$10,000	$10,000	$0
18.	**INSURANCE**		$30,000	$0	$30,000	$30,000	$0
19.	**OVERHEAD & WAREHOUSE SUPPORT**		$0	$0	$0	$0	$0
20.	**CONTINGENCIES** 10%		$194,875	$82,110	$286,985	$140,800	$146,185
	TOTAL INTANGIBLES		$2,143,625	$1,013,210	$3,156,835	$1,548,800	$1,608,035

DCP MIDSTREAM, LP

AUTHORITY FOR EXPENDITURE

DCP LINAM AGI #1 (WELL NAME)

AFE NO.

DATE 27-Jul-07

(PROSPECT NAME)

LEA NEW MEXICO (COUNTY & STATE)

AFE Breakdown for OPS Part 1

	DETAIL OF EXPENDITURES				DRY HOLE	COMPLETED	TOTAL	DCP Direct Award	Subcontract Thru OPS
21.	CASING								
	a. Conductor	13-3/8"	550 48# H-40 ST&C	-160	16,500		16,500	16,500	
	b. Surface Pipe	9-5/8"	4300 40.50# J-55 LT&C	-161	98,900		98,900	98,900	
	c. Prot. or Prod.	7"	9100 39# L-80 FJ	-162		282,100	282,100	282,100	
	d. Liner			-163					
	e. Hanger			-164					
			SUB TOTAL		$115,400	$282,100	$397,500	$397,500	$0
22.	TUBING & LINER		9000 3 1/2" 9.20#, L-80, Hydril 533	-370		$126,000	$126,000	$126,000	$0
23.	WELLHEAD								
	a. Well Head Equipment			-380	20,000		20,000		20,000
	d. Xmas Tree			-381		75,000	75,000	75,000	
	e. Drilling Template			-382					
	f. Miscellaneous			-383					
			SUB TOTAL		$20,000	$75,000	$95,000	$75,000	$20,000
24.	SUBSURFACE EQUIPMENT								
	a. Rods & Downhole Pump, tubing anchor,			-360					
	b. Production Packers					100,000	100,000		100,000
	c. Subsurface Safety Valve					30,000	30,000		30,000
	d. Miscellaneous								
			SUB TOTAL		$0	$130,000	$130,000	$0	$130,000
25.	SURFACE FACILITIES								
	a. Frac Tanks			-510		10,000	10,000		10,000
	b. Separators			-520					
	c. Dehydration Equipment								
	d. Heaters			-530					
	e. Artificial Lift Unit								
	f. Flowline								
	g. Compressor								
	h. Facility Installation Labor			-500					
	i. Measurement Equipment			-540					
	j. Transportation			-575					
	k. Other Equipment			-577					
	l. Miscellaneous			-560					
	m. Contingencies	10%		-580		46,700	46,700	$36,849	$9,851
			SUB TOTAL			$56,700	$56,700	$36,849	$19,851
	TOTAL TANGIBLES				**$135,400**	**$669,800**	**$805,200**	**$635,349**	**$169,851**
	TOTAL INTANGIBLES				**$2,143,625**	**$1,013,210**	**$3,156,835**	**$1,548,800**	**$1,608,035**
	TOTAL THIS AFE				**$2,279,025**	**$1,683,010**	**$3,962,035**	**$2,184,149**	**$1,777,886**
								55.1%	44.9%

REMARKS: 1). Drill, DST, Log, and Set 7" casing to 8,900 ft - thru Lower Bone Springs
2). Extended Well Test, Core Analysis, & Reservoir Model
3). Preliminary Design for Facility AFE

		DATE
PREPARED BY:	R. E. Bentley	27-Jul-07
APPROVED BY:	C. Root	27-Jul-07
WORKFLOW AFE PROCESS		
PREPARED BY:	John J. Hawkins	16-Aug-07
APPROVED BY:	John R. Weber	16-Aug-07
APPROVED BY:	David A. Griesinger	17-Aug-07
APPROVED BY:	Tony R. Lee	17-Aug-07
APPROVED BY:	Dennis J. Dean	20-Aug-07
APPROVED BY:	Carl Soderman	20-Aug-07
APPROVED BY:	David H. Garrett	21-Aug-07
APPROVED BY:	Richard A. Cargile	21-Aug-07
COMPANY:	William H. Easter	6-Sep-07